



City of Pittsburg

Economic Development Strategic Plan

January 2022



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Executive Summary

Pittsburg's rich history as an industrial leader dates back as far as the City itself. Founded in the mid-1800s on the success of local fishing and canning industries, the City eventually transitioned to a mining town in the latter half of the 19th century. In 1906, Columbia Geneva Steel opened for business, followed soon thereafter by the Great Western Electrochemical Company in 1919, which would eventually be purchased by the Dow Chemical Company in 1939. In 1942, the U.S. Army completed construction of Camp Stoneman, which would prove to have a significant impact on the City and its growth; in 1954, the Camp was closed, and the property was added to the City of Pittsburg for commercial and residential development. The City's population began to grow rapidly at this time, and with approval of the Federal Aid Highway Act of 1956, residents of the City and larger Bay Area region became increasingly mobile, eventually allowing the growing number of workers in Pittsburg to commute to job centers to the west.

Today, the City is home to over 74,000 residents, including nearly 35,000 employed residents; by the year 2040, the City's population is projected to grow to over 100,000, and the number of employed residents is expected to grow to nearly 40,000. According to 2015 data, out of all employed Pittsburg residents, 2,598 work within Pittsburg and 25,183 work outside the City, with an additional 11,640 jobs attracting outside residents. While the number of jobs in Pittsburg is expected to increase to 15,615 by 2040, this highlights the continued expectation that the majority of residents will seek employment outside of the City.

Though large employers are often celebrated, Pittsburg's economic base consists primarily of firms with less than 100 employees, as opposed to large corporate users. Compared to the region and the State, the City's retail trade, government, and manufacturing sectors are generally stronger, while the transportation, services, and finance, insurance, and real estate sectors are weaker. The office and retail real estate markets have experienced low vacancy rates and rising rents for the last several years; however, inventory remains low, and the City is perceived as struggling to sustain its existing commercial and industrial businesses. As indicated in the Economic Trends Report prepared in 2019, stakeholders identified constraints associated with the City's zoning code, including requirements for a conditional use permit for uses that are assumed to be allowed in a zone, the need for changes to promote the types of development that the City desires, and the need for flexibility to maximize opportunities. The good news: Pittsburg will become increasingly attractive for start-up and e-commerce businesses due to increases in rental rates throughout Silicon Valley. It is vital the City be prepared to support the expected demand for smaller industrial and commercial spaces in the 2,000 to 8,000 square foot range, with infrastructure that supports these emerging sectors, such as fiberoptic connectivity.

Throughout the past 150 years, Pittsburg has demonstrated its ability to adjust to the unavoidable changes to its economic base that have resulted from a growing population, increased regulation, increased foreign competition, and rapidly evolving technologies, all while continuing to make strong efforts to support the business community. The City is also home to a variety of thriving businesses that can support a self-sustaining commercial ecosystem. Though challenges exist, the City is well positioned to continue to support and attract businesses that will provide local jobs for residents and support the City's tax base.

Pittsburg is a City with a long history of successful and innovative industrial users. Going back as far as the days when Pittsburg was a fishing town, it was the canning and processing facilities that helped put us on the map. Later on and up through today, its major industrial users like UPI, Corteva (which used to be Dow), and CEMEX that play a major part in Pittsburg's identity.

In recent years, the City has been successful in attracting new firms such as Bombardier Inc., which will manufacture BART's "Fleet of the Future" cars in Pittsburg, BBO Poker Tables, which manufactures high-end custom poker tables for casinos in Las Vegas and Reno, Cibus Lighting, which is making strides in the research and development of lighting that supports indoor agriculture, and Purpleline USA, which has reimagined how a modern camper functions. The City has seen commercial developments continue to thrive as well, with a brand-new hotel located near the Pittsburg Center BART Station, and a possible multi-story office building nearby. Staff also continues to work with private developers to redevelop over 100 acres of City-owned property as a regional technology park, which will bring high-paying permanent jobs, as well as numerous construction jobs, to the City, and further the footprint of the Pittsburg Power Company (PPC). The City has also commenced a partnership with SiFi Networks, which intends to install fiberoptic communication infrastructure citywide.

The City of Pittsburg is also unique in its support for our industrial users and partners. The City is choosing to lean into its industrial roots, and make Pittsburg one of the communities recognizing the importance of industry in moving our economy forward. To this end, the City is working to support green energy development and technologies, recognizing there are numerous to bring more renewable energy technology and innovative businesses that actually use the byproducts of our industrial users to make products that reduce pollution. Companies such as Blue Planet that operating a pilot project utilizing gasification to recycle concrete and reduce the carbon footprint of construction activities can become a starting point for green technology and eco-hubs within our industrial areas.

As described by Gurbax Sahota, President and CEO of the California Association of Local Economic Development (CALED), there are two types of economic development activities: traditional activities, which include efforts to retain, expand, and attract business; and technical activities, which include efforts to provide opportunities by preparing land and regulations to help businesses thrive. The City will be served best by addressing both types of activities.

This Economic Development Strategic Implementation Plan ("Plan") establishes goals, strategies, investment priorities, and implementation actions for the next several years, and are designed to address the City's economic development vision and mission: to expand the local economy in a diverse and self-sustaining way that serves to improve the lives of all residents.

To do this, the City seeks to support its existing businesses, while also attracting innovative and creative industries that will lead Pittsburg into the future and strengthen its position within the region and state for attracting jobs. The City also recognizes that long-term, sustainable economic development requires a holistic approach that goes beyond employment numbers, but also provides a safe and attractive community, with a variety of housing options, reliable and effective infrastructure, and recreational amenities, among other things. Paramount in this effort is collaboration among City staff, business owners and operators, employees, regional groups, Contra Costa County, the Pittsburg Chamber of Commerce, and other groups that seek to enhance local business opportunities.

City Goals

Each year, the City Council adopts Citywide goals for each City Department and Division, as well as overarching goals intended to drive the City forward.

Citywide goals include:

- Prioritize public safety, health, and welfare in the City Budget and when reviewing projects.
- Improve public facilities and infrastructure and increase beautification of City maintained areas.
- Continue economic development through strategic partnerships, promotion of diversified housing, and the retention and growth of new and existing businesses.
- Increase efficiency of City operations and services through technology and streamlined processes.
- Improve the quality of life for all Pittsburg residents.

Goals specific to the Economic Development Department include:

- ED-1** Develop an Economic Development Plan to guide the City for the next 5-10 years.
- ED-2** Foster a business climate that is competitive with other cities in the region while supporting existing businesses and attracting new businesses.
- ED-3** Identify trends in employment needs and skill development in order to scale up workforce and prepare residents for job opportunities.
- ED-4** Identify strategies for bringing additional commercial and job opportunities to underutilized areas of the City.

Each Economic Development goal noted above is accompanied by multiple implementation strategies intended to identify shorter-term measures that will help the City meet its objectives. These goals and implementation strategies represent the basis for the Strategic Plan goals within this document. As the Citywide and department-wide goals are amended, the Strategic Plan may be revisited and modified as appropriate. It is anticipated that there will be significant crossover between the implementation strategies contained within the goals document and those contained within this plan.

Identified Target Industries

Pursuant to Goal ED-1, the City has identified specific business sectors that are in growing demand and anticipated to continue to grow and be sustainable well into the 21st Century. These target sectors include those that support or could be supported by existing clusters and that provide skilled jobs, opportunities to scale-up the workforce, and a living-wage. These include:

- Green energy
- Autonomous technology
- Advanced manufacturing

- Food production/distribution
- Food Tech
- Logistics (2nd/3rd/4th tier suppliers)
- Sports tourism

Assets and Opportunities

The City is uniquely positioned to house industrial users and startup businesses; its proximity to Silicon Valley, relative affordability, and location of underutilized industrial areas near State Route 4, public transit, and a variety of housing options will allow the City to attract users looking to expand operations or own their sites, which may in turn induce further investment in infrastructure and personnel. Assets and opportunities noted below will be important in moving the proposed Plan forward.

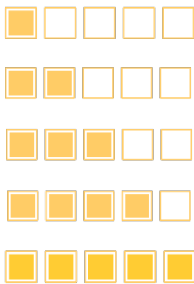
- Pittsburg Power Company (PPC)
- Waterfront and Trust Lands Plan
- BART Stations / proximity to job centers
- Infrastructure (including fiber installation)
- Neighboring businesses (within City and Region)
- Availability and cost of land
- LMC Partnership
- Future recreation center

Plan Implementation & Objectives

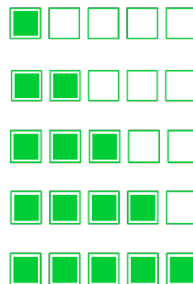
This Plan is a result of feedback received by staff at City Council goal workshops held January each year, the Economic Development Subcommittee, local businesses, and reports commissioned over the past year. The following objectives will frame the City’s actions going forward and will establish strategies for reaching the identified outcomes, help provide milestones for Plan implementation, and a gauge to help measure success. Implementation Strategies may include action steps that further break down tasks. This working document will direct the collective efforts of the City and its partners, as applicable.

The objectives contained herein are intended to be fluid, and staff anticipates minor modifications as the Plan is implemented in order to adjust to the constantly evolving business climate. Each set of implementation strategies have been assigned a rating based on the expected time and cost(s) associated with implementation. While these estimates do not have specific dollar or time amounts associated with each level shown within the scaled bars, they provide staff and the community with a gauge as to determine the relative amount of investment associated with each strategy.

Time:



Funding:



It should be noted that the estimated cost(s) and time required may be adjusted based on City Council direction, available funding, or staffing levels.

Prioritization and Metrics

The objectives and policies set forth within this Plan outline the numerous ways Pittsburg seeks to reach the economic development goals of the City. While the strategies of the Plan are intended to be complementary, and seek to address the many facets that lead to sustainable and impactful economic development within a community, it is not likely that all of the strategies herein will commence simultaneously. In reality, certain implementation strategies must be prioritized for reasons such as budget or funding constraints; staffing levels; public safety needs; quality of life improvements; long-range planning efforts; and most importantly, the evolving needs of the business community. Further, several polices may be subject to or more successful if implemented after other policies.

As such, the periodic review and prioritization of the policies and actions of this Plan by the City Council and Economic Development Subcommittee is critical. Opportunities to review the polices and establish

implementation priorities include the annual City Council goal setting workshop and subsequent goal adoption, during annual budget adoption, and when reviewing or approving economic development projects, such as requests for funding, consultant contracts, or major development projects. The City Council may also revisit and adjust prioritization when large, one-time funding opportunities are made available, such as grants, Federal and/or State assistance, budget surpluses, or other funding.

The City Council may look to prioritize activities generally, while highlighting certain policies that support that priority, in order to allow development of cohesive and properly implemented. The City Council may choose to revisit the prioritization of projects or programs at any time, and should look to the Economic Development Subcommittee to help guide the implementation of any priority project or program.

Further, the City Council may, as appropriate, establish metrics for helping to determine implementation success. These metrics may include, but are not limited to, project or program milestones to guide implementation, cost-benefit assessments, or goals for the number and types of businesses to support, employees to hire, etc. Metrics are intended to be established during prioritization or project funding to help ensure they are commensurate with funding allocations and project scope(s).

Funding and Staffing

Funding for implementation of certain objectives will likely result from Measure M funds, paid to the City through a 1/2-cent sales tax approved by the voters of Pittsburg, in place through 2035. Additional funding may be received through one-time funds such as American Rescue Plan Act (ARPA) funding, Economic Development Administration (EDA) grants, or ongoing tax revenues.

Staffing also plays an important role in the implementation of these measures. Ensuring adequate Economic Development, Planning, and Code Enforcement staff will be critical in ensuring the successful implementation of this plan.

Related Planning Efforts

The City is cognizant of related planning efforts, as well as funding mechanisms, both locally and at the federal, state, and regional levels, and intends for this document to be complementary to these plans, including but not limited to:

- Envision Pittsburg 2040 (the City's comprehensive general plan update);
- Pittsburg Moves (the City's active transportation plan);
- Pittsburg Housing Element;
- Railroad Avenue Specific Plan (RASP);
- City of Pittsburg Trust Land Use Plan (TLUP);
- City of Pittsburg Business Improvement District (BID);
- City of Pittsburg Five-Year Capital Improvement Program;
- Northern Waterfront Economic Development Initiative; and
- Revitalization plans through brownfield remediation grants.

Business Spotlight:

Ramar Foods Intl.

Founded in 1969, Ramar Foods is a family-owned company whose goal is to bring the flavors of the Philippines to households around the world. Headquartered in Pittsburg, Ramar Foods has become one of the largest Filipino food in the United States, with products sold in nearly a dozen different countries across four continents.

From humble beginnings as a mom-and-pop manufacturing and distribution company, Ramar now employs over 300 people, making it one of the largest employers in Pittsburg – and Ramar is growing, with a recent expansion that will increase employment and production, all here in Pittsburg.

The brand attributes its success to its over 50 years of experience in the industry, deep relationship with the Filipino diaspora, and a high level of consumer research that brings satisfaction to Filipino families. Ramar’s vision is to be the premier Filipino food company in the world, and one that helps bring nostalgia to Filipino households, while providing a snapshot of the Filipino experience to non-Filipinos all over the world.

