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## AGENDA

### ECONOMIC DEVELOPMENT/WATERFRONT DEVELOPMENT SUBCOMMITTEE

June 8, 2023  
6:00 PM

City Hall  
First Floor Conference Room, 4B  
65 Civic Avenue  
Pittsburg, CA 94565

#### Subcommittee Members

Shanelle Scales-Preston, Mayor (Alternate)  
Jelani Killings, Councilmember

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- 1. Public Comment for Non-Agenda Items**
  - 2. City Entry Monument Signage.** Staff will present a draft plan for locating entry monument signs at various locations throughout the City. *Subcommittee feedback requested.*
  - 3. Garcia Area Innovation District report.** Staff has hired A2B Consulting to prepare a report on the viability of establishing an innovation district along Garcia Avenue. A2B Consulting will present their findings. *Subcommittee feedback requested.*
  - 4. Economic Development Division updates.** The Economic Development Division may provide updates on various activities.
  - 5. Waterfront and Environmental Services updates.** The Waterfront and Environmental Services Divisions may provide updates on various activities.
  - 6. Pittsburg Chamber of Commerce.** The Pittsburg Chamber of Commerce may provide updates on their activities in the City.
  - 7. Non-Agenda Items**
  - 8. Adjournment**



## MEMORANDUM

To: Economic Development/Waterfront Development Subcommittee  
From: Jordan Davis, Director of Community and Economic Development  
Re: **Agenda Item Nos. 2 and 3**

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### **Item No. 2: City Entry Monument Signage.**

The City of Pittsburg Economic Development Division has identified 14 potential locations for entry monument signs that may be placed to welcome people to Pittsburg (see Attachment 1). These 14 locations have also been divided into four “tiers” which generally reflect the type and size of sign that may be placed within these locations. Preliminary locations have been shown for purposes of visioning, though final locations and designs may differ. Potential funding sources have also been identified.

Staff is requesting feedback on locations, preliminary tier placement, and priority.

### **Item No. 3: Garcia Area innovation District Report.**

Staff has hired A2B Consulting to prepare a report on the viability of establishing an innovation district along Garcia Avenue. A2B Consulting will present their findings.

Staff is requesting feedback on next steps.

#### Attachments:

1. Draft Entry Monument Sign Plan
2. Final Garcia Area Innovation District Report

## City of Pittsburg – Entry Monument Sign Plan

### Locations:

ID	Tier	Location	Opportunities/Constraints
1	1	State Route 4 at Western City Limit	Most prominent entry point to City, with views of hills and water, downtown, and residential areas. Spacious, and adequate hillsides to enhance prominence. Will need to be large to fit scale of area, and will be most expensive, potentially up to \$500,000. Sign should follow rebranding effort and should be designed to be as timeless as possible due to cost.
2	4	Bailey Road at Willow Ave.	Bailey Road is likely to increase in usage as more development in Pittsburg, as well as Concord Naval Weapons Station, develop. Space, particularly on east side of roadway, is very limited, and may require grant of easement from Keller Canyon. West side of roadway is steep but could be used. Presents opportunity to incorporate wayfinding.
3	3	State Route 4/Bailey Road	Prominent State Route 4 Exit. Median presents best opportunity for entry feature, but may require County and/or Caltrans approval, depending on location.
4	4	Willow Pass at Bay Point	A commonly overlooked entry point to the City that could use enhancements to differentiate Pittsburg from Bay Point. Space is limited, but there is excess ROW on southside of roadway that could house a monument welcoming people. Presents opportunity to incorporate wayfinding.
5	4	EB Railroad Off-Ramp	Prominent and frequently used off-ramp. Space is very limited due to existing buildings and future projects along ROW. A smaller sign welcoming visitors might fit either within the trail area along west side of Railroad, or in median. Presents opportunity to incorporate wayfinding.
6	3	Kirker Pass at Southern City Limit	Highly traveled, but quieter entry point to the City. Median is wide and presents opportunity for a taller monument that welcomes visitors. Presents opportunity to incorporate wayfinding.
7	2	WB Railroad/Harbor Off-Ramp (Public Storage)	Visible to folks traveling westbound on State Route 4, as well as both direction on California. This sign likely to be funded by Public Storage development. Presents opportunity to incorporate wayfinding, though area is limited.
8	1	Loveridge/State Route 4	Major entry with plenty of space that is highly traveled. Space is so large, most signs might seem out of place. No identity to area. Sign will need to be large and
9	3	East Leland at LMC	Highly traveled, but quieter entry point to the City. Median is wide and presents opportunity for a taller monument that welcomes visitors. Presents opportunity to incorporate wayfinding.
10	3	Century Blvd. West	Traffic along this route may increase as development of this area increases. Space is available and may welcome people to the area. Likely a longer-term implementation as development takes place.

11	4	Buchanan Road at Eastern City Limit	Highly traveled, but quieter entry point to the City. Adequate areas on either side of roadway for monument(s). Presents opportunity to incorporate wayfinding.
12	3	Pittsburg-Antioch Highway	Area lacks character and development, though new RV/Boat storage will enhance area.
13	2	Century Blvd. East	Entry to main commercial area of City. Area lacks character that could be enhanced through coordinated signage. Space is available in ROW, though median is limited.
14	3	Delta de Anza Trail	

**Funding:**

Amount	Source	Available?
\$250,000	ARPA	Yes
\$100,000	Faria DA	No
Approx. \$225,000	Public Storage Project	With construction
\$25,000/year for X years	Business Improvement District Funds	Yes

Overview Map:



1: State Route 4 at Western City Limit



2: Bailey Road at Willow Ave.



