<u>PREVIEW DRAFT FOR COMMUNITY WORKSHOP</u>

PINOLE ECONOMIC DEVELOPMENT STRATEGY

Prepared for:

City of Pinole, California
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PREPARED BY:

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Table of Contents

1. Introduction *1*

Overview of the Strategic Planning Process 1

EDS Committee 2

2. Executive Summary *3*

Action Plan Goals and Scope 3

Positioning of EDS Implementation within City of Pinole's Organizational Structure 3

Overview of EDS Initiatives 4

Assignment of Lead, Support and Coordination Roles for Major Initiatives 5

Recommended Business Retention/Expansion/Attraction Targets 6

3. SWOT Assessment *7*

4. Highlights of Background/Technical Studies *8*

Demographic and Economic Overview 8

Target Industry/Cluster Analysis 20

Market Demand Projections for Commercial/Industrial Land Uses 31

5. EDS Action Plan *38*

Overview of Action Plan 38

Prioritization of City Resources 38

Recommended Business Retention/Expansion/Attraction Targets 39

EDS Strategies 42

Action Steps and Implementation Timeframes 42

Year 1 Staff Time and Other City Resources by Major Initiative / Action Step 50

1. Introduction

This document provides a strategic framework to guide the City of Pinole's economic development policies and programs over the next 5 years. The Pinole Economic Development Strategy (EDS) is based on a comprehensive research and stakeholder input process, and reflects consensus views on the most promising opportunities and the most pressing challenges facing Pinole's economy. While the EDS places primary emphasis on actions and initiatives to be pursued by the City, it recognizes that a wide array of public- and private-sector entities have roles in influencing the economic vitality of Pinole. In this regard, some of the recommended actions will be carried out through partnerships with other entities. Even for those action items in which the City's role is essentially coordination, this function can take many forms and is often critical to solving problems that may not otherwise have a clear constituency or single responsible entity assigned to resolving them.

Overview of the Strategic Planning Process

The recommended policies and program activities are based on an extensive planning process that included the following components:

- An analysis of Pinole's existing and projected demographic profile, providing an understanding of underlying trends that may affect economic growth potentials.
- Direct input from a cross section of the City's economic development stakeholders (the EDS Committee listed below) via a series of workshop-style meetings.
- A review of the various public- and private-sector entities involved in different aspects of economic development (or related activities).
- An industry "cluster" analysis to identify the industry groups (clusters) that are the most important "engines" of the existing local economy, as well as the industry groups that are likely to offer the most attractive growth potentials in the future.
- A real estate market analysis to identify potential future demand for commercial and industrial development in the City.

For both the industry cluster analysis and the real estate demand projections, conclusions were screened through the lens of the ongoing pandemic to identify ways in which immediate and longer-term market opportunities may be altered due to current conditions.

Where relevant, key findings of the background and technical studies are referenced in the EDS.

EDS Committee

The City of Pinole gratefully acknowledges the participation of the following individuals in the preparation of the EDS.

Alex Gomez, Kitchen 812
Josephine Orozco, Bay Front Chamber of Commerce
Lino Amaral, Bay Front Chamber of Commerce
Dr. Nicole Barnett, Kaiser Permanente
Teresa Stott, Bear Claw Bakery
Wendell Hunter, Butter Pecan Bakery
Leslay Choy, San Pablo Economic Development Corporation
Tamia Brown, Workforce Development Board of Contra Costa County
Patience Ofodu, Workforce Development Board of Contra Costa County
Stephen Baiter, East Bay Economic Development Alliance
Brian Baniqued, Baniqued Commercial Real Estate
Marc Guzman, Baniqued Guzman Asset Management
Richard Schoebel, Retail Opportunity Investments Corp.
Ivette Ricco, Rotary Club of Pinole
Cheryl Lee, Pinole Library

2. Executive Summary

Action Plan Goals and Scope

The EDS Action Plan is designed to achieve the following major goals:

- Expand economic opportunities for Pinole's resident workforce
- Leverage the economic development potentials of Pinole's historic downtown and waterfront areas
- Revitalize Pinole's other commercial and industrial areas
- Strengthen the City's fiscal position

Whereas these goals largely revolve around attracting and retaining targeted business investment, the Action Plan recognizes that the strength of the local business/development environment will ultimately depend on Pinole's strategic attention to a range of "foundational" conditions such as:

- The City's reputation for business/development friendliness
- Land, zoning and infrastructure capacity
- Entrepreneurial development resources
- Education/workforce development systems
- Placemaking activities that leverage Pinole's unique locational advantages and sense of community
- Overall image and quality of life

Positioning of EDS Implementation within City of Pinole's Organizational Structure

A principal purpose of the EDS is to recommend an organizational structure for implementation of an expanded City of Pinole economic development (ED) program. Currently the City has no ED-specific staff positions and ED-related functions are largely carried out by the City Manager's Office and Community Development Department. In order to effectively implement the initiatives outlined in the EDS, the City will realistically need to add ED-specific staffing to complement the existing organizational framework. For purposes of the draft EDS, the recommended work program assumes that lead responsibility for implementing the various initiatives would be shared between:

A new economic development staff position (tentatively titled "Economic Development Coordinator"); and

The Community Development Director. As noted below, the Community Development Director would support the overall EDS and lead initiatives related to land use and placemaking.

For planning purposes, the new Economic Development Coordinator position is assumed to be housed in the Community Development Department and be dedicated to economic development on a 0.5 FTE basis (these assumptions are subject to refinement as the EDS is finalized).

The table below shows the general delineation of EDS roles and responsibilities between the Economic Development Coordinator and the existing Community Development Department.