Continuously being family owned, Ramar is committed to globalizing its passion for Filipino food products through excellent service and innovative products that connect and create value for its employees, partners, and community.

It is this emphasis on community that has helped Ramar grow into the globally recognized brand it is today, with distribution centers in Hawaii and Los Angeles.

“Bayanihan” is a Tagalog word meaning “being in a bayan,” and refers to a fundamental aspect of Filipino culture: working together as a community to achieve a common goal.

Today, Ramar is operated by the Quesada siblings, grandchildren of Ramon and Maria Quesada, who founded the operation. The company is committed to maintaining the sense of community it has fostered in Pittsburg.

Along with manufacturing a little piece of home for the Filipino diaspora around the world, Ramar is also leading the charge on “greening” their operations to be more environmentally friendly, recognizing this approach as part of the future of the manufacturing industry.





Above: Entry sign to John Buckley Square in Downtown Pittsburgh.

Business Retention & Support

ONE Foster a business climate that is competitive by prioritizing support for existing businesses.

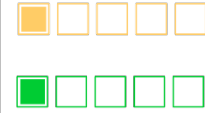
1.1 **Hold 1-on-1 meetings with existing businesses to identify and address issues affecting business operations, such as employee recruitment, training, and small business financing.**



1.1.1 Solicit feedback on needs of employers.

1.1.2 Identify assistance programs and resources, particularly financial, that allow for existing small businesses and startups to grow.

1.2 **Partner with educational institutions, local business advocates such as the Pittsburg Chamber of Commerce, regional advocacy groups, and local businesses to identify target skills and education needs.**



1.2.1 Connect businesses to training and employment resources, such as Los Medanos College and the County Workforce Development Board.

1.2.2 Explore potential links between businesses, LMC, and other educational institutions for curriculum and internships that support the needs of local industries.

1.2.3 Work with agencies such as GO-Biz and the Small Business Administration (SBA) to provide information on tax credit programs and local participating lending institutions.

1.2.4 Identify opportunities for small business training and joint advertising in conjunction with agencies including but not limited to the Pittsburg Chamber of Commerce and other business groups.

1.3 **Develop pilot programs that support the improvement and scaling of established businesses.**



1.3.1 Focus on helping businesses adapt to changing consumer patterns, technology and social media, and employment growth.

1.3.2 Programs should result in the development of toolkits that can be adapted and provided to additional or future businesses or incorporated as best practices for City staff when providing help to businesses.

1.4 **Identify ways to support growing businesses and entrepreneurs conducting business within the evolving technological and increasingly service-oriented business landscape.**

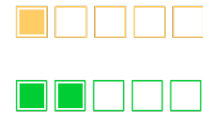


1.4.1 Explore opportunities to establish a shared workspace that support makers and sellers by providing meeting areas, equipment for business services, and shipping or exchange services for home-based businesses. This space may be run by a private or quasi-public entity or non-profit that provides mentoring services for clients. This space may also double as a training or adult education facility.

1.4.2 Provide information to small business on opportunities for bidding on local, regional, state and federal government contracts.

1.4.3 Explore services that allow businesses to buy or sell online that focus on a local business ecosystem.

1.5 **Support COVID recovery. As a result of the COVID-19 pandemic, many existing businesses will be reevaluating their operations and planning for future force majeure events that may have similar impacts.**



1.5.1 Establish a COVID-19 recovery team to analyze barriers that may prevent businesses from pivoting.

1.5.2 Encourage remote work and land use patterns that allow more adaptive use of existing spaces.

1.5.3 Create a webpage with an online “toolkit” for businesses.

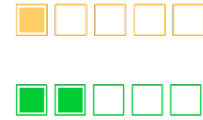


Above: Bud Wisecarver welds in original Bishop-Wisecarver manufacturing facility. (photo: bwc.com)

TWO

Enhance quality of life for all residents and build the City of Pittsburgh's reputation as a regional destination.

2.1 Collaborate with the Planning and Code Enforcement Divisions to develop code enforcement efforts focused on commercial and industrial centers. Efforts should address issues including but not limited to property maintenance (landscaping, debris, building maintenance, etc.), illegal outdoor storage, trash and refuse containment, overnight parking and other performance metrics identified within the municipal code.



- 2.1.1 Enhance the vitality and aesthetic value of existing shopping centers. Form a team to review the state of existing shopping centers and identify signage and property maintenance issues.
- 2.1.2 Utilize public art as a means for creative placemaking and to help attract customers to business districts.
- 2.1.3 Work with property owners and managers of commercial and industrial areas to process and expedite entitling façade and landscaping improvements for multi-tenant shopping centers.
- 2.1.4 Identify a funding mechanism for small businesses (less than 10 employees) to undertake façade and/or landscaping improvements.
- 2.1.5 Explore policy options to encourage that vacant spaces be occupied such as code enforcement and contact with the owners. Deliver Subcommittee a report on vacant tenant fees.

2.2 Using General Plan subareas, identify one program or goal for each area. These goals or programs may range from development of strategic or master plans to code enforcement within shopping centers. Each subarea program should be based on the goals of this strategic plan.



- 2.2.1 Encourage the development, maintenance, and connectivity of high-quality public spaces in Pittsburgh.
- 2.2.2 Promote linkages between shopping, entertainment, dining and nightlife facilities.
- 2.2.3 Support diverse housing opportunities as a means of providing a variety of options for residents of all income levels.

Business Spotlight:

Pittsburg Chamber of Commerce

Established in 1910, less than a decade after the incorporation of Pittsburg, the Pittsburg Chamber of Commerce serves a critical role on advocating for the business community, while working with the City to implement programs and events that help make Pittsburg a great place to do business. It is the mission of the Pittsburg Chamber to work to strengthen our local economy and drive the creation of jobs and investment.

Over the years, the Chamber has held multiple trainings for small businesses, provided financial guidance for companies, and during the COVID-19 pandemic, helped facilitate a \$250,000 small business grant program, while keeping businesses up to date on federal and state assistance programs to keep the City's economy going during these turbulent times.

Today, the Chamber of Commerce has reimagined itself to help businesses thrive while tackling the evolving challenges facing the business community. The Chamber of Commerce is providing its members with workforce development opportunities, social media workshops, guidance through the City's entitlement processes, and connecting growing companies with resources and brokers to keep them in Pittsburg – all while promoting a positive image of Pittsburg and pushing issues that are important to Pittsburg businesses. In 2020, the Chamber of Commerce commenced its Business Watch Program, working closely with the City's Police Department and subject matter experts to address public safety concerns throughout local shopping centers.

The Chamber website stresses that every business benefits from economic growth and the creation of new jobs. More quality jobs contribute to a larger population with higher wages to spend supporting local businesses. The Pittsburg Chamber provides resources and assistance to new and existing businesses seeking to create jobs and invest in our region.





Above: Employee at local restaurant serves coffee to customer.

Business Attraction

THREE Identify strategies for bringing additional commercial and job opportunities to underutilized areas of the City.

3.1 **Create an attractive environment for innovative businesses that are rooted in research and development and/or advanced manufacturing, and help projects get approved as efficiently as possible.**

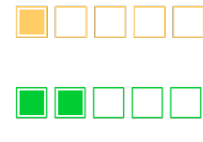


3.1.1 Identify areas of City that are equipped to serve businesses; prepare a SWOT analysis.

3.1.2 Establish programs, policies, and strategies that will support and/or streamline privately funded redevelopment and allow for flexibility in uses.

3.1.3 Provide a summary of example fees to prospective businesses and create a new business startup guide that includes information on City business license and permitting requirements and assistance.

3.2 **Develop programs that support entrepreneurs.**



3.2.1 Utilize “pop ups” as a pilot for small retail and restaurant businesses that encourage entrepreneurs to test business ideas, establish a business plan, and manage expenses.

3.2.2 Encourage the development of high-quality small professional office space in a mixed-use setting to facilitate flexibility of uses as well as accommodate the evolving nature of work in the current economy (i.e., spaces that may scale up in tandem with the workforce).

3.2.3 With the assistance of local brokers, identify affordable commercial/industrial spaces to support new businesses, including collaborative and shared co-working spaces and “maker spaces.”

3.3 **Identify and recruit industrial businesses that support and/or expand existing and potential industrial sectors in order to develop self-sustaining business clusters.**



3.3.1 Explore creation of zones designed to foster innovative business that include research and development components and businesses that are vertically integrated (R&D to manufacturing to sales).

3.3.2 Conduct audit of existing businesses and available spaces within Garcia Corridor. Establish programs, policies, and strategies that will support and/or streamline privately funded redevelopment and allow for flexibility in uses.

3.3.3 Explore potential economic development incentives to attract large employers or businesses that provide other public benefits.

3.3.4 Seek partnerships with startup tech firms in energy generation alternatives. Explore establishment of an ECO-HUB within industrial areas that will support green jobs.

3.4 Invest in programs that train youth, young adults, seniors, reentry, and other populations in local industries, strengthening both the community and the local economy.



3.4.1 Continue to partner with Future Build to provide target populations with skills necessary for modern construction jobs.

3.4.2 Research potential development of a program to complement Future Build that would focus on tech-centered skills, such as coding.



Above: Fireworks over the Marina at Fourth of July celebration.

Business Spotlight:

Bishop-Wisecarver

In the late 1960s, a dirty, debris-filled business need sparked a generation of invention for the Bishop-Wisecarver company.

An oil company customer asked founder Bud Wisecarver to design a fertilizer packaging machine for his business. Following a few failed attempts, DualVee Motion Technology was born. If you've ever bought a loaf of bread, a mattress or fertilizer for your garden, you've likely benefited from the ingenuity of Bud Wisecarver.

Though much has changed since its founding, Bishop-Wisecarver remains a family-owned company committed to manufacturing the highest quality products. It has evolved since the invention of the DualVee, launching Bishop-Wisecarver into a world-class company headquartered in Pittsburg. Today, Bishop-Wisecarver continues to grow its portfolio of new patents, mechatronics, and forward-thinking solutions it is renowned for, including countless guide systems, assemblies, and ancillary products found in nearly every household.

Bishop-Wisecarver has innovated by infusing decades of in-house engineering and design expertise with resourcefulness and grit. The company prides itself on its ability to tackle any problem, and in taking the time to ask questions, listen and deliver custom solutions with dedicated one-on-one support.

Bishop-Wisecarver is continually focused on the future, and that includes ushering in the next generation of engineering and entrepreneurship. In this spirit, the company invests time and resources into supporting students and programs in the community that support STEM based education and manufacturing.

In 2010, Bishop-Wisecarver earned its Bay Area Green Business Certification, as it has developed business practices that aim to conserve resources, prevent pollution, reduce waste, and shrink its carbon footprint. The company is also woman-owned and recognized by the Women's Business Enterprise National Council (WBENC).

Even as Bishop-Wisecarver helps to manufacture the future of optimized efficiency and advanced automation, it knows business still comes down to the people who get it done. It's with that knowledge that the Company leverages to promote its can-do, positive, never-say-never attitude, one that is reflective of the industrial sector of Pittsburg.



FOUR | Public and Private Infrastructure Investment and Development.

4.1 Establish revitalization plans for underutilized areas of the City and promote availability of existing vacant/underutilized land and building spaces for targeted uses.



- 4.1.1 Identify opportunity sites through the General Plan Update efforts that create the greatest potential for redevelopment planning. Identify potential funding sources for plan development.
- 4.1.2 Identify opportunities for adaptive reuse of existing buildings, including allowing for office and personal improvement uses within residential areas along arterials roadways such as California Avenue.
- 4.1.3 Establish a list of all vacant land and vacant building spaces with size, zoning, ownership, broker representation, contact information.
- 4.1.4 Evaluate potential issues contributing to long-term underutilization of these sites/buildings (pricing vs market, neighborhood conditions, access, infrastructure, site or building orientation vs market conditions, etc.)
- 4.1.5 Market high value and strategic areas such as opportunity zones, revitalization plans, and the RASP as incentives to business expansion or relocation.
- 4.1.6 Continue to support and promote the Northern Waterfront Economic Development Initiative and seek to bring additional industrial development to parcels along the waterfront.

4.2 Provide reliable and effective infrastructure and resources critical for success.



- 4.2.1 Encourage existing and target businesses to identify and communicate infrastructure needs that are critical for growth in the 21st Century. These needs may include, but are not limited to, communications infrastructure, roadway maintenance, water and/or sewer line upgrades.
- 4.2.2 Prioritize infrastructure investments based on the benefits such improvements can offer business as well as residents and strive to balance these needs.

4.2.3 Increase high speed internet service to attract business and support existing businesses moving to online sales and management software.

4.3 **The service of power by the Pittsburg Power Company (PPC) within the City of Pittsburg represents one the most significant opportunities for business attraction and retention. Identify potential opportunities to utilize PPC to serve new and existing electricity and natural gas customers with competitive rates that help attract large users.**



4.3.1 Prepare an evaluation of existing infrastructure that currently exists within the City and may be utilized to provide power to medium- and large-size companies. Prepare an interconnect agreement application for submittal to PG&E.

4.3.2 Encourage the use of renewables for power generation, such as solar or wind power, battery storage project, or fuel cells.

4.3.3 Develop wide-scale transmission and distribution infrastructure throughout new developments and within industrial areas to expand power service.