3: State Route 4/Bailey Road





4: Willow Pass at Bay Point



5: EB Railroad Off-Ramp



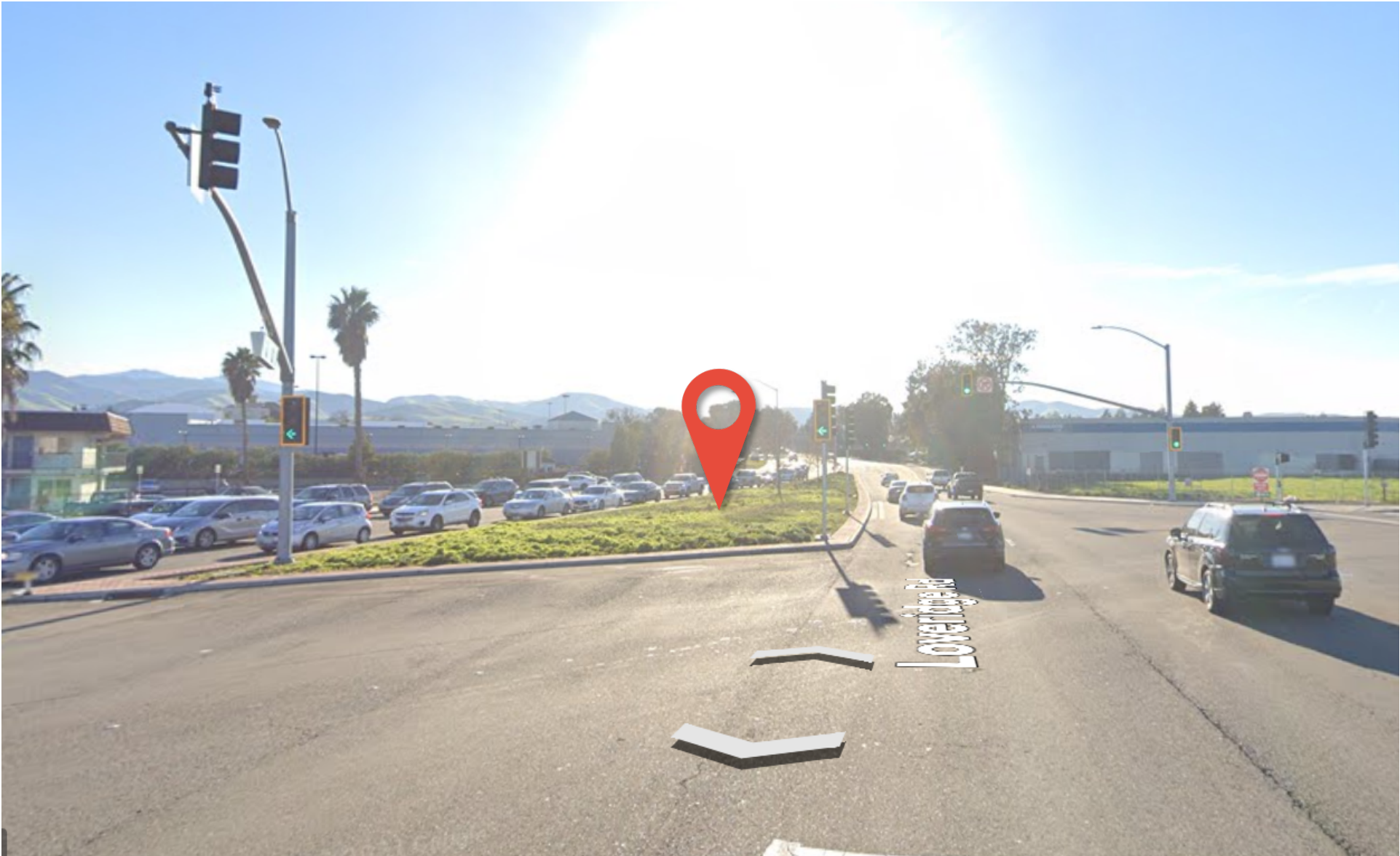
6: Kirker Pass at Southern City Limit



7: WB Railroad/Harbor Off-Ramp (Public Storage)



8: Lovridge/State Route 4



9: East Leland at LMC



10: Century Blvd. West



11: Buchanan Road at Eastern City Limit





12: Pittsburg-Antioch Highway



13: Century Blvd. East



14: Delta de Anza Trail



Signage Examples:

Tier 1:



Tier 2:



Tier 3:



Tier 4:



# GARCIA AREA & INNOVATION DISTRICT POTENTIAL

## EXECUTIVE SUMMARY ~ 2015 TO PRESENT



This report summarizes efforts by City of Pittsburgh (“City”) staff and A2B Consulting Group (“A2B”) regarding the revitalization of the Garcia Area of the City, including the potential for creating an innovation district either in Garcia or somewhere else in the community. This report summarizes the efforts to date.

There are a wide variety of successful, high-profile companies currently operating in this area (Bishop-Wisecarver; Hammond Enterprises; HSI Hospital Systems; Thatcher’s Popcorn; Majestic Steel; Protection Engineering). There is also a high volume of automotive related businesses from parts sales, repair and customization operating in this area. Despite the presence of these successful businesses, the Garcia Area continues to present an image of an area in decline rather than reaching towards its potential. With underutilized buildings, vacant lots, degrading streets and streetscapes and overall minimal investment, the Garcia Area has been, and continues to be, a development/revitalization quandary for the City



and development community.