Economic Development Coordinator	Community Development Department Director
Core responsibilities: Business growth and development attraction: • Branding/marketing coordination • Business/development friendliness • Business retention, expansion, attraction • Entrepreneurial development • Business/development financing tools • Workforce development interface • Coordination with non-City economic development partners	***Core responsibilities:*** Development capacity and placemaking: • Updating and implementation of land use plans to expand capacity for commercial/ industrial development and redevelopment • Placemaking improvements to special focus areas (e.g., Downtown, Waterfront) • Coordination of infrastructure improvements for targeted development areas • Affordable housing interface

Overview of EDS Initiatives

The EDS Action Plan is organized around six major initiatives, shown below and detailed in Chapter 5 of the EDS.

Business Development / Job Creation

Major Initiative 1: Implement economic development ***branding/marketing*** program

Major Initiative 2: Focus City's ***business retention/expansion/attraction*** efforts around high-priority industry clusters

Major Initiative 3: Collaborate with regional partners to expand availability of ***entrepreneurial development*** resources in Pinole

Creating an Environment for Economic Progress

Major Initiative 4: Systematically review and strengthen City's ***business/development friendliness***

Major Initiative 5: Expand ***development capacity*** and ***pursue placemaking*** projects

Major Initiative 6: Enhance City's interface with ***education/workforce development*** partners

Assignment of Lead, Support and Coordination Roles for Major Initiatives

In addition to the City's in-house staffing, it is anticipated that some components of the EDS Action Plan will be carried out through partnerships with non-City partner organizations. The table below shows the recommended assignment of lead, support and coordination roles for each major initiative.

	Recommended Assignment of Lead, Support and Coordination Roles				
Major Initiative	**City Economic Development Coordinator**	**Community Development Department Director**	**Other City Departments**	**Partners**	**Contractors/ Consultants**
1. Branding/Marketing	Lead			Support	Support
2. Business Retention/ Expansion/Attraction	Lead	Support	Support	Support	
3. Entrepreneurial Development	Coordination	Support	Support	Lead	
4. Business/Development Friendliness	Lead	Support	Support	Support	
5. Development Capacity/ Placemaking	Support	Lead	Support	Support	
6. Workforce Interface	Coordination			Lead	

The Action Plan (Chapter 5 of the EDS) indicates the names of partner organizations that would potentially have support roles in each of the major initiatives. It should be emphasized that these organizations have not made specific commitments at this time. Prior to finalizing the EDS, the City will have individual discussions with key partner organizations to define their potential roles and levels of participation (and the City recognizes that partner commitments to the EDS may involve the City's financial support of the partners' implementation activities).

Recommended Business Retention/Expansion/Attraction Targets

The EDS target industry analysis identified a total of 15 industry clusters that are of potential interest to Pinole. Among the 15 clusters, nine are recommended as strategic targets for this Action Plan. The strategic targets are organized below under the two categorical headings within which they were derived:

- ***Core strengths.*** Build on Pinole's existing core strengths (Local Health Services would be an example of a core strength)
- ***Regional clusters.*** Tap into dominant regional industry clusters that are not currently well represented in Pinole (e.g., Information Technology and Analytical Instruments)

	Cluster recommendations reflecting:	
Priority Industry Cluster	**Core strengths**	**Regional clusters**
1. Retail/Restaurant (focused tenant recruitment in tandem with commercial area revitalization and Downtown improvement efforts)	X	
2. Health Services	X	
3. Hospitality and Tourism	X	
4. Information Technology and Analytical Instruments		X
5. Medical Devices		X
6. Communications Equipment and Services		X
7. Business/Professional Services		X
8. Insurance Services (insurance carriers)		X
9. Video Production and Distribution (motion picture production and related industries)		X

3. SWOT Assessment

The technical studies and stakeholder input provided the basis for identification of important SWOT (strength-weakness-opportunity-threat) factors affecting Pinole's economic development potentials. The most significant SWOT issues are summarized below.

SWOT SUMMARY FOR PINOLE ECONOMIC DEVELOPMENT STRATEGY	
Strengths	**Weakness**
• Pinole's retail/restaurant facilities attract consumers from the larger (West Contra Costa County) region • Waterfront is an attractive amenity to both residents and visitors • Post-pandemic employment and development trends are likely to help high-amenity communities outside major employment centers	• Limited existing supply of competitive office and industrial development • Limited land capacity for future development • Pinole's percentage of residents with bachelor's, graduate or professional degrees is considerably lower than the East Bay's overall; this potentially limits business attraction options for tech-oriented firms • City's small size/staffing can make it challenging to interface effectively with businesses
Opportunities	**Threats**
• Potential to expand Downtown Pinole's functionality and status as regional destination for shopping, dining, entertainment • Potential to enhance waterfront • Significant local labor force that currently commutes out of the region: potential opportunity for business attraction and entrepreneurial development efforts • Potential to broaden Pinole's demographic makeup (i.e., attract more workers attractive to tech firms) by expanding housing product mix, including work-from-home considerations • Region is economically dynamic	• Pinole's economy is currently focused mostly on local-serving businesses/jobs; export-oriented industries (with the potential for higher salaries and multiplier impacts) are under-represented in Pinole compared to the rest of the East Bay region • Global declines in brick-and-mortar retail sales are especially problematic to communities over-dependent on local-serving industries • Future population and employment growth are expected to be minimal, reflecting the City's limited supply of developable land

4. Highlights of Background/Technical Studies

Demographic and Economic Overview

Census-Based Demographic Profile

The following data were obtained from the U.S. Census Bureau, American Community Survey (ACS) 5-year estimates (2015-19). Data are provided for primarily the City of Pinole, East Bay region (Alameda and Contra Costa counties), and the State of California.

Household and Per Capita Income Levels. Table 1 provides a summary of income and labor force-related data from the ACS. In terms of household income ranges, Pinole's largest share of households (22.4%) by income category occurs in the $100,000 to $149,999 range. Median household income in Pinole ($100,315) exceeds the state level ($75,235) and is slightly above the East Bay median ($99,532). Similarly, Pinole's average (as distinct from the median) household income level ($115,396) is above the State's but below the East Bay's ($132,754).