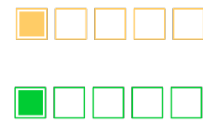


Above: The Historic California Theater attracts thousands of visitors annually to Downtown Pittsburg.

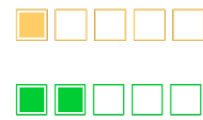
Strategy, Outreach, & Review

FIVE | General Strategies, Outreach, and Periodic Review.

5.1 Ensure Planning policies and projects incorporate economic development objectives and polices of this strategic plan, including development of multimodal transportation infrastructure to help commuters reach job centers.



5.2 In order to better assess size and needs of business, continue to gather additional information on businesses within the City.



5.2.1 Utilize content management system to provide at-a-glance data analysis. Provide updates to the Subcommittee when discussing possible programs.

5.2.2 Utilize surveys of local businesses to gather additional information on employment statistics, ownership information, practices, and future plans.

5.3 Conduct periodic reviews of City economic development policies.



5.3.1 Analyze progress in implementing regulatory improvements adopted by the City Council, such as zoning changes, fee pilot program(s), or economic development incentive programs.

5.3.2 Analyze future changes to development impact fees and charges for development review/permit processing in terms of their efficacy in attracting or supporting desired economic growth.

5.3.3 Conduct periodic reviews of the permitting process to identify hurdles that may slow business growth.

5.4 **Increase outreach and utilize social media as a means for communicating with the business community.**



5.5 **Develop a branding strategy for the City with the direct goal of business recruitment. A new branding strategy should complement other City branding efforts.**



5.5.1 Work with Chamber to become more involved in initiatives like the ‘Shop Local’ campaign and other events.



Above: The Pittsburg Marina is a highly sought attraction for visitors, but also present numerous economic opportunities thought the City’s Trust Lands Use Plan.

Business Spotlight:

U.S. Steel - UPI

Pittsburg is a City that was built on industry, and it's a history the City proudly recognizes. In the early 1900s Columbia Geneva Steel opened for business, and quickly supplanted coal mining, fishing and canning as the primary industries in the town – so much so that by popular vote in 1911, the city's name was changed from "Black Diamond" to "Pittsburg," after the eastern birthplace of the steel industry.

In the 1920s the plant expanded, introducing new technologies such as the West's first nail mill.

In the 1930s-1940s, the facility was outfitted with equipment to support major federal public works projects, including the San Francisco/Oakland Bay Bridge, as well as helping with the World War II effort. The plant became known as U.S. Steel, and offered the most diverse product line of any steel plant in the United States.

Though the plant has seen turbulent times, multiple partnerships, and several names changes, today, UPI manufactures numerous steel products from hot rolled steel supplied by our U.S. Steel, employs nearly 700 hourly and salaried workers, and ships high quality steel to more than 150 customers throughout North America.

Upon celebrating the plant's 100th anniversary in 2010, the plant saw sales exceeding \$1.0 billion.

As the company moves into the future, UPI has expressed its commitment to supporting the manufacturing sector in Pittsburg, while continuously searching for new technologies, and maintaining industry-leading environmental practices.

In the late 1990s UPI recognized that environmental management is key priority, and has strived to minimize pollution in its manufacturing activities, products, and services by applying the principles of environmental planning throughout the product or process of cycle. UPI was subsequently awarded for Outstanding Corporate Environmental Achievement by the National Environmental Development Association.



Appendix A:
Economic Trends Report

ECONOMIC TRENDS



This report is designed to support the City of Pittsburg General Plan Update. The analysis contained herein describes existing economic development conditions, including patterns in sectoral employment, business activity, retail sales, and the commercial and industrial real estate markets. Building upon these economic and real estate market conditions, the analysis also translates projected employment growth into potential demand for new workspace during the planning timeframe, which generally runs from 2020 to 2040.

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This report is informed by a combination of public and private data sources (such as the U.S. Census, Bureau of Labor Statistics, Co-Star, and ESRI) and interviews with a range of local economic development and real estate professionals familiar with and/or active in Pittsburg. This approach seeks to identify issues and/or opportunities that could be addressed in the General Plan Update to better position the City to foster economic growth and establishment of new businesses, to encourage redevelopment of under-utilized land, and to encourage existing businesses to remain in the City of Pittsburg.

SUMMARY OF FINDINGS

The key findings of the economic, real estate market analysis, workspace demand projections, and stakeholder interviews are summarized below.

- **Finding 1:** Pittsburg's economic base consists primarily of firms with less than 100 employees, as opposed to large corporate users.
- **Finding 2:** The City's retail trade, government, and manufacturing sectors are generally stronger than the region and State, while the transportation, services, and finance, insurance, and real estate sectors represent fewer employment opportunities in comparison to the region and the State.
- **Finding 3:** The employment sector with the lowest concentration within Pittsburg relative to the region is the services sector.
- **Finding 4:** Retail spending patterns of Pittsburg households are generally similar in proportion to those of households in the region; however, Pittsburg's households generally spend a larger percentage of their income in the food and beverage and general merchandise categories than households throughout the region and State.
- **Finding 5:** The retail sectors which experience the most retail leakage are the motor vehicle and parts dealers, clothing and clothing accessories stores, and gasoline stations. The retail sectors with the largest retail surplus in the City include food and beverage stores and general merchandise stores.
- **Finding 6:** The office and retail real estate markets have generally been experiencing increasing occupancy levels and rising rents for the last several years, indicating strength in the real estate sector. The real estate sector with the highest increase in rents (between 2018 and 2019) was the office market. The industrial real estate market has remained relatively flat in terms of inventory; however, occupancy has decreased slightly and industrial rents have risen.
- **Finding 7:** The number of employed residents in the City is projected to increase to 39,380 (an increase of 4,885 employed residents or 14.2%) by 2040 while jobs in Pittsburg will increase to 15,615 by 2040 (an increase of 17.1%). However, the City is projected to have significantly more employed residents than local jobs.
- **Finding 8:** The City is perceived as having constraints to sustaining its existing retailers and attracting new retailers. For example, residents in the City have varying levels of disposable income available to spend in the retail sector. Additionally, much of the City's workforce commutes outside of the City, and many of the City's local employees remain onsite during the rest and lunch breaks.
- **Finding 9:** Stakeholders identified constraints associated with the City's zoning code, including requirements for a conditional use permit for uses that are assumed to be allowed in a zone, the need for changes to promote the types of development that the City desires, and the need for flexibility to maximize opportunities.
- **Finding 10:** Stakeholders identified that Pittsburg will become increasingly attractive for start-up and e-commerce businesses due to increases in rental rates throughout Silicon Valley, noting there is current demand for smaller industrial and commercial spaces in the 2,000 to 8,000 square-foot range.
- **Finding 11:** Stakeholders identified the City's proven track record of thinking creatively around unique opportunities and optimism about working with City staff to resolve technical issues and develop long-term projects.

ECONOMIC OVERVIEW

This section provides a snapshot of the city’s major employers, a comparison of employment by industry, and Pittsburg’s household retail spending relative to the San Francisco-Oakland-Hayward Metropolitan Statistical Area (MSA) and the State.

MAJOR EMPLOYERS

Table 1 lists the major employers within Pittsburg with 100 or more employees. Many of the employers included in this list are driven largely by providing retail goods and services, such as government, education, and health-related services, to the City’s residential population.

TABLE 1: CITY OF PITTSBURG’S LARGEST EMPLOYERS - 2019

EMPLOYER WITH 100+ EMPLOYEES	INDUSTRY	EMPLOYEE COUNT
Los Medanos College	Community College	500-999
City of Pittsburg	City Offices	250-499
Contra Costa County Health Center	Public Health Programs	250-499
Dow Chemical Co.	Other Chemical and Allied Products Merchant Wholesalers	250-499
Walmart	General Merchandise	250-499
USS Posco Industries	Iron, Steel Mills, and Ferroalloy Manufacturing	100+
Durham School Service	School and Employee Bus Transportation	100-249
Winco Foods	Grocery Stores and Supermarkets	100-249
Safeway	Grocery Stores and Supermarkets	100-249
Diamond Ridge Healthcare Center	Senior Homes	100-249
Pittsburg Health Center	Public Health Programs	100-249
McCampbell Analytical, Inc.	Environmental Consulting	100-249
Winter Honda	New Car Dealerships	100-249
Cemcom Inc.	Brick, Stone, and Related Construction Materials Merchant Wholesalers	100-249
Bay Area Casino Express	Gambling Facilities	100-249
Cintas	Specialty Clothing Stores	100-249
Olive Garden Italian Kitchen	Full-Service Restaurants	100-249
Pittsburg Adult Education	Elementary, Middle, and High Schools	100-249
Pittsburg Unified School District	Elementary, Middle, and High Schools	100-249
Target	General Merchandise	100-249
Island Pacific Pittsburg	Grocery Stores and Supermarkets	100-249

SOURCE: WWW.THINKPITTSBURG.COM, 2019.

Table 2 shows the breakdown of all businesses within Pittsburg, by industry sector. The sectors are based on Bureau of Labor Statistics North American Industry Classification System 2-digit codes. The largest employment sectors in Pittsburg include Services and Retail Trade sectors, which account for 39.4% and 22.3% of businesses, respectively. Businesses within the Services and Retail Trade sectors comprise 823 of the 1,293 businesses within the City. Out of the 1,293 businesses in Pittsburg, only a small amount (21 businesses shown in Table 1) report 100 or more employees.

TABLE 2: BUSINESSES BY INDUSTRY SECTOR IN PITTSBURG AND MSA - 2018

INDUSTRY SECTOR	CITY OF PITTSBURG		SAN FRANCISCO-OAKLAND-HAYWARD MSA	
	NUMBER OF BUSINESSES	PERCENT	NUMBER OF BUSINESSES	PERCENT
Agriculture & Mining	21	1.6%	2,362	1.2%
Construction	95	7.3%	9,863	5.2%
Manufacturing	44	3.4%	5,770	3.0%
Transportation	34	2.6%	4,900	2.6%
Communication	22	1.7%	1,569	0.8%
Utility	7	0.5%	350	0.2%
Wholesale Trade	53	4.1%	6,699	3.5%
Retail Trade Summary	288	22.3%	37,101	19.6%
<i>Home Improvement</i>	17	1.3%	1,881	1.0%
<i>General Merchandise Stores</i>	12	0.9%	843	0.4%
<i>Food Stores</i>	41	3.2%	3,877	2.0%
<i>Auto Dealers, Gas Stations, Auto Aftermarket</i>	40	3.1%	2,733	1.4%
<i>Apparel & Accessory Stores</i>	12	0.9%	2,670	1.4%
<i>Furniture & Home Furnishings</i>	17	1.3%	2,946	1.6%
<i>Eating & Drinking Places</i>	94	7.3%	13,299	7.0%
<i>Miscellaneous Retail</i>	55	4.3%	8,852	4.7%
Finance, Insurance, Real Estate Summary	98	7.6%	18,781	9.9%
<i>Banks, Savings & Lending Institutions</i>	18	1.4%	2,882	1.5%
<i>Securities Brokers</i>	4	0.3%	3,044	1.6%
<i>Insurance Carriers & Agents</i>	23	1.8%	3,219	1.7%
<i>Real Estate, Holding, Other Investment Offices</i>	53	4.1%	9,636	5.1%
Services Summary	509	39.4%	81,642	43.1%
<i>Hotels & Lodging</i>	6	0.5%	1,292	0.7%
<i>Automotive Services</i>	61	4.7%	5,083	2.7%
<i>Motion Pictures & Amusements</i>	34	2.6%	5,290	2.8%
<i>Health Services</i>	47	3.6%	10,342	5.5%
<i>Legal Services</i>	7	0.5%	4,822	2.5%
<i>Education Institutions & Libraries</i>	40	3.1%	4,629	2.4%
<i>Other Services</i>	314	24.3%	50,184	26.5%
Government	43	3.3%	3,402	1.8%
Unclassified Establishments	79	6.1%	16,825	8.9%
Totals	1,293	100.0%	189,264	100.0%

MSA = METROPOLITAN STATISTICAL AREA.

SOURCE: ESRI BUSINESS ANALYST ONLINE, MAY 2019.