For several years the City has been assessing potential redevelopment concepts for the Garcia Area. Assisted by A2B, the City has conducted extensive analysis and outreach efforts with Garcia Area property owners, businesses, developers and commercial brokers since 2015 regarding the strengths, weaknesses, and potential for Garcia Area revitalization. A2B has provided a wide range of recommendations based this outreach, assessment of “on the ground” conditions along with the best industrial revitalization practices, which have been outlined in the following documents (*copies included with this report*):

- Garcia PoP (Plan on a Page) - 2015
- Garcia Area Business Retention Report - 2018
- Pittsburg Cluster Assessment - 2019 - 2020
- Garcia Stakeholders Report - 2021

In addition, the City’s ability to move forward on any of the past recommendations and report findings have been hampered by lack of full-time economic development staffing, lack of policy direction, and COVID-19 impacts.

In late 2021, the City requested an assessment of the potential for forming an Innovation District within Pittsburg, possibly within the Garcia Area due to the underlying zoning and proximity to transit. A2B provided both an overview of other such Districts along with an in-depth review of the then recently announced Brentwood Innovation District. While successful in urban areas, the innovation district concept appears to be latest economic development/economic revitalization “fad” in the vein of biotech zones; business incubators and entertainment districts when it comes to suburban settings like Pittsburg/Brentwood. The rise of the innovation district concept was essentially born out of the 2008-09 financial crisis/recession:

*At the time, there were a handful of well-established examples that city planners, universities, and developers looked to in an effort to replicate their success. These are well-described in the 2014 Brookings Institute report, “[The Rise of Innovation Districts](#),” which points to the models offered by Kendall Square (around MIT and Massachusetts General Hospital in Cambridge), the Cortex District in St. Louis (anchored by*

*Washington University), Seattle’s South Lake Union area (University of Washington, Medicine, Amazon, and others), and urbanized science parks like Raleigh-Durham’s Research Triangle Park (anchored by North Carolina State University, Duke, and University of North Carolina at Chapel Hill). (Urban Land, Feb 11, 2022).*

Since then, “...well over 100 districts have emerged globally...” The reality though is:

*“...just 5 metro areas accounted for 9 out of every 10 new high tech (innovation based) jobs between 2005 and 2017. Efforts to replicate this model elsewhere have typically failed because localities chase the outputs of an innovation region - large tech firms and high growth startups - rather than cultivating the inputs: highly skilled individuals and technical infrastructure. As a result, tech companies and the people they aim to recruit mostly continue to flock to the places where the inputs for innovation already exist, and struggling regions remain stuck.” (Brookings)*

Based on extensive review of critical literature regarding innovation districts, including a widely recognized “*Audit Handbook*” on Innovation Placemaking by Brookings Institute, the Brentwood District appears destined to struggle as it is a focused real estate and design play to curtail commuting of Brentwood workers to jobs outside of Brentwood. There is:

- No “critical mass” of innovation assets in existence;
- No identified “innovation ecosystem” (There is very little, if any, mention within the Plan of either an existing, or for that matter building an ecosystem);
- Little in the way of an “opportunity rich environment” beyond the creation of the overall Plan document;
- Quality of place factors in Brentwood have not attracted critical mass elements to date; and
- Lack of the broad leadership, beyond this city-run effort to create a plan and brand it an “innovation district” necessary to foster the creation and growth of an innovation ecosystem.

As part of its 2022 investigation into the Brentwood District, A2B recommended conducting a similar “innovation audit” for the City/Garcia Area to assess its innovation district potential. No action has been taken to date, so a very preliminary audit was done by A2B for this report.

## **PRELIMINARY INNOVATION AUDIT FINDINGS**

### ***DOES PITTSBURG HAVE INNOVATION ECOSYSTEM POTENTIAL?***

There are five (5) key frameworks present in areas where innovation district success occurs. Each is summarized below, along with an assessment of how the City compares.

#### **1. CRITICAL MASS OF INNOVATION ASSETS**

1. Presence of leading-edge, anchor institutions (research focused universities, R&D facilities of world-class private companies, governmental research labs).
2. Financial investment potential, both public and private, that is willing to make the investments locally to create/support a district and its occupant startups.
3. Strong leadership, both private and public, commonly focused on fostering an innovation environment locally. This includes government, education, private development, financial investors, and leading-edge institutions. It is imperative that these groups are themselves innovators within their own spheres of activity and foster the necessary “risk-taking” element required by innovation.

#### How does Pittsburg compare?

Apart from Corteva (which is undergoing a restructuring) there are no leading-edge institutions operating either in Pittsburg or eastern CC County. Further, such institutions in the Bay Area are already well connected in established ecosystems such as Silicon Valley/Peninsula, UC Berkeley and Lawrence Livermore Labs.

This lack of critical mass also reveals a lack of strong leadership from the financial sector.

#### **2. INNOVATION CAPACITY**

Is there leveraging and aligning of distinct critical mass advantages to grow a firm's innovation capacity? A district is far more than a place. It is an ecosystem - an environment tuned to help innovators, creatives, and entrepreneurs both present and future - connect with the resources and people they need to move quickly to take advantages of opportunities; be that generating new ideas or products, create a new business venture or compete globally. It is a place where people and professionals come together daily.