Table 1. Census Data on Income Levels – Pinole, East Bay, and California

Census Variable	Pinole	East Bay	CA
Income Data			
Median Household Income	$100,315	$99,532	$75,235
Mean Household Income	$115,396	$132,754	$106,916
Per Capita Income	$41,915	$95,492	$36,955

Educational Attainment Levels. Table 2 provides a summary of education-related data from the ACS. For residents 25 years and older, Pinole's percentage of high school graduates (18.6%) is somewhat higher than the East Bay's (17.4%) and somewhat lower than California's overall (20.5%). Pinole's percentage of residents with Bachelor's, graduate or professional degrees (31.7%) is considerably lower than the East Bay's (45.4%) and slightly lower than California's (34.0%).

Table 2. Census Data on Educational attainment - Pinole, East Bay, and California

Census Variable	Pinole	East Bay	CA
Education			
Educational Attainment - Population 18 to 24 Years			
Less Than High School Graduate	4.7%	9.9%	11.0%
High School Graduate (Includes Equivalency)	20.9%	28.7%	30.4%
Some College or Associate's Degree	68.0%	46.4%	47.9%
Bachelor's Degree or Higher	6.4%	15.0%	10.7%
Educational Attainment - Population 25 Years and Over			
Less Than 9th Grade	5.2%	5.8%	9.2%
9th to 12th Grade, No Diploma	5.5%	5.3%	7.5%
High School Graduate (Includes Equivalency)	18.6%	17.4%	20.5%
Some College, No Degree	30.0%	18.9%	21.1%
Associate's Degree	9.1%	7.1%	7.8%
Bachelor's Degree	21.6%	26.9%	21.2%
Graduate or Professional Degree	10.1%	18.5%	12.8%

Source: U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates; TNDG.

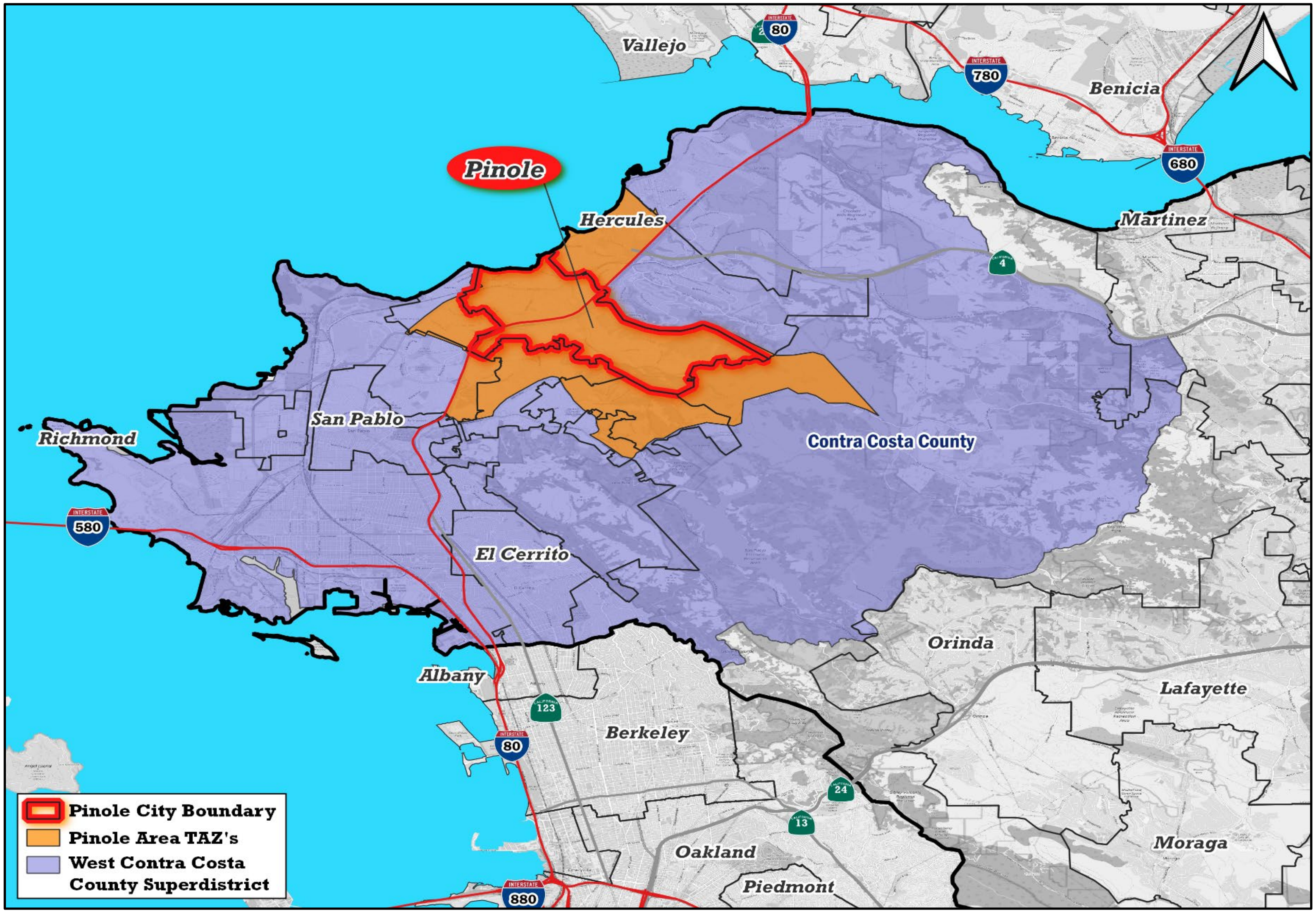
Population and Employment Forecasts (ABAG)

In October 2021 the Association of Bay of Governments (ABAG) ABAG adopted Plan Bay Area 2050, which provides the latest official demographic forecasts for the region. The forecasts are not provided for individual jurisdictions, but are available at the county, subcounty ("superdistrict") and Transportation Analysis Zone (TAZ) levels. Since city-level data are not available, the report summarizes ABAG data for the following geographies:

- "Pinole area" TAZ's (this is an aggregation of data for TAZ's that are wholly or partly within the City of Pinole)
- The West Contra Costa County superdistrict
- Contra Costa County
- The East Bay region (Contra Costa and Alameda counties combined)
- The overall Bay Area (all ABAG counties)

Figure 1 shows the Pinole area TAZ's and the West Contra Costa County superdistrict in comparison to the City of Pinole boundaries.