EMPLOYMENT

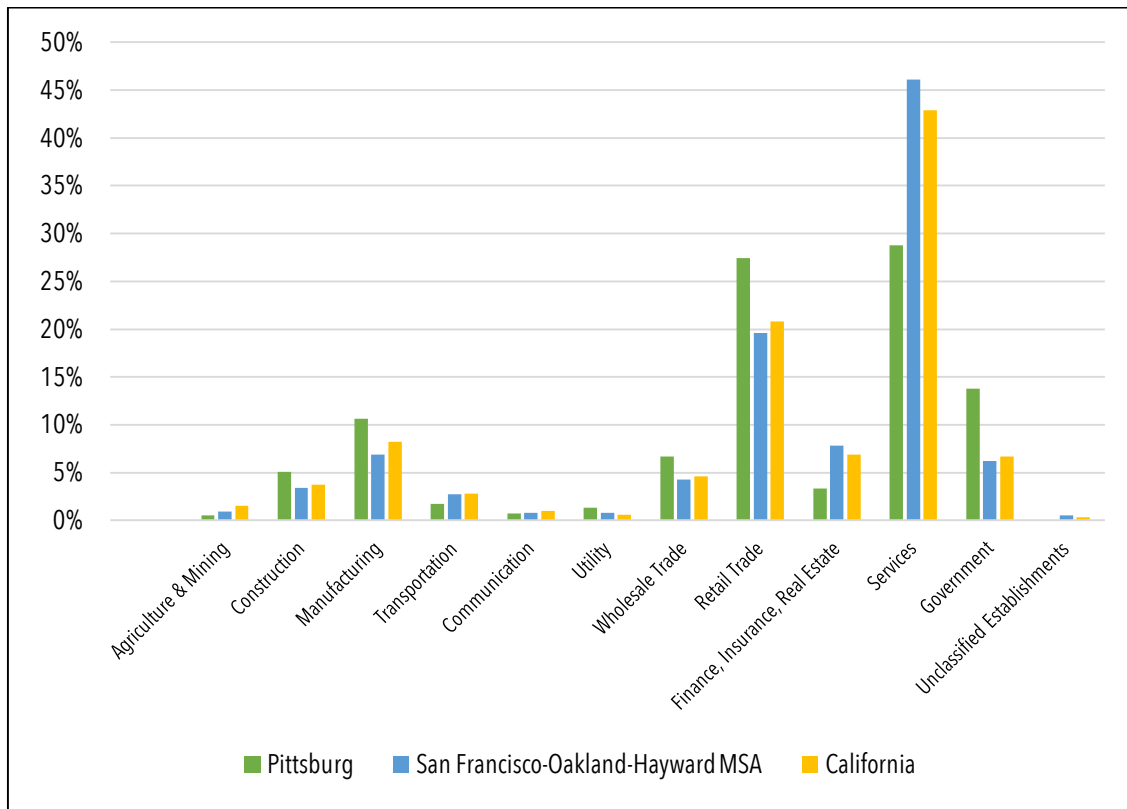
Table 3 shows a comparison of employment by industry sector within the City of Pittsburg, the MSA, and the State. This information is also presented graphically in Figure 1.

TABLE 3: EMPLOYMENT BY SECTOR: PITTSBURG, MSA, STATE - 2018

INDUSTRY SECTOR	CITY OF PITTSBURG		SAN FRANCISCO-OAKLAND-HAYWARD MSA		STATE OF CALIFORNIA	
	JOBS	PERCENT	JOBS	PERCENT	JOBS	PERCENT
Agriculture & Mining	86	0.5%	20,066	0.9%	236,960	1.5%
Construction	795	5.1%	76,405	3.4%	593,447	3.7%
Manufacturing	1,658	10.6%	153,100	6.9%	1,325,840	8.2%
Transportation	272	1.7%	60,100	2.7%	446,596	2.8%
Communication	107	0.7%	18,652	0.8%	164,494	1.0%
Utility	212	1.3%	18,602	0.8%	91,625	0.6%
Wholesale Trade	1,054	6.7%	95,237	4.3%	740,957	4.6%
Retail Trade Summary	4,301	27.4%	433,689	19.6%	3,355,908	20.8%
<i>Home Improvement</i>	204	1.3%	21,332	1.0%	202,796	1.3%
<i>General Merchandise Stores</i>	678	4.3%	36,318	1.6%	321,241	2.0%
<i>Food Stores</i>	890	5.7%	64,139	2.9%	429,352	2.7%
<i>Auto Dealers, Gas Stations, Auto Aftermarket</i>	424	2.7%	33,855	1.5%	321,215	2.0%
<i>Apparel & Accessory Stores</i>	37	0.2%	25,989	1.2%	178,193	1.1%
<i>Furniture & Home Furnishings</i>	87	0.6%	32,069	1.4%	208,726	1.3%
<i>Eating & Drinking Places</i>	1,550	9.9%	158,372	7.1%	1,211,089	7.5%
<i>Miscellaneous Retail</i>	431	2.7%	61,615	2.8%	483,296	3.0%
Finance, Insurance, Real Estate Summary	519	3.3%	173,012	7.8%	1,107,307	6.9%
<i>Banks, Savings & Lending Institutions</i>	156	1.0%	36,735	1.7%	244,612	1.5%
<i>Securities Brokers</i>	14	0.1%	37,067	1.7%	131,825	0.8%
<i>Insurance Carriers & Agents</i>	82	0.5%	28,768	1.3%	216,552	1.3%
<i>Real Estate, Holding, Other Investment Offices</i>	267	1.7%	70,442	3.2%	514,318	3.2%
Services Summary	4,530	28.8%	1,021,217	46.1%	6,910,465	42.9%
<i>Hotels & Lodging</i>	47	0.3%	38,156	1.7%	294,809	1.8%
<i>Automotive Services</i>	232	1.5%	30,048	1.4%	232,207	1.4%
<i>Motion Pictures & Amusements</i>	355	2.3%	56,801	2.6%	597,601	3.7%
<i>Health Services</i>	385	2.5%	180,556	8.1%	1,473,063	9.1%
<i>Legal Services</i>	31	0.2%	40,939	1.8%	211,860	1.3%
<i>Education Institutions & Libraries</i>	1,811	11.5%	162,775	7.3%	1,297,443	8.1%
<i>Other Services</i>	1,669	10.6%	511,942	23.1%	2,803,482	17.4%
Government	2,164	13.8%	136,609	6.2%	1,072,738	6.7%
Unclassified Establishments	7	0.0%	10,799	0.5%	53,819	0.3%
Totals	15,705	100.0%	2,217,488	100.0%	16,100,156	100.0%

MSA = METROPOLITAN STATISTICAL AREA. SIC = STANDARD INDUSTRIAL CLASSIFICATION.
 SOURCE: ESRI BUSINESS ANALYST ONLINE, MAY 2019.

FIGURE 1: EMPLOYMENT BY SECTOR: PITTSBURG, MSA, STATE - 2018



SOURCE: ESRI BUSINESS ANALYST ONLINE, MAY 2019.

The make-up of the approximately 15,705 jobs within the City of Pittsburg is similar to that of the San Francisco-Oakland-Hayward MSA and the State of California overall. Noticeably, Pittsburg has a smaller percentage of jobs engaged in the Services sector (10.6%) than does the larger MSA (23.1%). The City also has a higher percentage of jobs engaged in the Government sector (13.8%) compared to the MSA (6.2%) and State (6.7%) and in the Retail sector (27.4%) compared to the MSA (19.6%) and State (20.8%).

The proportion of jobs in Pittsburg that are within the Manufacturing sector (10.6%) are higher than this sector’s share of jobs in the larger MSA. Further, the Education Institutions & Libraries sector of the City (11.5%) is higher than the share of jobs in the larger MSA (7.3%). The education-related employers listed within Table 1, such as Los Medanos College, likely contribute to the higher share of education-related employment within the City.

RETAIL SPENDING

Table 4 shows Pittsburg’s average household retail spending relative to the MSA and the State. Figure 2 shows the City’s retail spending patterns by category, in comparison to the MSA and the State. The current estimated household retail spending breakdown was obtained from ESRI Business Analyst, a data provider that businesses, including many retailers, rely upon for estimates of household spending potential. The data is based upon Bureau of Labor Statistics household spending patterns that have been applied to smaller geographies than the county-level geographies and includes factors to address inflation and various other economic variables. The retail spending estimates exclude household spending on some items, such as transportation, which contain a retail component.

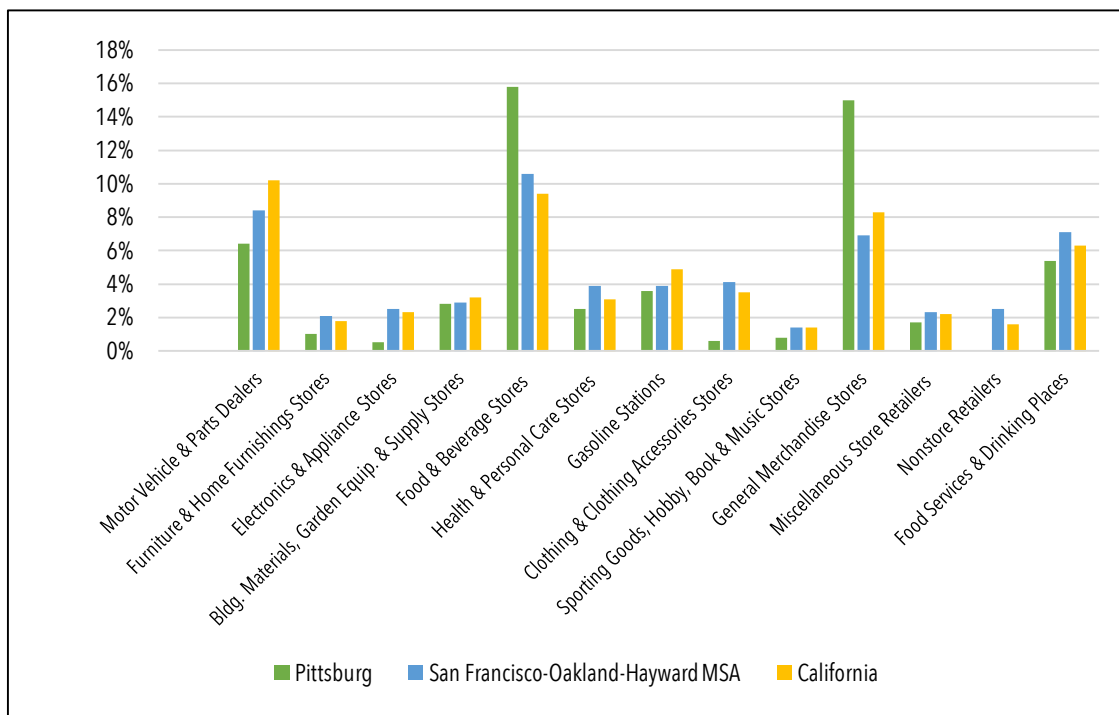
TABLE 4: AVERAGE HOUSEHOLD RETAIL SPENDING: PITTSBURG, MSA, STATE - 2018

RETAIL SECTOR	CITY OF PITTSBURG		SAN FRANCISCO-OAKLAND-HAYWARD MSA		STATE OF CALIFORNIA	
	\$/HH	SHARE	\$/HH	SHARE	\$/HH	SHARE
Motor Vehicle & Parts Dealers	\$3,539.99	6.4%	\$5,764.82	8.4%	\$7,221.81	10.2%
Furniture & Home Furnishings Stores	\$582.10	1.0%	\$1,452.96	2.1%	\$1,270.91	1.8%
Electronics & Appliance Stores	\$304.59	0.5%	\$1,713.55	2.5%	\$1,676.19	2.3%
Building Materials, Garden Equip. & Supply Stores	\$1,547.06	2.8%	\$1,992.28	2.9%	\$2,271.26	3.2%
Food & Beverage Stores	\$8,801.49	15.8%	\$7,335.00	10.6%	\$6,650.58	9.4%
Health & Personal Care Stores	\$1,404.29	2.5%	\$2,662.37	3.9%	\$2,184.93	3.1%
Gasoline Stations	\$1,977.98	3.6%	\$2,691.84	3.9%	\$3,448.78	4.9%
Clothing & Clothing Accessories Stores	\$306.67	0.6%	\$2,842.12	4.1%	\$2,472.02	3.5%
Sporting Goods, Hobby, Book & Music Stores	\$418.66	0.8%	\$993.78	1.4%	\$1,008.62	1.4%
General Merchandise Stores	\$8,333.98	15.0%	\$4,749.15	6.9%	\$5,873.91	8.3%
Miscellaneous Store Retailers	\$927.03	1.7%	\$1,580.36	2.3%	\$1,562.15	2.2%
Nonstore Retailers	\$20.79	0.0%	\$1,750.77	2.5%	\$1,151.24	1.6%
Food Services & Drinking Places	\$3,002.64	5.4%	\$4,927.06	7.1%	\$4,443.24	6.3%

SOURCE: ESRI BUSINESS ANALYST ONLINE, MAY 2019

The estimated spending patterns of Pittsburg households are very similar to those in the larger MSA and State. The retail sectors with the highest spending include: Food & Beverage Stores and General Merchandise Stores, which account for a 15.8% and 15% share of household spending, respectively.

FIGURE 2: AVERAGE HOUSEHOLD RETAIL SPENDING: PITTSBURG, MSA, STATE - 2018



SOURCE: ESRI BUSINESS ANALYST ONLINE, MAY 2019.

Table 5 shows Pittsburg’s retail spending gap relative to the MSA and the State. The retail gap is based on the amount of retail sales within the City in comparison to the projected retail potential of the City’s population, based on the total amount spent by consumers at retail establishments. A positive retail gap number reflects the amount of leakage occurring, indicating the amount that Pittsburg’s residents are spending outside of the City. A negative retail gap number represents a surplus, indicating that the City is capturing sales beyond the demand associated solely with Pittsburg’s residents.