How does Pittsburg compare?

With no critical mass of leading-edge firms, financial resources or leadership, there is little to no leveraging potential. Nothing on the ground indicates there is demand for an innovation ecosystem in the City.

### **3. DIVERSITY AND INCLUSION**

Is there an inclusive, diverse, and opportunity-rich environment? Innovation districts are often adjacent to areas of economic distress. This offers an opportunity to engage existing residents to participate. But leadership, along with intentional strategies, are required to insure all residents benefit.

How does Pittsburg compare?

Pittsburg is a very diverse community. The Garcia Area, along with other neighborhoods are in various stages of economic stress and would potentially benefit from innovation district development. There is also a strong commitment on the part of City leaders to improve the lives and well-being of ALL City residents. There appears to be similar strong commitment to this in education and many private business entities within the City. This is one area where the City does have some level of innovation potential, but the lack of critical mass and innovation capacity cannot be overcome by this alone.

### **4. QUALITY OF PLACE**

Are their physical and social assets that attract a diversity of firms/people, increase interactions and accelerate innovation outcomes?

## How does Pittsburg compare?

While there are a variety of social, arts and recreation activities and venues within the community, almost none of these are focused on accelerating innovation outcomes in the community and one take place within the Garcia Area. The Railroad Avenue Specific Plan does lay out some potential opportunities that might lead to some critical placemaking advantages, if they are developed.

## **5. LEADERSHIP**

Is there broad-based leadership across required critical mass elements necessary for district success in Pittsburg?

## How does Pittsburg compare?

There is no broad-based leadership potential currently in the City focusing on innovation in the manner necessary to create and sustain an innovation district.

Based on this cursory innovation audit, pursuing an innovation district concept within Pittsburg generally, and Garcia Area specifically, is not advised.

## **GARCIA AREA RECOMMENDATIONS**

City has been at this since 2015, having studied and received several recommendations regarding the Garcia Area. Garcia COULD be a more vibrant, diverse commercial industrial area, but it will require implementing at least some of the recommendations made to date in these prior reports/plans, specifically:

### 1. Public investments that support economic revitalization:

- Use CIP/Measure M funding for investments in:
  - Street repair
  - Medians and streetscapes
  - Improving broadband capability
  - Creating small scale public spaces

- Building Code/Zoning Code flexibility in order to make building modifications and conversions easier/less expensive.
- Provide financial incentives to building owners to assist in building modifications and conversions.

2. Dedicated, undistracted, City staff assigned to this effort. There must be *focused* staff time on this effort.

3. Policy commitment by City leadership to empower City staff to implement the already identified strategic actions and funding support when required.

4. Continue to work in partnership with business owners, building/land owners, developers, commercial brokers regarding the challenges to making Garcia more attractive and financial viable alternative for business.

5. Allow time for these strategic actions to fully evolve before disrupting these efforts with pursuit of some “new idea” or concept. This is a long-term effort. Starting and stopping will not lead to the level of change and revitalization the City/community seeks.

## GARCIA AREA

### **VISION: A thriving diverse manufacturing center of small, locally grown & owned entrepreneurs**

#### **ANALYSIS**

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##### **DRIVERS**

- Emerging small industrial center/ advanced industry cluster potential
- Available/affordable space in Garcia for small start-ups/entrepreneurs

##### **INHIBITORS**

- Lack of knowledge about issues Garcia businesses (Adv. Manuf.) face
- Broker perceptions of lack of civic engagement, no strong relationships
- Central Valley affordability vs Pittsburg
- Cumbersome code requirements

##### **RISKS**

- Limited engagement with the Garcia community could result in loss of companies
- Not knowing the “right” companies to get behind
- Continuing community perception problem impacts recruitment of new companies

##### **OPPORTUNITIES**

- Accessibility to Bay Area workforce via eBART and attractive “Live-Work” option
- Small business relationship building
- Facilitate B2B between Garcia firms and larger, local industrial players
- Entitlement modifications

#### **ISSUES & IMPERATIVES**

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##### **KEY ISSUES**

- Are past entitlement issues contributing to our perception problem ~ brokers and prospective businesses?
- How can we leverage Railroad Ave. Specific Plan to improve business potential of Garcia? ~ the “Work” in “Live~Work”
- City cannot pick the “winners and losers” so how do we determine the business “winners” so we can support them?
- What projects/programs are we prepared to defer to make program investments in Garcia?

##### **STRATEGIC IMPERATIVES**

- Develop on-going, working relationships with Garcia businesses starting with the Adv. Manuf.
- Working understanding of the cost of doing business, workforce, available capital for Garcia businesses
- Make sure businesses have access to better information/support and facilitate needed introductions to providers
- Treat Garcia as a “proving ground” for how City can assist other industrial/job creation centers in Pittsburg
- WORK IN PROGRESS and NO guarantees!