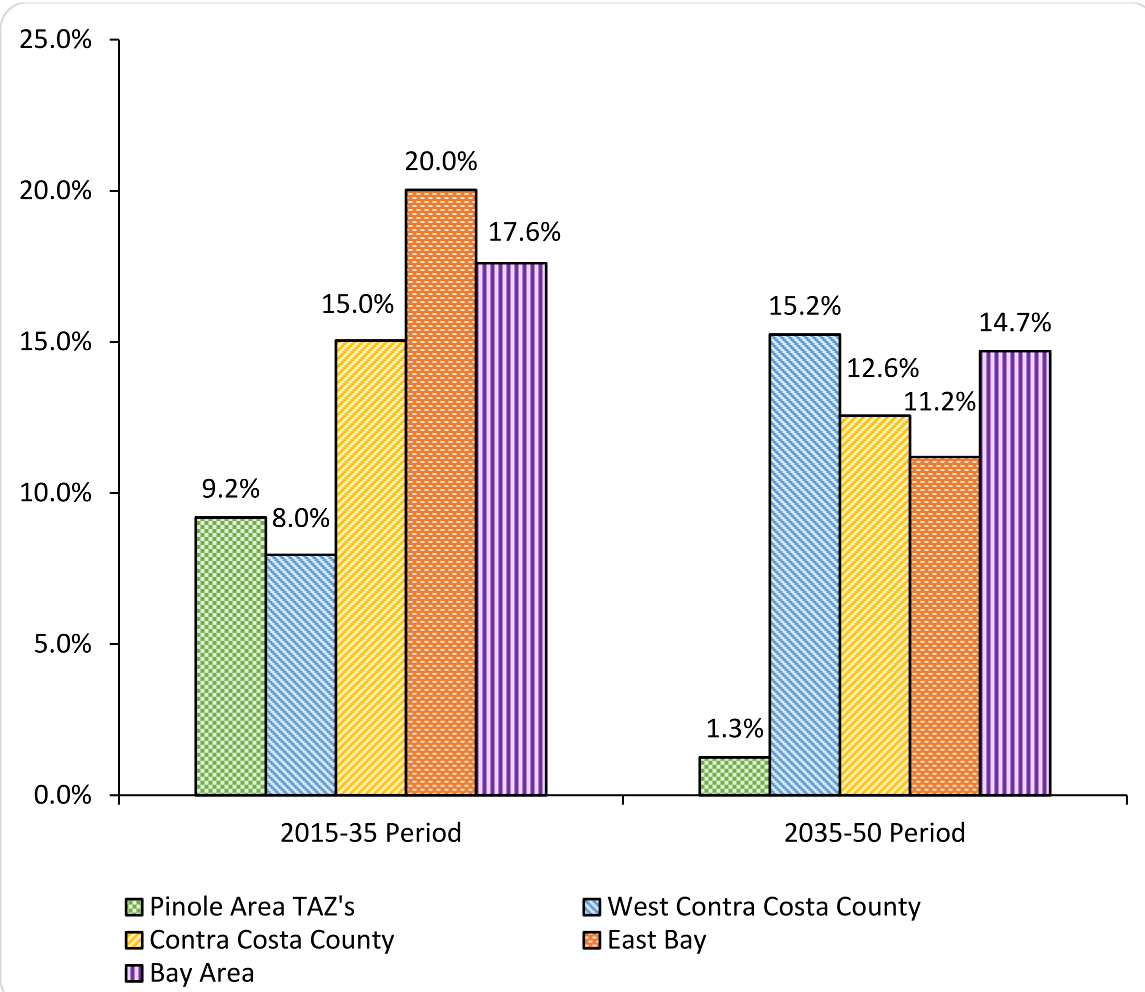
FIGURE 1. ABAG COMPARATIVE GEOGRAPHIC AREAS



Source: ABAG Plan Bay Area 2050; TNDG

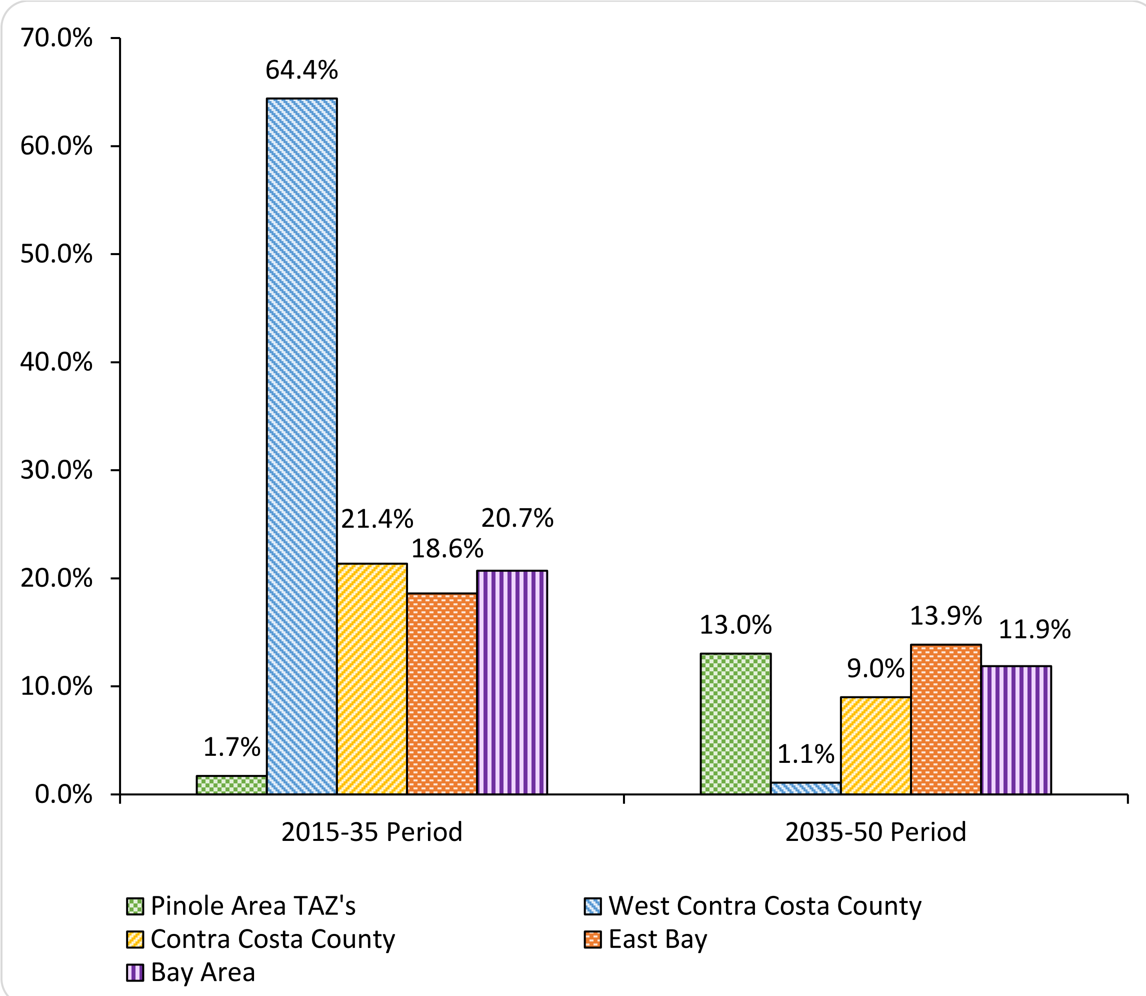
The figures below depict ABAG's growth rate projections for the 2015-2035 and 2035-2050 periods. Population in the Pinole Area TAZ's is projected to grow at a higher rate during the initial time period of 2015 to 2035, and more moderately during the following fifteen years from 2035 to 2050. In contrast, employment in the Pinole Area TAZ's is slated to increase moderately over the initial time period