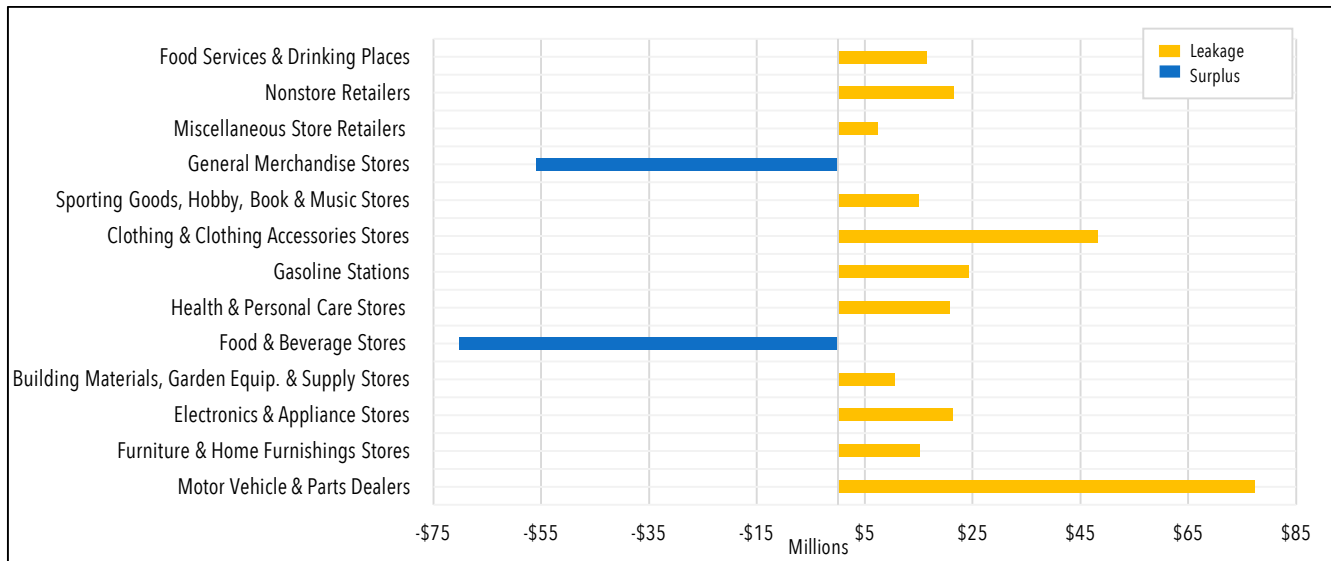
TABLE 5: RETAIL GAP: PITTSBURG, MSA, STATE - 2018

RETAIL SECTOR	CITY OF PITTSBURG	SAN FRANCISCO-OAKLAND-HAYWARD MSA	STATE OF CALIFORNIA
Motor Vehicle & Parts Dealers	\$77,270,913	\$7,168,590,207	\$10,802,446,108
Furniture & Home Furnishings Stores	\$15,156,466	\$675,634,784	\$2,559,381,965
Electronics & Appliance Stores	\$21,284,788	\$205,652,129	(\$2,922,698,182)
Building Materials, Garden Equip. & Supply Stores	\$10,499,672	\$1,638,301,049	\$1,209,742,215
Food & Beverage Stores	(\$70,212,457)	\$1,073,758,337	(\$3,932,159,981)
Health & Personal Care Stores	\$20,650,424	\$1,196,762,192	\$6,770,509,115
Gasoline Stations	\$24,257,039	\$2,589,305,005	(\$394,585,593)
Clothing & Clothing Accessories Stores	\$48,183,484	\$1,498,349,986	\$5,549,285,265
Sporting Goods, Hobby, Book & Music Stores	\$15,050,944	\$1,042,119,402	\$3,363,159,935
General Merchandise Stores	(\$55,907,080)	\$6,070,721,912	\$9,312,314,504
Miscellaneous Store Retailers	\$7,325,793	\$414,925,645	(\$1,403,507,889)
Nonstore Retailers	\$21,589,783	(\$454,838,084)	\$281,089,213
Food Services & Drinking Places	\$16,551,078	\$1,013,853,327	(\$1,477,868,705)

SOURCE: ESRI BUSINESS ANALYST ONLINE, MAY 2019.

As shown, two retail sectors experienced retail surplus in 2018 in the City: Food & Beverage Stores (-\$70,212,457) and General Merchandise Stores (-\$55,907,080). Retail surplus also occurred in the Food & Beverage Stores sector at the State-level. The retail sectors with the largest retail leakage in the City include: Motor Vehicle & Parts Dealers (\$77,270,913) and Clothing & Clothing Accessories Stores (\$48,183,484). The City’s retail gap is shown graphically in Figure 3.

FIGURE 3: RETAIL GAP: PITTSBURG - 2018



SOURCE: ESRI BUSINESS ANALYST ONLINE, MAY 2019.

REAL ESTATE MARKET CONDITIONS

This section presents an overview of the current office, industrial, and retail real estate sectors and projected employment growth for the associated job sectors. The real estate market data presented below is based on data from CoStar Realty Information Inc. (CoStar). CoStar maintains an extensive database of commercial property that tracks inventory, occupancy, rent, and other metrics for office, retail, industrial, and flex properties within the region. It is noted that data is voluntarily reported by brokers to CoStar; for certain categories, including the 2018 and 2019 industrial rents, as well as rents for several subareas discussed on the following pages, no data had been provided to CoStar.

Table 6 presents the key office, retail, and industrial real estate market indicators for Pittsburg from 2013 through the first quarter of 2019. The indicators are discussed in the subsequent sections, which also address indicators for several of Pittsburg's market subareas including the Downtown, Garcia Avenue subarea, and Railroad Avenue subareas which are shown on Figure 4.

TABLE 6: COMMERCIAL REAL ESTATE MARKET OVERVIEW: PITTSBURG - 2018-YTD 2019

REAL ESTATE SECTOR	2013	2014	2015	2016	2017	2018	YTD 2019
OFFICE MARKET							
Inventory SF	520,141	520,141	520,141	502,714	502,714	502,714	502,714
Occupied SF	484,948	491,103	490,081	477,392	471,376	487,450	488,384
Occupancy Percent	93.2%	94.4%	94.2%	95.0%	93.8%	97.0%	97.1%
Net Absorption SF Total	(4,528)	6,155	(1,022)	(12,689)	(6,016)	16,074	934
Office Gross Rent Overall/SF/Yr.	\$15.49	\$16.14	\$15.09	\$15.45	\$17.53	\$18.40	\$24.48
RETAIL MARKET							
Inventory SF	2,540,288	2,540,288	2,540,288	2,548,726	2,558,726	2,561,446	2,561,446
Occupied SF	2,391,777	2,369,589	2,422,603	2,483,120	2,471,668	2,512,549	2,473,211
Occupancy Percent	94.2%	93.3%	95.4%	97.4%	96.6%	98.1%	96.6%
Net Absorption SF Total	(12,481)	(22,188)	53,014	60,517	(11,542)	40,881	(39,338)
Retail NNN Rent Overall/SF/Yr.	\$16.74	\$17.50	\$16.83	\$17.12	\$15.02	\$15.74	\$16.30
INDUSTRIAL MARKET							
Inventory SF	7,092,754	7,092,754	7,092,754	7,092,754	7,092,754	7,092,754	7,092,754
Occupied SF	6,550,356	6,478,068	6,350,118	6,553,129	6,441,966	6,669,762	6,399,977
Occupancy Percent	92.4%	91.3%	89.5%	92.4%	90.8%	94.0%	90.2%
Net Absorption SF Total	(6,259)	(72,288)	34,079	40,982	(111,163)	227,796	(261,025)
Industrial NNN Rent Overall/SF/Yr.	\$6.26	\$6.01	\$7.63	\$8.78	\$8.96	-- ¹	\$7.20 ¹

NOTES: NNN = TRIPLE NET; SF = SQUARE FEET; YTD = YEAR-TO-DATE.





¹ CoSTAR DATA UNAVAILABLE. YTD2019 INDUSTRIAL RENTS BASED ON INPUT FROM REAL ESTATE STAKEHOLDERS DURING THE STAKEHOLDER INTERVIEWS (DISCUSSED UNDER ECONOMIC AND REAL ESTATE PERCEPTIONS SECTION).

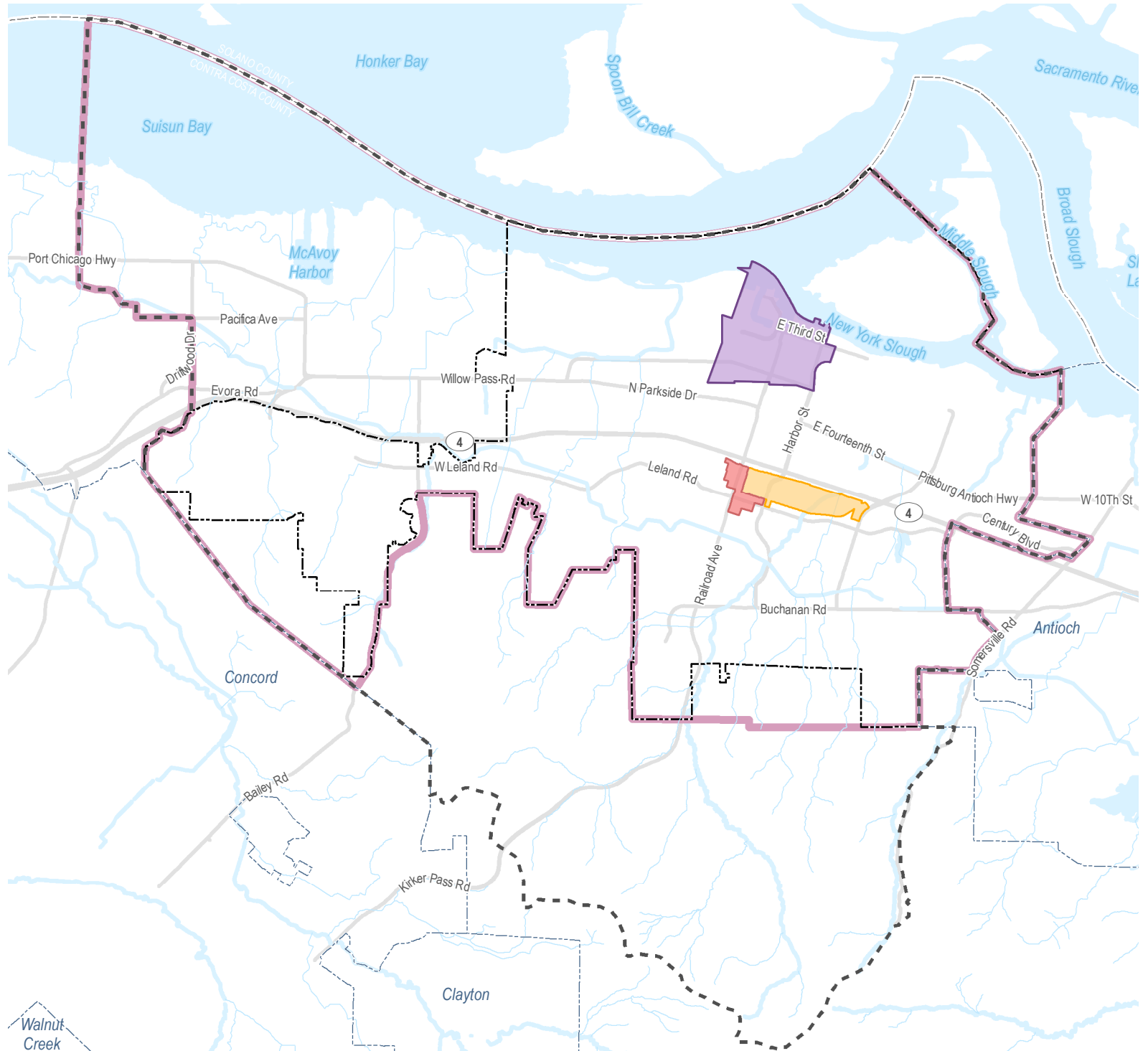
SOURCE: CoSTAR REALTY INFORMATION INC., 2019.

Figure 4:

CITY LIMITS AND SUBAREAS

Legend

-  Pittsburg City Limits
-  Pittsburg Sphere of Influence
-  Planning Area
-  Neighboring City
- Subareas**
-  Downtown Subarea
-  Railroad Subarea
-  Garcia Subarea



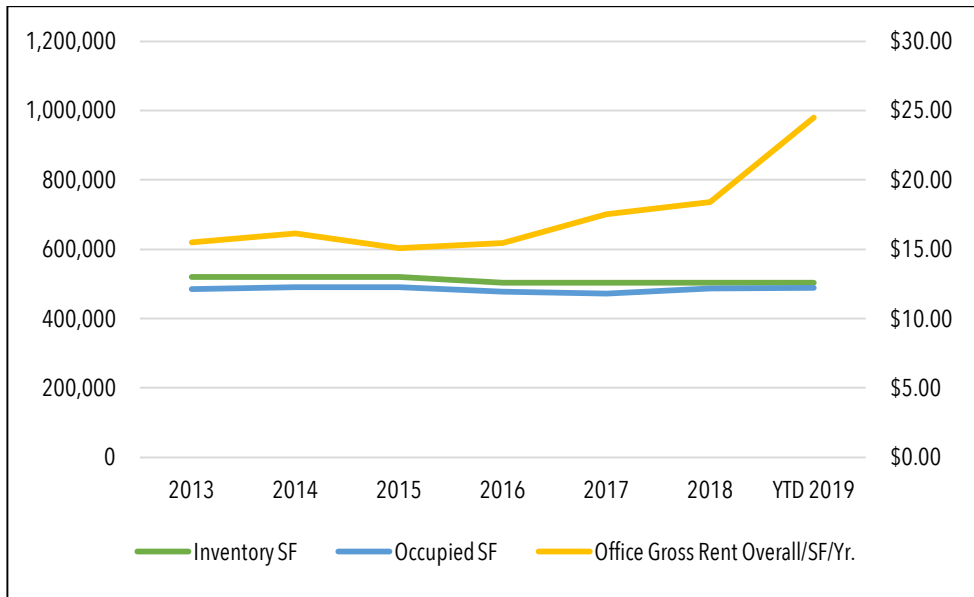
OFFICE MARKET CONDITIONS

Figure 5 shows the overview indicators for the office real estate market. Pittsburg’s office inventory has increased slightly over the last several years from 502,714 to 520,141 square feet (SF) during the 2013 to 2019 period. During this time period, there was a 3.4% decrease in the amount of office space from 520,141 SF in 2013 to 502,714 SF in 2019 and the occupancy rate ranged from a low of 93.2% to a high of 97.1%, which occurred in 2019. Office gross annual rents climbed from \$15.49/SF in 2013 to a high of \$24.48/SF in 2019.