#### **TACTICS & EXECUTION**

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- Regular meetings with Garcia businesses to learn about them, their needs and issues. Ask them questions like an investor would.
- Angel/VC Investors make better informed decisions regarding companies to back, so befriend and learn from them!
- Establish a team to review business needs and identify how/if City can address them either alone or in partnership
- “Industry working group” to review codes affecting Garcia/industrial areas inhibiting growth and expansion of businesses (brokers, biz owners, building owners)
- Modify Railroad Ave Specific Plan to incorporate Garcia growth elements no later than December 2015

##### **BUDGET & STAFFING COMMITMENT**

- Create an eBART ~ Garcia Team (See eBART)
- Assign to Ec Dev. staff
- Work program driven by business issues gleaned from business discussions
- Ability to enter into working partnerships when appropriate
- Resources for information dissemination (Webpage) including sponsoring or co-sponsoring events
- See eBART for P3 and PSU assistance

**GARCIA AREA**

**SITE AERIAL**





Pittsburg Business Retention Companies

	Address	Contact	Product/Service	Initial Mtg	Issues	Follow-up	August/Sept. Activity
<b>APT Water</b>	981 Garcia, Suites F & G	Terry Applebury	Water remediation and water quality improvement	7/17/18 & 7/19/18	Patient VC investors; contacts with local water agencies	KS had contact local water entities for future mtg. A2B working on patient VC investors from contact base	Initial contacts with potential VC sources have yielded no interest due to company's age
<b>Garig Equipment</b>	970 Garcia, Suite E	Terry Garig	Diesel equipment repair and service	7/17/18	Skilled workforce in diesel repair	Mtg interrupted before completing survey	
<b>Uniworld/BBO Tables</b>	970 Garcia, Suite I	George Chao	poker table, reclaimed wood paneling	7/17/18	Social media staff & long term financing for growth	A2B looking into social media staffing/assistance	Three emails and calls to Mr. Chao by A2B to arrange meetings with a potential social media firm have gone unanswered.
<b>HSI (Hospital Systems Inc.)</b>	750 Garcia	Felipe Teutle	Hospital bed headboards	7/17/18	Business expansion ~ new bldg on adjacent lot; training on new business software	KS coordinating with Planning staff on site planning; A2B looking into training assistance for software	
<b>MEI (Marine Express)</b>	2102 Kelley Ct	Randy Esch	deep water vessel repair and construction	7/19/18	Fencing approval for waterfront parcel; skilled welders; homeless camps nearby on occasion	KS following up with Planning on fence issues; A2B contact local Comm Colleges with welding programs (CRC ~ Elk Grove)	A2B reaching out to welding program at Los Rios Comm. College district. Two calls/emails have yet to returned
<b>Merit USA/Viking Industrial</b>	620 Clark Ave.	David Berry	Loose cut steel sheets and small scale cold rolled steel (POSCO customer); galvanized tinline for construction and canning	7/19/18	Manufacturing automation options; qualified truck drivers and logistics; Tariffs hitting both ends of business (imports and exports)	A2B following up with potential automation options and logistic improvement startups. A2B was given a shop tour by Dave Berry in mid-August	A2B has met with Lecida, an IoT manufacturing technology and introduced them to KS. Working on mtg with Viking team and Dow chemical to introduce Lecida. A2B also began reaching out to robotic firms regarding potential automation options per Viking
<b>CarCovers.com</b>	671 Willow Pass Rd., Suite 1	Julio	custom car covers (participates in Pittsburg car shows)	7/19/18	Good sales people to expand business with aftermarket parts supplier, higher end car dealers in the region	A2B following up with potential sales force options and KS working to make introductions to Pittsburg auto dealers	
<b>Bishop Wisecarver</b>	2104 Martin St.	Pamla Kan	manufacturers industrial actuators (glides)	KS had initial meeting several months ago	This is an advanced manufacturer that serves some 20,000 industrial players per their website	Multiple attempts at follow-up meeting have not been returned. A2B working on other avenues to meeting with owner	A2B has two emails/calls in to Pam Kan but no response yet.

# **CLUSTERS ASSESSMENT #2**

## **CITY OF PITTSBURG, CA**

### **JANUARY 31, 2020**



## **INDUSTRY CLUSTER ASSESSMENT ~ PITTSBURG, CA**

### SUMMARY

This report is a continuation of a Preliminary Clusters Assessment for the City of Pittsburg, CA dated October 29, 2019.

Based on additional study and discussions with Pittsburg companies in both the Advanced Manufacturing and Food Processing sectors, there is little to no significant evidence of recognized Clusters activity within either sector for the companies in Pittsburg. However, there are still actions that the City, along with other partners, can take to assist both sectors, along with the greater Pittsburg business community in terms of Process Innovation and Workforce Development. In addition, Pittsburg should continue outreach efforts to companies in both sectors that are in high real estate cost areas of the Bay Area region, as their presence within Pittsburg could spur underlying cluster based activities and, possibly, genuine cluster evolution.

### WHAT IS A BUSINESS/INDUSTRY CLUSTER?

Definitions:

“Clusters are geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition. They include, for example, suppliers of specialized inputs such as components, machinery, and services, and providers of specialized infrastructure. Clusters also often extend downstream to channels and customers and laterally to manufacturers of complementary products and to companies in industries related by skills, technologies, or common inputs. Finally, many clusters include governmental and other institutions— such as universities, standards-setting agencies, think tanks, vocational training providers, and trade associations—that provide specialized training, education, information, research, and technical support.”

***Clusters and the New Economics of Competition, Nov.-December 1998, Michael Porter, Harvard Business Review, pgs 3-4.***

NOTE: Michael Porter is credited with introducing and popularizing the concept of business/industry clusters in his book *The Competitive Advantage of Nations* (1990).