and at a higher rate during the subsequent fifteen years. Other geographic areas (with the exception of the West Contra Costa County superdistrict) are slated to experience greater population and employment growth during the initial period between 2015 to 2035, and a decreased growth rate from 2035 to 2050.

FIGURE 2. ABAG POPULATION FORECASTS (% GROWTH): 2015-35 AND 2035-50



Source: ABAG Plan Bay Area 2050; TNDG.

FIGURE 3. ABAG EMPLOYMENT FORECASTS (% GROWTH): 2015-35 AND 2035-50



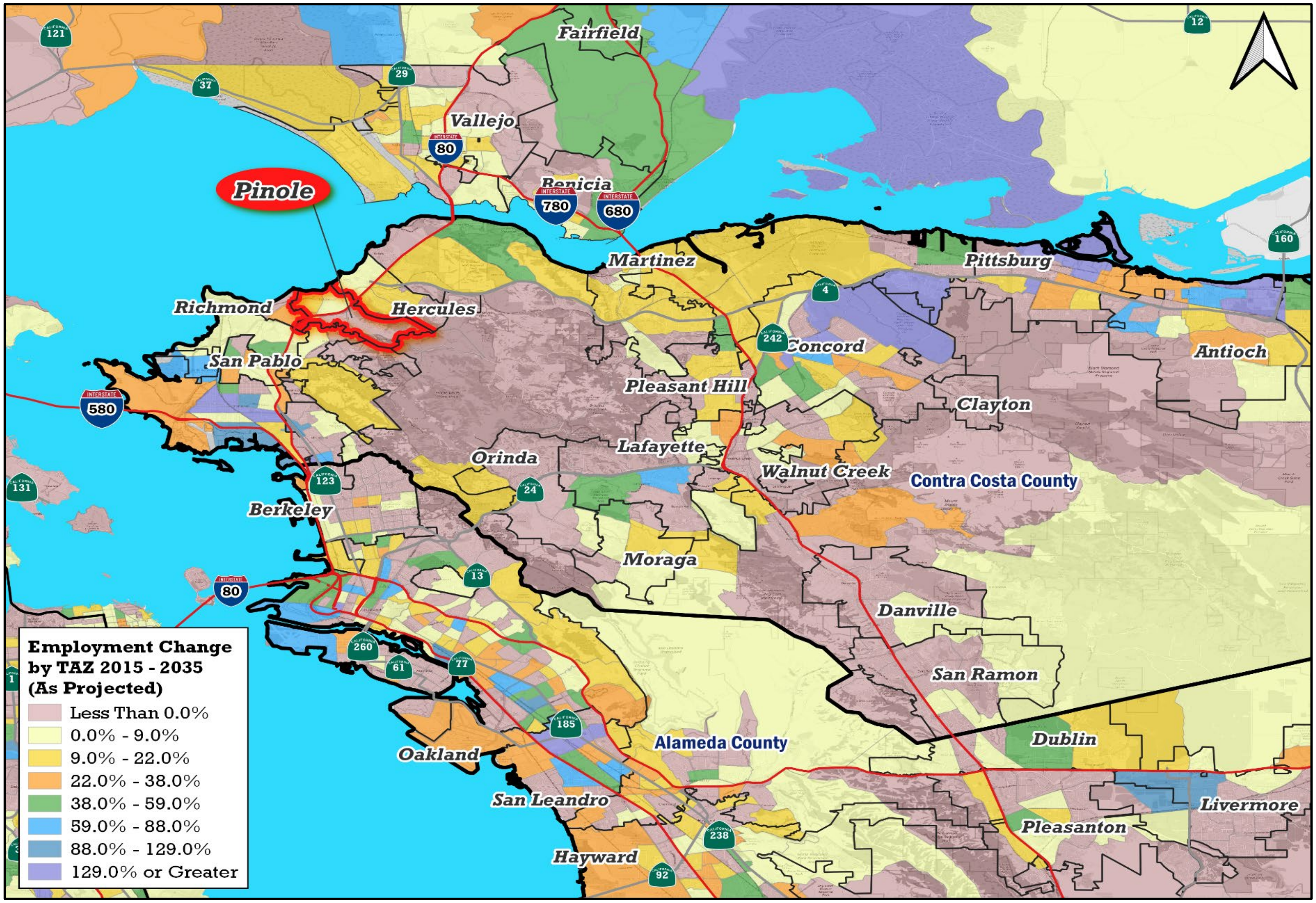
Source: ABAG Plan Bay Area 2050; TNDG.