Table 7 compares the citywide office market indicators, as well as the indicators for the City’s subareas. Nearly half (41%) of the City’s office inventory is located in the Downtown subarea and approximately 13% is located in the Railroad Avenue subarea. The occupancy rates for the City, Downtown subarea, and Garcia Avenue subarea are steady and at or near 100%, while the Railroad Avenue occupancy rate is approximately 87%. Office rents are generally higher in the Railroad Avenue subarea and less in the Downtown subarea compared to the overall City and subareas.

FIGURE 5: PITTSBURG OFFICE MARKET OVERVIEW - 2013-YTD 2019

Office buildings are intended to house employees of companies that produce a product or service primarily for support services, such as administration, accounting, marketing, consulting, human resources management, financial, insurance, educational, medical, and other professional services.



SOURCE: CoSTAR REALTY INFORMATION INC., 2019.

TABLE 7: OFFICE MARKET COMPARISON - 2018 AND YTD 2019

ITEM	PITTSBURG (CITY)	DOWNTOWN SUBAREA	GARCIA AVE. SUBAREA	RAILROAD AVE. SUBAREA
YEAR-TO-DATE 2019				
Inventory (SF)	502,714	204,622	16,320	69,075
Occupancy Rate	97.1%	98.7%	100.0%	86.5%
Gross Rent Overall/SF/Yr.	\$24.48	\$15.58	-- ¹	\$29.92
2018				
Inventory (SF)	502,714	204,622	16,320	69,075
Occupancy Rate	97.0%	98.8%	100.0%	87.6%
Gross Rent Overall/SF/Yr.	\$18.40	\$14.40	-- ¹	\$19.63

NOTE: ¹ NO DATA REPORTED TO CoSTAR FOR THIS SUBAREA/TIME PERIOD.

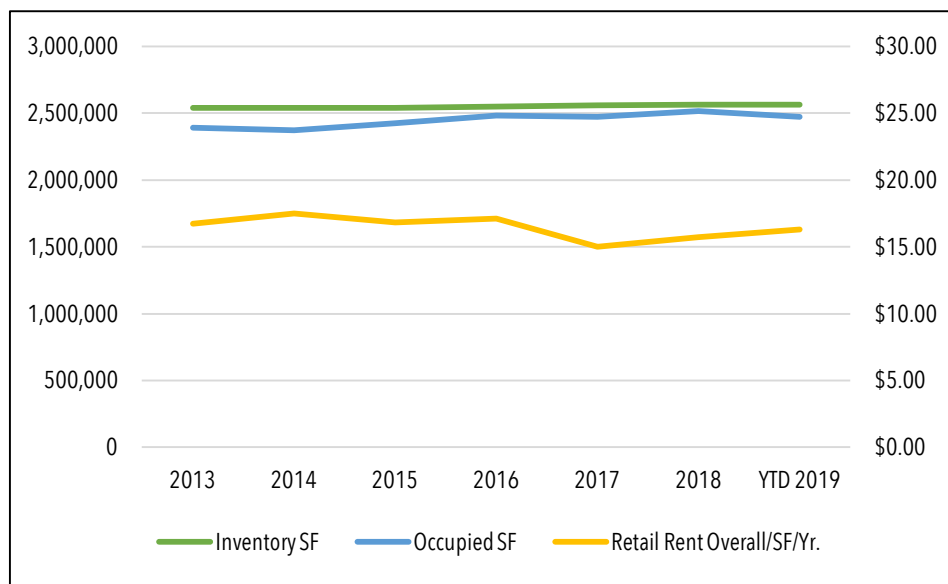
SOURCE: CoSTAR REALTY INFORMATION INC., 2019.

RETAIL MARKET CONDITIONS

Figure 6 shows an overview of the retail real estate market indicators. While inventory has remained fairly constant, ranging from 2,540,288 SF in 2013 to 2,561,446 SF in 2019, the retail real estate market has seen more sporadic activity over the last several years, with fluctuating occupancy levels and retail rents. Retail space increased slightly by less than 1%, from 2.54 million SF in 2013 to 2.56 million SF in 2019 and the occupancy rate ranged from a low of 93.3% to a high of 98.1%, which occurred in 2018. Office gross annual rents climbed from \$15.49/SF in 2013 to a high of \$24.48/SF in 2019.

Table 8 compares retail market conditions citywide and by subarea. Approximately 13% of the City's retail inventory is located in the Downtown Subarea and approximately 9% is located in the Railroad Avenue Subarea. The occupancy rates for the City, Downtown Subarea, Garcia Avenue Subarea, and Railroad Avenue Subarea are generally steady and at or near 100%, although the 2019 year-to-date rate in the Downtown subarea is 87.8%. Retail rents in the Railroad Avenue subarea increased significantly by 87% from 2018 to early 2019.

FIGURE 6: PITTSBURG RETAIL MARKET OVERVIEW - 2013-YTD 2019



Retail property's primary intended use is to promote, distribute or sell products and services to the general public. Retail buildings can be used for various sales opportunities, including, but not limited to, stand-alone (convenience stores to department stores), store fronts, strip centers (no anchors), neighborhood, community, regional, and super-regional malls, power centers, factory outlet centers, and fashion or specialty centers.

SOURCE: CoSTAR REALTY INFORMATION INC., 2019.

TABLE 8: RETAIL MARKET COMPARISON - 2018 AND YTD 2019

ITEM	PITTSBURG (CITY)	DOWNTOWN SUBAREA	GARCIA AVE. SUBAREA	RAILROAD AVE. SUBAREA
YEAR-TO-DATE 2019				
Inventory (SF)	2,561,446	339,368	20,345	235,607
Occupancy Rate	96.6%	87.8%	100.0%	99.5%
Rent Overall/SF/Yr.	\$16.30	-- ¹	-- ¹	\$34.84
2018				
Inventory (SF)	2,561,446	339,368	20,345	235,607
Occupancy Rate	98.1%	96.5%	100.0%	98.9%
Rent Overall/SF/Yr.	\$15.74	\$25.50	-- ¹	\$18.62

NOTE: ¹ NO DATA REPORTED TO CoSTAR FOR THIS SUBAREA/TIME PERIOD.

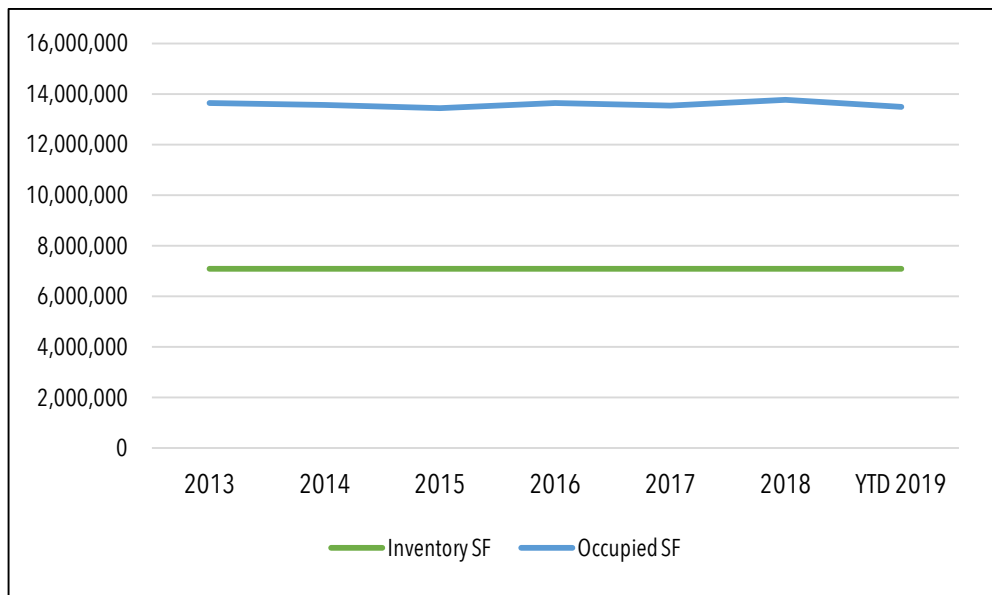
SOURCE: CoSTAR REALTY INFORMATION INC., 2019.

INDUSTRIAL MARKET CONDITIONS

Figure 7 shows an overview of the industrial real estate market indicators. Pittsburg’s industrial inventory has remained constant over the last several years at 7,092,754 SF of space. The occupied inventory has also remained relatively constant, ranging from a low of 6,350,118 SF (2015) to 6,669,762 SF (2018). The industrial gross rent has steadily increased since 2013. In contrast to the office and retail markets, which generally experienced an increase in occupancy from 2013 through 2019, the industrial real estate market’s occupancy rate declined during this period to 90.2% in 2019. Annual industrial rents increased from \$6.26/SF in 2013 to a high of \$8.96/SF in 2017; rental rates were not available for 2018 or 2019.

Table 9 compares industrial market conditions citywide and by subarea. Approximately 16% of the City’s industrial inventory is located in the Garcia Avenue Subarea. The occupancy rates for the City, Downtown Subarea, and Garcia Avenue Subarea are generally steady and at or near 100%.

FIGURE 7: PITTSBURG INDUSTRIAL MARKET OVERVIEW - 2013-YTD 2019



Industrial buildings are typically adapted for a range of uses such as assemblage, processing, and/or manufacturing products from raw materials. Additional uses include warehousing, distribution, and maintenance facilities.

SOURCE: CoSTAR REALTY INFORMATION INC., 2019.

TABLE 9: INDUSTRIAL MARKET COMPARISON - 2018 AND YTD 2019

ITEM	PITTSBURG (CITY)	DOWNTOWN SUBAREA	GARCIA AVE. SUBAREA	RAILROAD AVE. SUBAREA
YEAR-TO-DATE 2019				
Inventory (Sq. Ft.)	7,092,754	105,238	1,122,873	-- ¹
Occupancy Rate	90.2%	100.0%	99.2%	-- ¹
Rent Overall/SF/Yr.	-- ¹	-- ¹	-- ¹	-- ¹
2018				
Inventory (Sq. Ft.)	7,092,754	105,238	1,122,873	-- ¹
Occupancy Rate	94.0%	100.0%	99.7%	-- ¹
Rent Overall/SF/Yr.	-- ¹	-- ¹	-- ¹	-- ¹

NOTE: ¹ NO DATA REPORTED TO CoSTAR FOR THIS SUBAREA/TIME PERIOD.

SOURCE: CoSTAR REALTY INFORMATION INC., 2019.

EMPLOYMENT GROWTH PROJECTIONS

In addition to the existing commercial real estate market, employment growth projections produced by the Association of Bay Area Governments (ABAG) form the basis of future commercial space needs to support projected employment growth.

The planning timeframe for the General Plan Update is 2020 to 2040, so the employment projections by sector and the resulting commercial space need estimate, shown in the tables below, focus only on the 2020 to 2040 timeframe. ABAG's projections of employed residents and jobs through 2040 for the City of Pittsburg and Contra Costa County are presented in Table 10.

ABAG's projections for growth in employed residents between 2020 to 2040 are quite strong for both the city and the county, with a projected increase of 14.2% for the city and 12.9% for the county. Total job projections are even stronger for both the city and county, with a projected increase of 17.1% for the city and 20.2% for the county. ABAG projects Pittsburg will see a very minor decrease in employed residents between 2020 and 2030 (0.6% decline by 2025 and 1.8% decline by 2030). However, the number employed residents between 2030 and 2040 is projected to greatly increase. As shown in Figure 8, the number of employed residents and total jobs in the city are projected to increase at similar rates between 2020 and 2040.