“A cluster is a group of companies sharing local resources, using similar technologies, and forming linkages and alliances. These linkages can take the form of buyer- supplier relationships, turnover and "pirating" of employees, joint marketing, training, or research initiatives, associations, and lobbying. One of the unique features of cluster analysis is the focus on linkages between firms, and on implications for shared strategies – often called “*Coopetition*” – in which companies selectively compete in some respects (say, in output markets) yet cooperate in other respects (say joint training programs)”

***What is a Cluster?*** *The Economic Competitiveness Group, 2012, [EcGroup.com](http://EcGroup.com)*

“A cluster includes closely related and interconnected industries operating within a specific geography. The companies...are connected by a shared workforce, supply chain, customers or technologies....Cluster occur organically and reflect the unique assets and core competencies of a given region that create unique competitive advantages for certain industries.”

***Building Strong Clusters for Strong Urban Economies***, June 2017, JP Morgan Chase, pg 1

“Industry Cluster - groups of firms that gain a competitive advantage through local proximity and interdependence....advantage that accrue to firms when they cluster together in place (or) *agglomeration*. Agglomeration helps firms be more productive through three mechanisms: **Sharing** tailored facilities, infrastructure and suppliers; **Matching** workers productivity through deep labor markets; and **Learning** through dense knowledge-rich environments that facilitate knowledge exchange and innovation between interdependent firms”

***Rethinking Cluster Initiatives***, July 2018, Donahue, Parilla & McDearman, Brookings Policy Program, pg 2.

“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.”

***Cluster 101, Cluster Mapping US website*** , a collaboration between  
*USEDA and Harvard Business School*

## HOW DO CLUSTERS WORK?

The above definitions illustrate the central elements for identifying clusters and the activities that distinguish them. As expressed in *Rethinking Cluster Initiatives*, characteristics and activities outlined in these definitions are critical to properly identifying the existence of clusters; as much time, energy and money has been wasted on either assisting clusters improperly or attempting to influence non-existent clusters. Key elements that A2B utilized in reviewing Pittsburg for the existence of clusters are the following:

- Interconnected Companies
- Sharing of local resources, such as facilities, workforce, supply chain, customers, technology
- Matching worker productivity
- Learning by knowledge exchange
- Regional advantages compared to other areas leading to greater concentration of companies

A central tenant of clusters is the network of local connections between companies and a skilled workforce, local suppliers and customers, and vital services that provide a distinct competitive advantage not replicated anywhere else. These networks/connections cannot be usurped by lower cost competitors in other locations.

## PITTSBURG FINDINGS

A2B has conducted a number of business retention visits with Pittsburg companies in the Advanced Manufacturing and Food Processing industry sectors (pursuant to the Preliminary Cluster Assessment). Based on those conversations, it does not appear that companies in either industry segment are exhibiting the characteristics and activities normally found in Clusters as defined. Specifically:

1. There is little to no evidence of interconnected companies. There is evidence of company leaders occasionally getting together, informally (ex: Tulkoff Foods and Ramar)
2. No evidence of Shared Facilities.
3. There is little to no evidence of shared supply chain. One Pittsburg advanced manufacturing firm is buying locally (AgraTech utilizes Concord Sheet metal and Merit Steel) but no other evidence at this time based on interviews to date.
4. Local firms are using the same Pittsburg labor pool with the same frustrating results (hard to find quality people who can be trained, who will show up on time and pass a drug test when required, see Business Retention reports)
5. Firms are utilizing similar technology and manufacturing processes in both sectors, but not on any interrelated basis.
6. No evidence of any Matching or Learning characteristics as defined.
7. Neither sector has a Location Quotient (LQ) greater than, or even equal to 1.0, (Manuf. ~ 0.7 & Food Proc. ~ 0.9) meaning that there is actually less concentration of either sector regional than Nationwide (*Cluster Mapping ~ USEDA/Harvard*).

Based on the above information, it is the opinion of A2B that there is currently little to no significant evidence that either the Advanced Manufacturing or Food Processing sectors within Pittsburg are showing

recognized Cluster characteristics. This is NOT to say that there are not Advanced Manufacturing or Food Processing clusters at work “in the region”. Several recent studies have examined either the presence of industry clusters of characteristics within regional clusters including:

- *Northern Waterfront Initiative for Contra Costa County, January 2019*
- *Advanced Manufacturing in Contra Costa ~ Workforce Development Board for Contra Costa County June 2013*
- *EASTBAY Works Regional Plan, July 2017*
- *Contra Costa County Food System Analysis and Economic Strategy, March 2015*

These studies have either identified industry clusters or utilize prior clusters designations as the basis for their research. To the extent that these designations of regional industry clusters are valid, and A2B has no evidence on which to challenge said designations, stronger activities/actions of said Advanced Manufacturing and Food Processing clusters apparently lie elsewhere within the region. Pittsburg firms contribution to said industry clusters designation is limited based on A2B’s above stated findings.

It is important to point out that Cluster development can not be forced. Analysis of Clusters since the inception of the concept in 1990 have determined that Clusters occur organically, that is they are not willfully created by outside parties, in particular governments or regional economic development agencies. “...virtually every successful cluster has emerged from entrepreneurial activity that relates to some historical industry strength in the region” (Brookings, pg 16).