The maps shown in Figure 4 and Figure 5 on the following pages provide additional visual context by showing TAZ-level ABAG forecasts for population and employment change from 2015 to 2035 in the Pinole area and other surrounding communities. Based on the forecasts that are shown for Figure II-4, population in the Pinole Area TAZ's is slated to increase (9.2%), while other areas nearby are slated to experience more significant population growth during the 2015 to 2035 time period. The forecasts that are shown on Figure 5 show that the jobs located within the Pinole TAZ's are slated to increase very slightly (1.7% over the 20-year period). This is also in contrast to nearby communities which are slated to experience more significant growth in jobs.

FIGURE 4. ABAG POPULATION CHANGE BY TAZ 2015-2035 (AS PROJECTED)

Source: ABAG Plan Bay Area 2050; TNDG

FIGURE 5. ABAG EMPLOYMENT CHANGE BY TAZ 2015-2035 (AS PROJECTED)

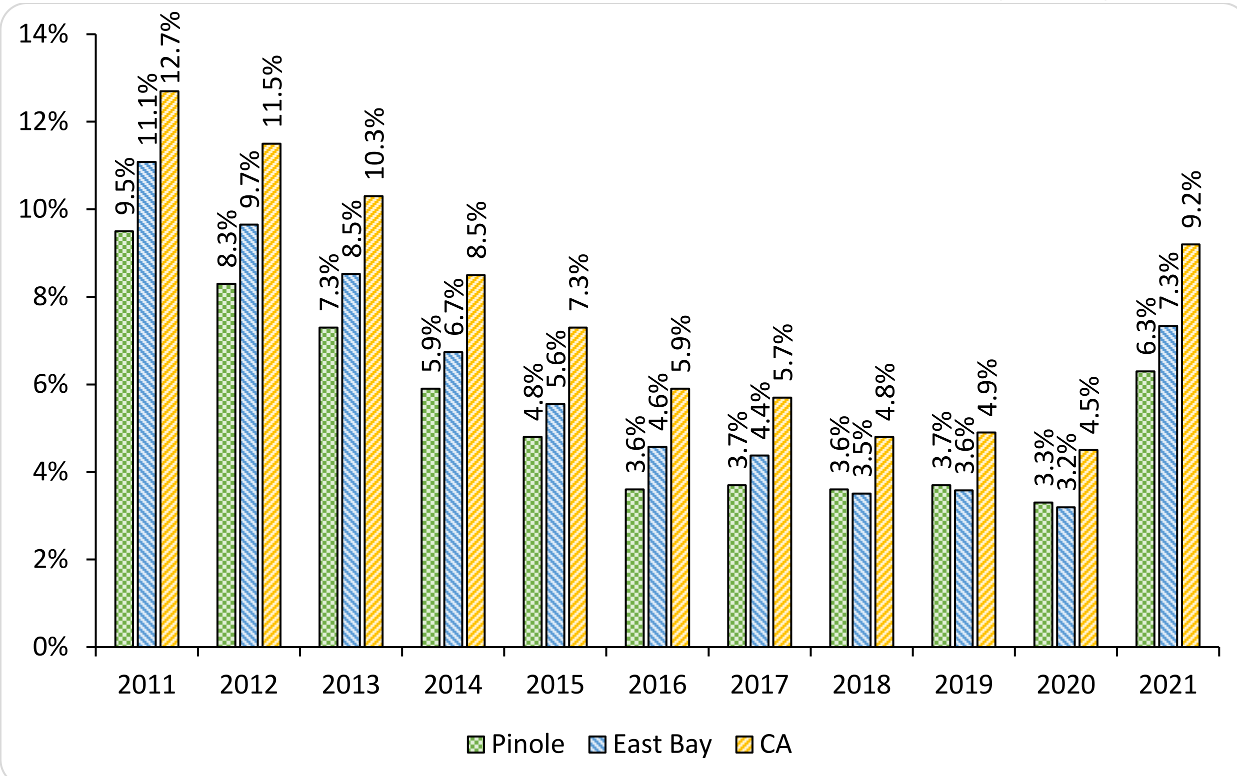


Source: ABAG Plan Bay Area 2050; TNDG

Labor Force Data

Figure 6, below, provides annual average unemployment rate estimates for Pinole, East Bay, and California for the 10-year period from 2011 to 2021. As shown in Figure below, during the recovery from the Great Recession (between 2011 and 2015), Pinole's unemployment rates remained below those in the East Bay and in California. For 2018 through 2020, Pinole and the East Bay were roughly the same, and Pinole once again had a lower rate than the other areas in 2021.