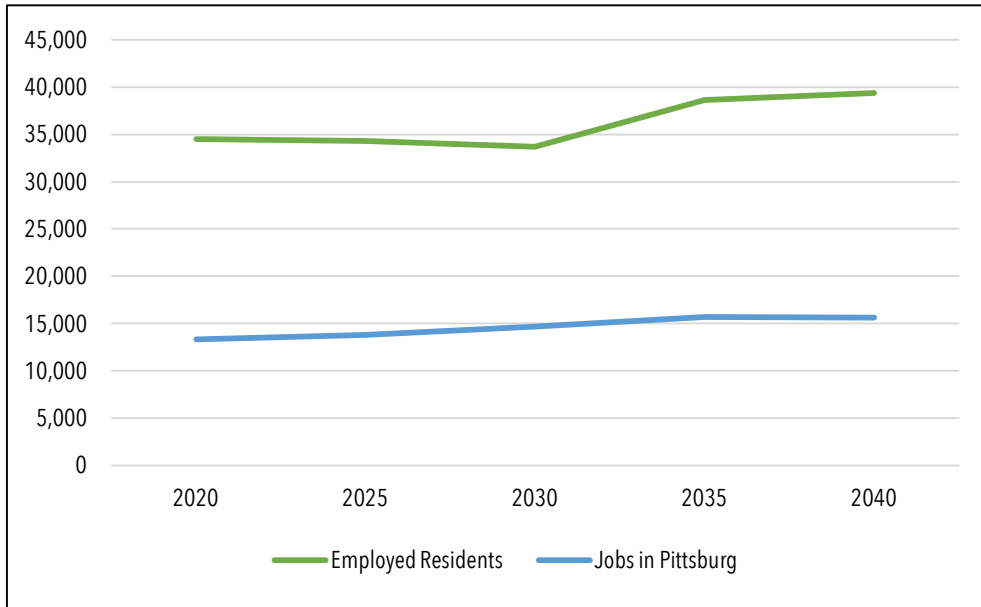
Table 10 shows that the number of jobs in the City will increase over the next 20 years. However, it also shows the number of jobs in the City will remain significantly less than the number of employed residents. In 2020, 13,330 jobs are projected in the City compared to 34,495 employed residents. This trend is expected to continue through 2040, when the City is projected to have 15,615 jobs and 39,380 employed residents. These numbers indicate that Pittsburg's workforce (employed residents) will need to leave Pittsburg for work opportunities as local jobs available are not projected to meet the number of employed residents.

TABLE 10: EMPLOYED RESIDENT AND JOB PROJECTIONS: PITTSBURG AND COUNTY - 2020-2040

PROJECTIONS	CITY OF PITTSBURG		CONTRA COSTA COUNTY	
EMPLOYED RESIDENTS	NUMBER	PERCENT CHANGE	NUMBER	PERCENT CHANGE
2020	34,495	N/A	589,810	N/A
2025	34,280	-0.6%	617,185	4.6%
2030	33,660	-1.8%	633,830	2.7%
2035	38,615	14.7%	655,135	3.4%
2040	39,380	2.0%	665,875	1.6%
<i>2020 to 2040 Projected Change</i>	<i>4,885</i>	<i>14.2%</i>	<i>76,065</i>	<i>12.9%</i>
JOBS IN PITTSBURG	NUMBER	PERCENT CHANGE	NUMBER	PERCENT CHANGE
2020	13,330	N/A	414,290	N/A
2025	13,800	3.5%	423,845	2.3%
2030	14,675	6.3%	458,255	8.1%
2035	15,690	6.9%	483,810	5.6%
2040	15,615	-0.5%	498,115	3.0%
<i>2020 to 2040 Projected Change</i>	<i>2,285</i>	<i>17.1%</i>	<i>83,825</i>	<i>20.2%</i>

SOURCE: ASSOCIATION OF BAY AREA GOVERNMENTS, PLAN BAY AREA PROJECTIONS 2040, 2018.

FIGURE 8: PITTSBURG EMPLOYED RESIDENTS AND JOBS IN PITTSBURG - 2020-2040



SOURCE: ASSOCIATION OF BAY AREA GOVERNMENTS, PLAN BAY AREA PROJECTIONS 2040, 2018.

Figure 9 shows the inflow and outflow of jobs based on 2015 data collected by the U.S. Census Bureau. According to the bureau’s data, 11,640 workers come into the City for employment. Out of all employed Pittsburg residents, 2,598 work within Pittsburg and 25,183 work outside the City.

FIGURE 9: CITY OF PITTSBURG INFLOW AND OUTFLOW OF JOBS - 2015



SOURCE: U.S. CENSUS ON THE MAP JOB COUNTS, 2015.

ECONOMIC AND REAL ESTATE PERCEPTIONS

To augment the data presented in this report and to provide context regarding the City's economic conditions, New Economics & Advisory toured the City of Pittsburg and conducted stakeholder interviews to gather local insights about local business, land development, and commercial real estate conditions. Through its interviews and industry knowledge, New Economics identified the following challenges and opportunities related to the City's economic conditions.

CHALLENGES

- Despite significant infrastructure improvements, State Route 4 continues to experience traffic levels that are problematic for existing businesses that rely on this highway to deliver items to customers and/or attract employees from longer distances. Traffic levels are also a deterrent for attracting logistics-related industrial users that are currently active in the Bay Area and Central Valley.
- The City's current configuration and demographic profile are restricting the ability to sustain existing retailers and attract new, experience-oriented retailers. The rise of e-commerce is placing additional pressure on traditional retailers to seek higher-income and higher-density areas, while new retail emphasizes experiences and services (such as gyms) that cannot be purchased on-line.
- The location of the Delta to the north and mountains to the south creates a linear population base for Pittsburg that prevents larger retailers from enjoying the more densely populated "radius" shape of customers available in other East Bay cities. In addition, as one of the most affordable cities in the Bay Area, Pittsburg's price points provide an important source of housing for workers who commute to relatively low-paying jobs. However, these residents also have lower levels of disposable income compared to residents of other East Bay cities.
- Multiple stakeholders reported that a large portion of the City's existing workforce commutes to areas all over Silicon Valley. They also reported that workers at the City's largest businesses tend to remain onsite during rest and lunchbreaks. This combined dynamic hurts local retail and commercial businesses that need more daytime business to remain stable in the long run.
- The City's geographic location and current demographics do not yet support demand for traditional office space. In addition, Class A and Class B office users in the East Bay continue to prefer locations on or accessible to Interstate Highway 80 or 880.
- Existing rents are too low for most new commercial or mixed-use development to pencil. This financial reality will continue to limit new development in the Railroad and Garcia subareas.
- Multiple stakeholders identified the City's zoning code as a barrier to economic development and felt changes were necessary to provide additional flexibility and maximize opportunities on key catalyst sites. For example, stakeholders suggested increasing the number of allowable commercial service uses in the Downtown to help increase foot traffic and support more traditional retail shops and restaurants.
- Longer term, new development at the Concord Naval Weapons Station could be a more competitive site for residential, commercial, and/or industrial development in the East Bay.

OPPORTUNITIES

- There is ongoing demand for small floorplate industrial/commercial uses, some of which include yard space. Sought-after space generally includes 2,000 to 8,000 square feet that would be attractive to entrepreneurs. As rents increase, developers will be able to add this type of product to the market.

- If rental rates throughout Silicon Valley continue to increase, places like Pittsburg will become increasingly attractive for start-up and/or e-commerce office locations. The Railroad Avenue and Downtown subareas could be attractive locations for these types of users.
- Although the city cannot grow outwards, a number of large infill sites could accommodate substantial job and/or residential growth, including the former golf course site, power line corridor (if reconfigured over time), waterfront parcels, vacant retail land, etc.
- The City has a proven track record of thinking creatively around unique opportunities, and multiple stakeholders expressed optimism about working with City staff to resolve technical issues and envision longer-term projects.
- Smaller, more specialized retail stores that cater to the local community continue to play an important role in stabilizing existing retail centers and providing important goods and services in the City. Additional residential growth can help to sustain these retailers.
- Pittsburg is the only East Bay city in Contra Costa County with two BART stations. Over time, this higher level of access to the rest of the larger region has the potential to attract more workers to Pittsburg and increase the sales price of housing in the City.
- If the City can attract more jobs to Pittsburg that match the City's current workforce, it will help reduce or eliminate commutes and sustain local retail and service businesses.

STAKEHOLDERS INTERVIEWED (MAY-JUNE 2019)

Kolette Simonton, City of Pittsburg (Economic Development)

Cory Anderson, USS Posco (Steel Manufacturing Company)

Scott Bertrand, Cushman Wakefield (Real Estate Brokerage)

Monica Couture, Pittsburg Chamber of Commerce (Economic and Workforce Development for Small and Large City Businesses)

Kris Hagar, Newmark Knight Frank (Real Estate Brokerage)

Doug Messner, Sierra Pacific Properties (Property Development and Management Company)

Sean O'Reilly, Transbay Cable (Utility Joint Venture Company with City)

Louis Parsons, Discovery Builders (Developer/Home Builder)

PJ Quesada, Ramar Foods (Food Manufacturing Company, Large Employer)

JOBS CAPTURE / WORKSPACE DEMAND

The projected number of employed residents shown in Table 10 indicate that the City's workforce is anticipated to continue growing. As previously discussed, the City is not capturing sales in many retail spending categories indicating there is capacity for additional retail opportunities. Further, the City's office, retail, and industrial spaces generally have high occupancies and discussions with the business community have indicated the need for additional employment-generating uses and space. Table 10 and Figure 8 both illustrate that although the City has a strong employment base, the City exports many of its workers.

Table 11 identifies the net jobs projected to be exported during 2020 through 2040, based on the ABAG's projections. Were the City to seek to expand employment opportunities to capture 15% of the City's residents that do not have work options in the City, the City would need to ensure adequate land to accommodate workspace for approximately 3,565 more jobs by 2040. While the specific breakdown of job types and associated type of development (office space, retail and services space, and industrial space) is not known at this time, it is anticipated that this increase in employment would require approximately 68 acres of land designated for employment-generating uses. Were the City to seek to capture 25% of the projected increase in its employed residents, the approximately 5,941 jobs would require approximately 114 acres of land designated for employment-generating uses.

The Envision Pittsburg Existing Conditions Report indicates that there are more than 144 acres of land available for employment-generating uses, based on a review of sites designated as vacant by the County Assessor [Figure 1.1-4] and the associated General Plan Land Use Map [Figure 1.1-1]). While there appear to be adequate sites to accommodate employment-generating uses, the Envision Pittsburg Land Use Alternatives Report will further assess the capacity and appropriateness of vacant and underutilized sites to accommodate projected job growth as well as the types of commercial and industrial uses that are needed and/or desired to serve the community.

TABLE 11: NET JOBS EXPORTED COMPARED TO POTENTIAL JOBS CAPTURE AND ASSOCIATED JOBS ACREAGE - 2020-2040

YEAR	EMPLOYED RESIDENTS	JOBS IN CITY	NET JOBS EXPORTED	15% CAPTURE OF JOBS EXPORTED		25% CAPTURE OF JOBS EXPORTED	
				JOBS	ACRES ¹	JOBS	ACRES ¹
2020	34,495	13,330	21,165	3,175	60.7	5,291	101.2
2025	34,280	13,800	20,480	3,072	58.8	5,120	97.9
2030	33,660	14,675	18,985	2,848	54.5	4,746	90.8
2035	38,615	15,690	22,925	3,439	65.8	5,731	109.6
2040	39,380	15,615	23,765	3,565	68.2	5,941	113.7

NOTE: ¹ PROJECTED ACREAGES ARE BASED ON AN AVERAGE OF 1 EMPLOYEE PER 500 SF OF DEVELOPED OFFICE, COMMERCIAL, AND INDUSTRIAL SPACE AND AN AVERAGE FLOOR AREA RATIO (AMOUNT OF DEVELOPED BUILDING SPACE PER ACRE OF LAND) OF 0.6.

SOURCE: ASSOCIATION OF BAY AREA GOVERNMENTS, 2018; DE NOVO PLANNING GROUP, 2019.

Appendix B:
Cluster Assessment

**PRELIMINARY CLUSTERS
ASSESSMENT
CITY OF PITTSBURG, CA
OCTOBER 29, 2019**



A2B Consulting Group (A2B) has conducted a cursory Clusters assessment of Pittsburg utilizing the USEDA/Harvard Cluster mapping project website (*info based on 2016 data ~ clustermapping.us*); the Clusters research contained in the Northern Waterfront Economic Development Initiative ~ Strategic Action Plan (*January 8, 2019; the Plan included information gathered from the USEDA/Harvard Cluster Mapping website*) for Contra Costa County; and the California Employment Development Department database to create a **very rough** Cluster assessment and opportunities guide for Pittsburg's economic development efforts. While this information is useful for developing targeted industries lists for the recruitment, it should **not** be considered a full cluster assessment of Pittsburg.

BACKGROUND

Regional economies are the building blocks of U.S. competitiveness. The nation's ability to produce high-value products and services depends on the creation and strengthening of regional clusters of industries that become hubs of innovation. Clusters enhance productivity and spur innovation by bringing together technology, information, specialized talent, competing companies, academic institution, and other organizations. Close proximity, and the accompanying tight linkages, yield better market insights, more refined researches agendas, larger pools of specialized talent, and faster deployment of new knowledge.

Clusters exist where the economic activities in a set of related industries in a given location reach critical mass. It is at this point that local linkages begin to have a meaningful impact on the performance of companies, and that important opportunities for local collaboration among firms and other organizations in the relevant fields arise. Clusters emerge naturally in the market process, providing productivity benefits to companies as they grow in size. They become attractive to companies looking for a new location and grow through the performance of companies already located there. Companies in clusters gain access to specialized regional suppliers, service providers, and institutions, and can also benefit from deep pools of skilled employees and shared infrastructure dedicated to their needs.