## NON-CLUSTER INTERVENTION OPTIONS

While Cluster for both Advanced Manufacturing and Food Processing do not appear to exist in Pittsburg that does not mean that there are not actions and interventions that Pittsburg could undertake to strength companies in both sectors. In fact, there are two intervention strategies already employed by Pittsburg that should be continued and expanded. Both activities would assist the advanced manufacturing/materials and food processing companies in Pittsburg, as well as firms in other industrial sectors.

## **1. Process innovation**

This is providing assistance to companies in identifying appropriate new technologies that can reduce cost, increase efficiencies or utilize sustainable raw materials that can reduce marginal costs and increase profitability. This is already being accomplished through Business Retention visits by City staff and A2B, along with A2B's interactions with startups/accelerators. City staff and A2B have conducted numerous interviews over the past two years, along with introducing companies to new innovations during that time. A2B would recommend this effort continue as Priority #1 for economic development, with a focus on meeting with the rest of the Pittsburg firms in both advanced manufacturing/materials and food processing sectors.

## **2. Skills and Workforce training**

During Business retention visits over the past two years, numerous Pittsburg companies have stated their frustrations in finding quality, trainable and "work ethic driven" employees. City staff have engaged with Los Medanos Community College and local workforce training groups on this issue and A2B recommends continuation of this work as economic development Priority #2, with an emphasis on conducting more in-depth company~workforce training provider "face-to-face" meetings around the "skills void" challenges companies are currently facing.

In 2013, the Workforce Development Board of Contra Costa County (Board) issued a report on the state of advanced manufacturing in Contra Costa. (copy attached). In reviewing the report, there were several recommendations made regarding workforce needs and training requests from firms in the County.

A2B would recommend that City focus future discussions and actions with local workforce players (LMCC, etc.) on implementing the training recommendations with this Board's 2013 report included, but not limited to:

1. Emphasis on training "good work ethic" including reliability, dedication, productivity, cooperation and character



2. Foundational competencies of math, science, reading comprehension and writing
3. Workplace competencies of computer literacy, teamwork and critical thinking
4. Specific industry skills expressed by companies interviews for this report (as well as from locally conducted business retention interviews) stated in the Workforce Needs Assessment section of the report (Pages 77ff).

In addition to items 1 and 2, A2B would recommend continuation of recruitment outreach to advanced manufacturers and food processors in high real estate cost areas of the Bay Area region, as these companies may spur cluster like behaviors if relocated to Pittsburg. This could, in turn, begin fostering true clusters in both sectors.

In A2B's opinion, additional cluster assessment for Pittsburg is not warranted at this time but as City conducts more business retention interviews and documents regional networks/connections through those discussions, a return to a cluster assessment may be warranted.



## **GARCIA AVENUE STAKEHOLDERS INTERVIEWS**

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### **SUMMARY OF FINDINGS**

A2B Consulting Group and City staff conducted phone interviews with commercial brokers and property owner representatives in the Garcia Avenue area of Pittsburg, CA during the months of May and June 2021. The individuals interviewed were identified by Pittsburg staff as parties having lengthy experience in the Garcia Area/Pittsburg commercial industrial market, along with knowledge of the commercial & industrial market region wide. The interviews focused on the opinions and experiences of those interviewed regarding the development potential of the Garcia area as a whole. All parties were asked the same 4 questions:

- Most significant hinderances to leasing/selling the property?
- Geographically, where have most of your inquiries come from? South Bay? Contra Costa? Pittsburg/Antioch?
- For the firms that chose another location, where did they go?
- What types of firms have been inquiring about the space?

Based on responses, additional clarification/information was sought through follow-up questions. A summation of the repossess from these interviews may be found at the end of this report.

The respondents displayed a significant unanimity on several aspects of the Garcia Area and Pittsburg market in general.

### ***Garcia Area***

1. The “visuals” of the Garcia area negatively impact its marketability. These poor visuals have cost interviewees lease/sales deals. Specific issues cited were:
  - Homeless including people living in vehicles (cars and RV's)
  - Poorly kept landscaped area
  - Sub-par internet speeds
  - Poorly maintained streets
2. Lack of site with outdoor yard areas is a problem. These sites are hard to find in the region yet are in demand

### ***Pittsburg***

1. City has an excellent reputation in the development arena as a good team to work with on development and very “pro-business”.
2. The Pittsburg market is 25%-30% less costly rent wise, to do business than neighboring Concord.
3. Prospects for Pittsburg/Garcia come primarily from the Hwy 4 corridor.
4. Use permit process is NOT the biggest challenge to development in Garcia (See above)
5. Labor pool/skills availability is THE driver for companies looking at Pittsburg. Pittsburg is perceived as having labor but needs to demonstrate same as a way to help close deals (See Oakley labor report done for new Amazon Center ~ Attachment #1)

Several other issues were cited by more than one interviewee

### ***Garcia Area***

1. Lack of small (2,000 s.f.) spaces is a problem, particularly for recruiting young companies. Currently it is cost prohibitive to create these spaces because of high development fees and building code policies from non-City entities (water and sewer districts). In these cases, land value has to be \$0 cost to make projects pencil. The same applies to building spec buildings. It is more cost effective to construction large single tenant/user structures, which are not always in demand.
2. Slow internet speeds and lack of broadband are an ongoing problem for existing businesses as well as a negative for prospects.