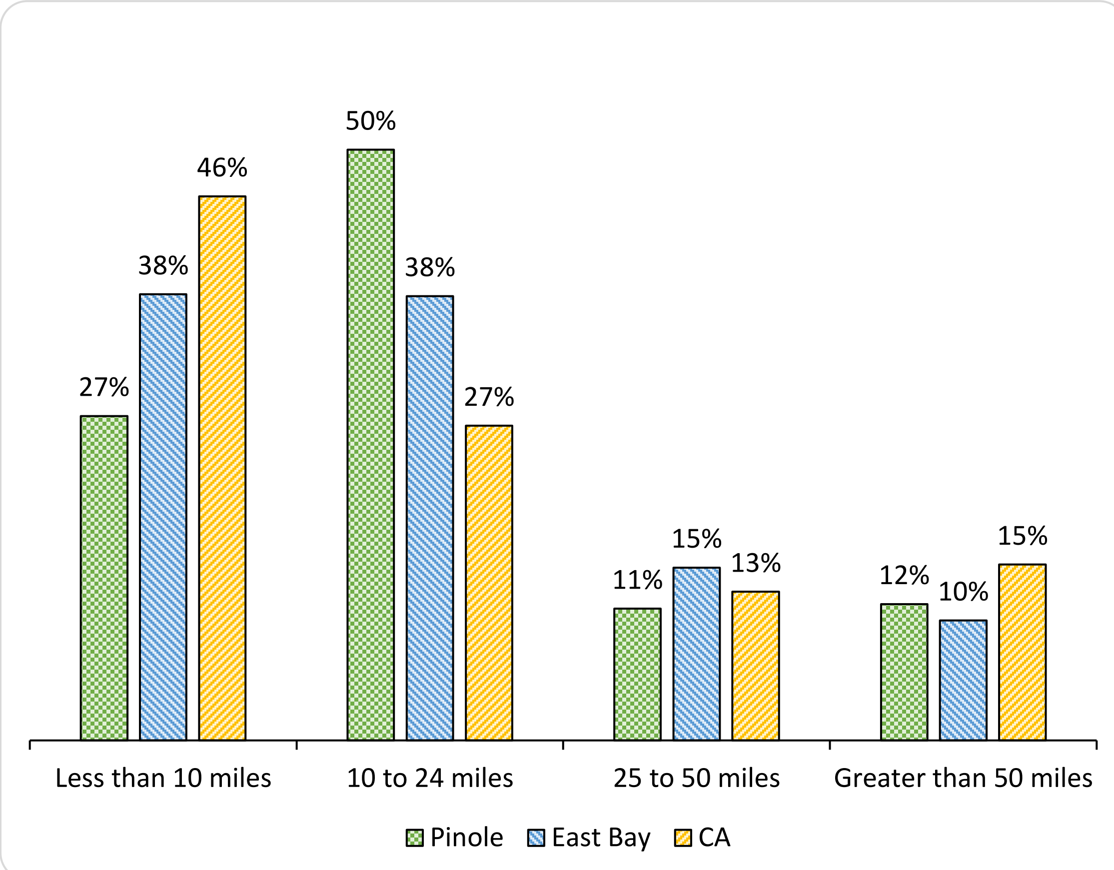
FIGURE 6. UNEMPLOYMENT RATE ESTIMATES: PINOLE, EAST BAY AND CALIFORNIA (2011-21)



Source: CA EDD, Local Area Unemployment Statistics (LAUS) program; TNDG.

Figure 7 provides travel distance ranges to work for the City's labor force relative to regional and state benchmarks. Pinole's resident labor force tends to have intermediate-distance commutes relative to the overall labor force in the East Bay and in the State. For example, Pinole has the largest share (50.0%) of residents that travel distances of 10 to 24 miles to work. In addition, the City has the smallest share (27.0%) of residents that have commute distances less than 10 miles.

Figure 7. Travel Distances (mile ranges) to Work: Pinole, East Bay, and California, 2019



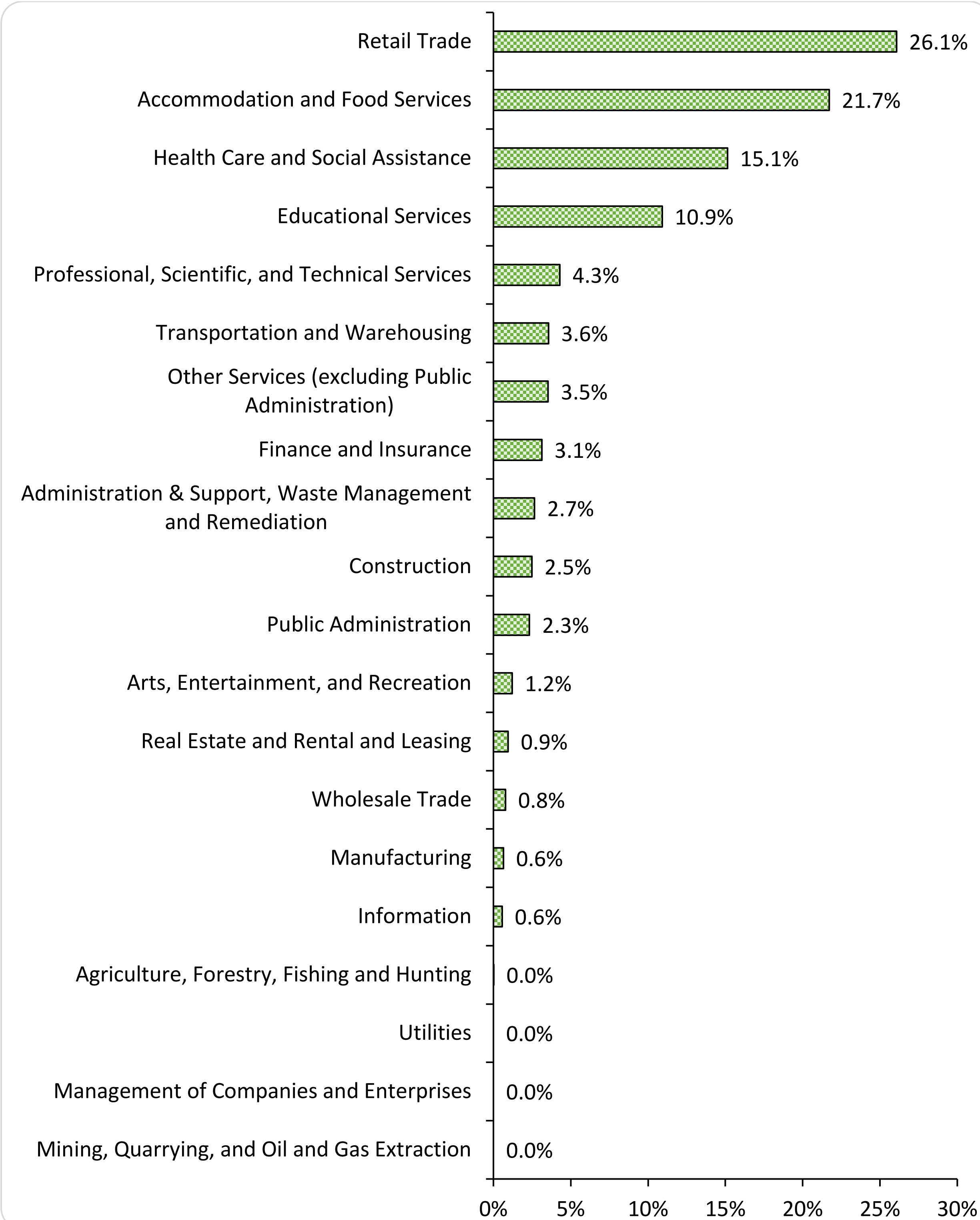
Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics (LEHD) program. Accessed at https://onthemap.ces.census.gov.