Unlike an industry sector, industry clusters represent a network of interconnected firms and industries that are linked through shared resources and technologies based on a common set of economic activities. Firms in similar and related industries draw a productive advantage in being geographically located near each other because they have common labor pools and supply chain needs. “*Driver industries are linked to supplier and input industries, support industries, and customers.*” A myriad of service providers also participate in the manufacturing value chain, including engineers, market researchers, attorneys, accountants, research organizations (Universities, National Labs, etc.), toolmakers, equipment suppliers, transport and logistics providers, and consultants.

Target Industry Cluster Identification

Standardized national industry clusters have been defined, which allow comparisons and performance measurement across regions. Regionally defined industry clusters are often not represented in the standardized national definitions. Region-specific industry clusters can be identified based on employment concentrations, industry size, and growth rates. A regional industry cluster exists when the level of employment is overrepresented relative to the national average. This overrepresentation signals the presence of a critical mass at which cluster dynamics begin to occur. Strong industry clusters are defined as those where the location quotient (LQ) puts them into the leading 25% of regions across the U.S. in their respective cluster category. LQ measures the specialization or concentration of a cluster in a particular location relative to the national average. Measured by the value of a cluster's location quotient, each regional economy has a particular pattern of specialization in a number of clusters, which drives productivity and growth in the economy.

In addition, cluster strength is measured by “employment specialization or share”. Each regional economy has a particular pattern of specialization in a number of clusters, which drives productivity and growth in the economy. Economic areas with ***High Employment Specialization*** in a cluster meet these criteria:

- Primary criterion: LQ of Cluster Employment must be greater than the 75th percentile when measured across all Economic Areas.

- Secondary criterion to differentiate marginal cases: LQ of Cluster Employment must be greater than 1.0, Share of National Cluster Employment greater than the 25th percentile, and Share of National Cluster Establishments greater than the 25th percentile.

Economic areas with **High Employment Share** in a cluster meet this criterion:

- Share of National Cluster Employment must be greater than the 90th percentile when measured across all Economic Areas.

Source: Cluster Mapping website

Regional economies are made up of two types of clusters, each with different patterns of geographic presence and different competitive dynamics. **Traded clusters** are groups of related industries that serve markets beyond the region in which they are located. They are free to choose their location of operation (unless the location of natural resources drives where they can be) and are highly concentrated in a few regions, tending to only appear in regions that afford specific competitive advantages. Since traded clusters compete in cross-regional markets, they are exposed to competition from other regions. Examples of traded clusters include Financial Services in New York City, Information Technology in Silicon Valley, and Video Production and Distribution in Los Angeles. Traded clusters are the "engines" of regional economies; without strong traded clusters it is virtually impossible for a region to reach high levels of overall economic performance.

Local clusters, in contrast, consist of industries that serve the local market. They are prevalent in every region of the country, regardless of the competitive advantages of a particular location. As a result, a region's employment in local clusters is usually proportional to the population of that region. Moreover, the majority of a region's employment comes from jobs in local clusters. Since local clusters are tied to the regions in which they are located, they are not directly exposed to competition from other regions. Examples include Local Entertainment such as miniature golf and movie theaters, Local Health Services such as drug stores and hospitals, and Local Commercial Services such as dry-cleaners.

REVIEW OF USED/HARVARD CLUSTER MAPPING PROJECT

Based on a review of Contra Costa County data from 2006 and 2016, there has been some shifts in the strongest clusters within the County during that decade. These shifts appear to have resulted in greater concentrations in the strongest sectors: Business Services and Financial Services.

2006 Contra Costa County Clusters Strongest Traded Clusters

90%+specialization
Business Services
Financial Services
Insurance
Video Production

75%+ Specialization
IT
Communication
Education
Environmental Services

2016 Contra Costa County Clusters Strongest Traded Clusters

90%+specialization
Business Services
Financial Services

75%+ Specialization
IT
Communication
Insurance
Performing Arts
Environmental Services

There was some diversification during this period, albeit small, in areas of less specialization (under 75%)

2006 Contra Costa County Clusters

Other specialization

Performing Arts
Nonmetal Mining
Construction
Upstream Chemicals
Oil & Gas

2016 Contra Costa County Clusters

Other specialization

Environmental Services
Construction
Downstream Chemicals
Upstream Chemicals
Upstream Metals
Oil & Gas

Based on a search of current California Employment Department company data by NAICS code showed Pittsburg has very little in the way of companies in either the 75%+ and 90%+ specialization compared to the rest of Contra Costa County.

Business Services:

4 Engineering Firms
3 Custom Computer programming (2 Home based)
3 Computer Systems (2 are Bellici and 1 home based)
3 Data hosting (1 home based)

Financial Services:

7 banks

IT:

0 firms

Communications:

4 Other communications (2 are home based)

There are more Pittsburg firms within the “Other” specialization categories (less than 75% specialization) and several of these appear to have higher employee counts. (NOTE: Employment data can volatile.)

Downstream Chemicals:

Praxair ~ 20-50 FTE

Criterion Catalyst ~ 100-250 FTE

Generon ~ 20-50 FTE

Construction:

8 firms including Irish Construction, Brentwood Ready Mix and CEMCO (construction steel)

CEMCO ~ 50-100 FTE

Cemcon Inc. 100-250 FTE

Environmental Svcs:

Contra Costa Waste 20-50 FTE

Pittsburg Disposal 5-9 FTE

From this research, Pittsburg appears to have relatively few firms within the strongest clusters present in Contra Costa County. Pittsburg does have strong employment in firms that are in sectors whose numbers are on par with other regions of the country, and by themselves may not offer much in the way of cluster dynamic benefits.

There is also some level of cluster relationships at work within Pittsburg relative to the stronger Clusters in Contra Costa County (See Attachment #2 Cluster Maps, 2006 and 2016). For example, cluster relationships exist between the Construction (Pittsburg) and Oil & Gas (County) clusters. Recently conducted Pittsburg Business Retention visits indicate the this relationship does continue to exist. While there is relative lack of presence in key Contra Costa County Clusters, there is still significant employment/ company presence in Pittsburg within core manufacturing sectors (steel & metals, chemicals, construction materials).

NORTHERN WATERFRONT PLAN

The Northern Waterfront Strategic Plan (Plan) confirmed several aspects of the USEDA/Harvard work, in terms of the Contra Costa County economic strengths. A2B research of this information confirmed little presence in

Pittsburg of the stronger Cluster categories. The Plan also identified potential/growing Clusters and targeted Industry Sectors in the County. Pittsburg is well represented in one of these potential/growing targeted sectors:

“While emerging industry clusters are not easily identified through traditional analytical methods, they can be identified through qualitative research and intelligence based on local industry knowledge. Important considerations for determining the presence of emerging industry clusters include the presence of research institutions, innovation infrastructure, access to venture capital, and the growth of new occupations. Shift-share analysis can be employed to identify industries that are expected to grow faster than the national economy and industry mix. Six-digit NAICS codes were used to identify the core industries in the Northern Waterfront based on the number of core companies, employment size, degree of specialization, growth trends, and a strong regional presence in the East Bay. Five potential target industry clusters were identified including: 1) Biomedical/Biotechnology/life sciences; 2) Food & Beverage Processing; 3) Advanced Materials & Diversified Manufacturing; 4) Advanced Transportation Technologies; and 5) Clean Technology.”

Northern Waterfront Economic Development Initiative, Page 28

The Plan further identified Advanced Materials & Diversified Manufacturing as a growth sector:

“The Northern Waterfront can develop a vibrant economy by attracting and growing manufacturing firms in emerging new industries in the advanced manufacturing sector.”

Northern Waterfront Economic Development Initiative, Page 28

In researching the presence of firms within Pittsburg, the Advanced Materials & Diversified Manufacturing cluster has a significant presence both in the numbers of firms and employment levels. Nearly 30 firms in Pittsburg are classified (NAICS) within this sector (See Attachment #1). This is a larger presence than the other four Targeted Clusters combined:

- Food & Beverage has 6 firms (2 home based ~ appear to be distributors; and potentially more non-home based firms but data miscoded in EDD data base)
- Cleantech has 9 with 3 of those firms being consulting engineering services.
- Biomed/Biotech has 2 net (two more that appear to be mis-coded to this category that may belong in Advanced Materials & Manufacturing)

There are no Advanced Transportation firms currently in Pittsburg.

ADVANCED MATERIALS & MANUFACTURING

The NAICS coding for companies in this sector matches those in Silicon Valley and the greater East bay region that are experiencing a “price out” in terms of real estate costs. Due to land purchases by such firms as Facebook, Google (Alphabet) and Apple, lease rates and per square foot purchases prices have increased by 150%, and in some lease instances nearly tripled in the last 2-3 years. Many, if not most, of the firms in this NAICS classification are family owned under 100 FTE operations. According to sources that have spoken to A2B, this has prompted a marked increase in interest to relocate out of Silicon Valley to more reasonable real estate markets in the area. Pittsburg can potentially capture some of that interest with the right marketing approach and attractive real estate pricing (both lease and purchase).

FOOD & BEVERAGE PROCESSING

As previously stated, there are some issues with the NAICS coding for Pittsburg firm operating in this Sector. For example:

- Ramar Foods, EDD NAICS coded as Meat/Meat Products
- Orientex Foods, A division of Ramar, NAICS coded as Ice Cream/Frozen desserts
- Tulkoff Food Products, EDD NAICS coded as Supermarket
- Salsa 4 You, Not in EDD database

In addition, there are several instances of ice cream related firms in Pittsburg (Business license, City staff knowledge). However little to no evidence within EDD or other databases of whether these firms are manufacturers or distributors. One company visit in Pittsburg determined that 6 business licensed firms, all at the same location, were being served by a single ice cream distributor at said location, no manufacturing presence.

Clarification through Business Retention visits to all potential Pittsburg based Food & Beverage Processing firms will give a clearer picture of the type of food processing activity in Pittsburg and the potential for Cluster development as recommended in the Plan.

CLEANTECH

Pittsburg firms within this Sector consist primarily around waste disposal and recycling centers. One outlying firm is K2 Pure Solutions, which operates within the primary 4-digit NAICS sector for Cleantech, but appears to be miscoded by EDD at the 6-digit sector as “Other” rather than a Targeted sector set forth in the Plan. Opportunities for Cluster development within this sector should focus on reuse and repurposing of “feedstock” materials collected at these locations for manufacturers. More research is needed into available feedstocks and volumes in order to identify potential business recruitment Targets as well as potential Cluster development

RECOMMENDATIONS

1. Request Cluster data from Northern Waterfront team in order to conduct more detailed Pittsburg based Cluster assessment
2. Conduct a more thorough assessment of the Food Processing firms existing in Pittsburg to determine actual Cluster presence as well as determine condition needed to grow this Cluster and potential recruitment Targets

3. Conduct a more thorough assessment of the Cleantech firms existing in Pittsburgh to determine actual Cluster presence as well as determine condition needed to grow this Cluster and potential recruitment Targets both within the Sector as well as users of available “feedstocks”
4. Focus Business Retention outreach on Pittsburgh companies within the Advanced Materials/Manufacturing, Cleantech and Food Processing sectors in the short term (based upon results of further assessments stated in #3 above)
5. Begin outreach to Advanced Materials companies in SV and East Bay:
 - A. Work with owners/brokers of vacant or underutilized industrial buildings/properties in Pittsburgh regarding competitive lease/purchase packages for SV/East Bay Advanced materials companies
 - B. Consider financial incentives for such firms that are real estate based to further improve real estate attractiveness (tie to FTE or lease/purchase terms)
6. Review entitlement processes for this Cluster to insure buildings/sites are or can be filled with a little processing time as possible

ATTACHMENT #1
LIST OF ADVANCED MATERIALS MANUFACTURING FIRMS IN
PITTSBURG

BRENTWOOD READY MIX ~ 10-20 FTE
CONCRETE VISIONS ~ 1-4 FTE
MARBLE SHOP ~ 5-9 FTE
AGRA TECH INC ~ 10-20
JOEL HEWATT CO. ~ 20-50 FTE
SIGNODE SUPPLY ~ 5-9 FTE (2nd LOCATION IN BAY POINT)
DIVERSE STEEL ~ 10-20 FTE
CONCORD IRON WORKS ~ 50-100
ALL SPECIALTY SHEET METAL ~ 20-50 FTE
PITTSBURG IRON WORKS ~ 1-4 FTE
DELTA MACHINE SHOP ~ 1-4 FTE (2nd BIZ AT SAME ADDRESS)
HAMMOND ENTERPRISE ` 20-50 FTE (2nd BIZ AT SAME ADDRESS)
ACCURATE POLYCOAT ~ 1-4 FTE
GLOBAL ECOTECH ~ 1-4 FTE
ROLL TECHNOLOGY ~ 5-9 FTE
BISHOP-WISECARVER ~ 50-100 FTE
BLACK DIAMOND MANF. ~ 1-4 FTE
CEMCO ~ 50-100 FTE
ALLIED CRANE ~ 20-50 FTE
BETO LIMON ~ 1-4 FTE
STEWART'S ~ 20-50 FTE
DRIVE LINE SVCS ~ 1-4 FTE
PRAXAIR ~ 10-20 FTE (2 OTHER BIZ UNITS AT SAME ADDRESS)
ALIB INC ~ 5-9 FTE