3. Industrial vacancy rates in both Garcia and Pittsburg as a whole are extremely low (once former Spiral Pipe facility is factored out). Some interviewees mentioned that, from a straight cost perspective, leasing in Garcia is not challenging, except we do not have enough product.
4. Someone interest has been shown from firms in the East Bay, however business owners are concerned about commute impacts on labor pool and serving clients in choosing a Pittsburg location

### ***Pittsburg***

1. Industrial vacancy rates in both Garcia and Pittsburg as a whole are extremely low (once former Spiral Pipe facility is factored out). Some interviewees mentioned that, from a straight cost perspective, leasing in Pittsburg is not challenging, except we do not have enough product.
2. Concord has become too expensive and prospects are looking east for new industrial locations
3. Most interest in Garcia Area/Pittsburg is coming from the following industry types:
  - Automotive
  - Construction support
  - Businesses needing outdoor yards
  - Cannabis (?)

None of those interviewed had direct knowledge of where prospects looking at Garcia Area/Pittsburg eventually did locate if not in Pittsburg

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## RECOMMENDATIONS

Although only a relatively small sample size, comments suggest several actions the City could take to improve the potential for attracting more businesses to the Garcia Area.

1. Continue the current “pro-business” attitude and policies at work in Pittsburg, and continue to seek out solutions with businesses/prospects when they arise
2. Evidence of homelessness in the Garcia area is a significant visual deterrent for prospects viewing available properties. This is an issue facing most, if not all, communities throughout the region and California. Consider prioritizing the Garcia Area in the on-going City responses to homelessness
3. Commission creation of labor market analysis document(s), similar to the City of Oakley (Attachment #1) for marketing the Garcia Area, other key Pittsburg industrial sites
4. Continue to work with broadband providers to improve high speed internet/broadband capabilities in the Garcia Area
5. Work with Garcia Area property marketing teams to promote price advantages in Pittsburg. Focus on prospects along Hwy 4 corridor, where ownership would benefit from a “reverse-commute”
6. Lack of smaller sized space (ex: 2,000 sq ft) and industrial product in general is a problem. Begin meeting with 1-2 key property owners regarding construction of “spec” space either in Garcia or elsewhere in Pittsburg.

## INTERVIEWEE COMMENTS HIGHLIGHTS

Garrison:

Pittsburg properties are the best performing in our portfolio

Use permit process is NOT the biggest problem, its other things like poor internet speed in Garcia area, homelessness

Lack of yard space sites in Pittsburg in general

Hard to build new space on spec ~ but we have lost tenants/buyers due to lack of available space

Visuals of Garcia (homeless) are a big turn off

Rent difference ~ Pittsburg 30% lower than Concord

Rehn:

Pittsburg has very LOW industrial vacancy rate (take out Spiral pipe bldg)

Lost one tenant to TX (620 Garcia)

Lack of 2K sq. Ft space to incubate small firms/startups ~ City could help with getting these spaces up ~ construction costs just too high know to make these viable vs a single tenants larger bldg. Land has to be \$0 cost to make a smaller multiple tenant bldg pencil

Bldg code problems from other districts (water, sewer) on connection fees and designs (single bathrooms?) ~ Central sanitation fees vey high!

Generally, development fees benefit single user type blogs vs multi-tenants

R&D type firms don't perform well here...lack of talent

Garcia environment is bad ~ landscaping upkeep and homeless

Lack of yard area for auto companies to keep cars hidden from view and safe

"Image Work" in Garcia

Get all fees done in one location

Prospects come from along Hwy 4 corridor

Scheve:

Homeless is the biggest issue! RV's, people sleeping in cars, tents and garbage make area un-attractive to show

Shown a property on Bliss to 25 prospects, all turned off by homeless situation  
Rent difference ~ Pittsburg 25% lower than Concord

Prospects come from Concord/Hwy 4 corridor along with some interest fromOakland/  
San Leandro/Hayward

Labor availability is critical. Companies are chasing labor at the moment

SFN ~ property owner needs to be approached. He is the BIG DOG and controls lots of space. No going to invest, waiting to be bought out once RR Specific Plan adopted.  
In lots of markets, older guy

Wide spectrum on business interest in Pittsburg, no one set company type

Traffic issues driving interest...Owners live in "La-Mor-Inda" and Pittsburg is a reverse commute but what about labor?

City reputation is very good in development world...solutions oriented. Keep looking for ways to do things, not road blocks as happens in other cities

Lack of high speed Internet a drawback

New Concord General Plan impacting Lt Industrial area of N Concord...eliminated yards and replacing industrial with office going forward (Need to research)

Hagar:

Pittsburg seen as biz-friendly

Interests come from lots of type of firms but all have big labor needs ~ company owners are in Discovery Bay/Brentwood area

Concord is "insane" with 1-2% vacancy rate driving up prices ~ Pittsburg has a price advantage

Also seeing interest from balance of Contra Costa, Hayward and Solano County, areas that are running out of industrial land ~ No interest from Sac or central valley.

Rental rates running between \$1-1.50 NNN p.s.f. for industrial here

South Bay firms owners live in SouthBay or that region and do NOT want to commute to Pittsburg. Pittsburg companies owners live in Walnut Creek and in town

Labor pool is key decision factor

Leasing blogs in Garcia is not a problem...lack of product is! Vacancy rate is very low so site turn over daily quickly

Antioch is probably biggest regional competitor, along with Bay Point and Benicia/Fairfield... but manufacturing is leaving CA in general

Auto along with construction support are most interested sectors looking at Pittsburg. Cannabis also a play

See the labor report Oakley did to recruit Amazon...Labor availability is critical