Industry Mix

Along with the labor force measures presented in the previous section, the U.S. Census Bureau's LEHD program also provides employment data at various levels of geography, including at the city level. Figure 8 provides the share of employment by industry for Pinole-based jobs in 2019. The major industry groupings correspond to 2-digit NAICS[1] codes industries. In terms of concentration of industry employment, Pinole is heavily represented in the Retail Trade and Accommodation and Food Services industries, which account for close to one-half (47.8%) of total employment in the City. In addition, the top five industries account for more than three-fourths (78.1%) of total employment in the City.

[1] NAICS = North American Industry Classification System.

FIGURE 8. SHARE OF EMPLOYMENT BY INDUSTRY IN PINOLE, 2019

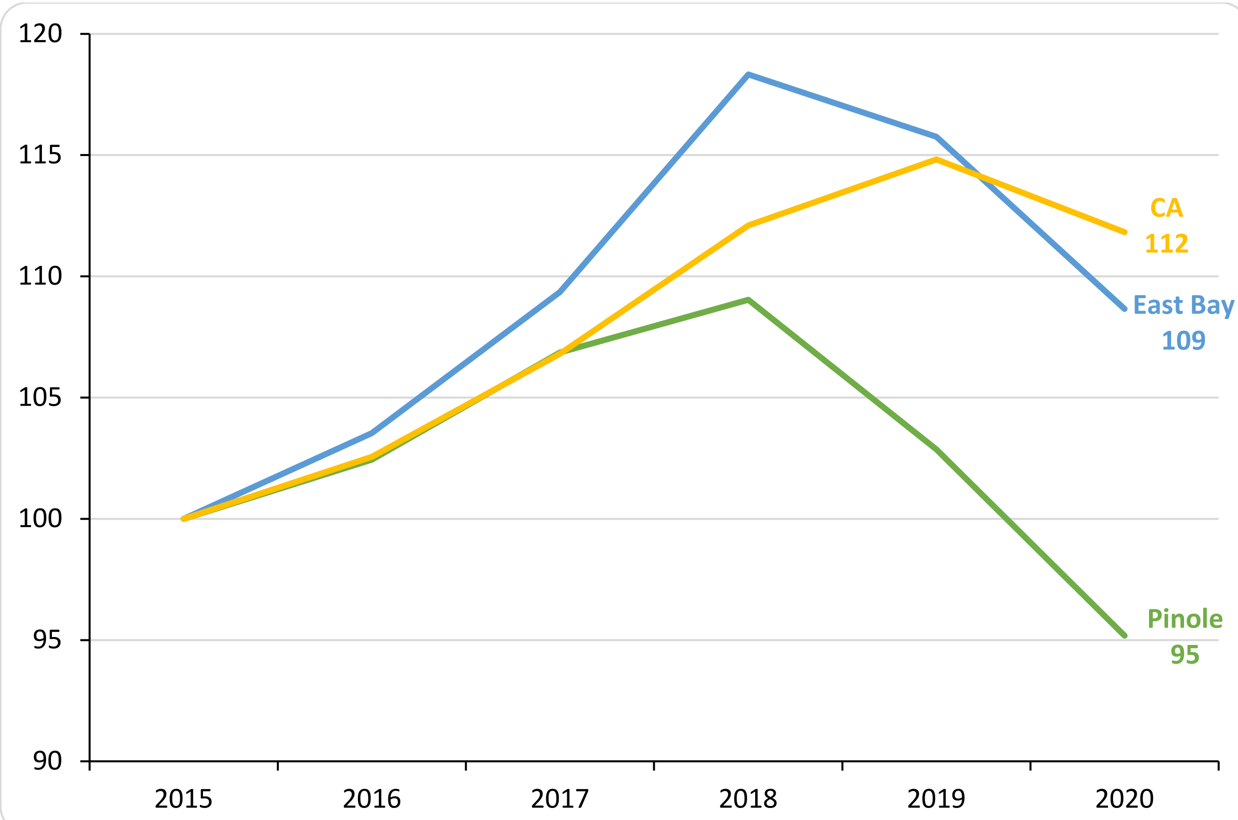


Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics (LEHD) program. Accessed at https://onthemap.ces.census.gov.

Taxable Sales Data

Figure 9 compares Pinole's taxable retail sales performance relative to the East Bay and California. The figure normalizes the base year sales data (2015= 100) to provide relevant comparisons among the individual geographies for the 5-year period between 2015 and 2010. The 2020-year value of 95 for Pinole implies that Pinole's taxable retail sales in 2020 were 95% of the 2015 level (i.e., sales decreased by 5% between 2015 and 2020). In contrasts total taxable sales in the East Bay and State increased during this time period (by 9% and 12%, respectively).

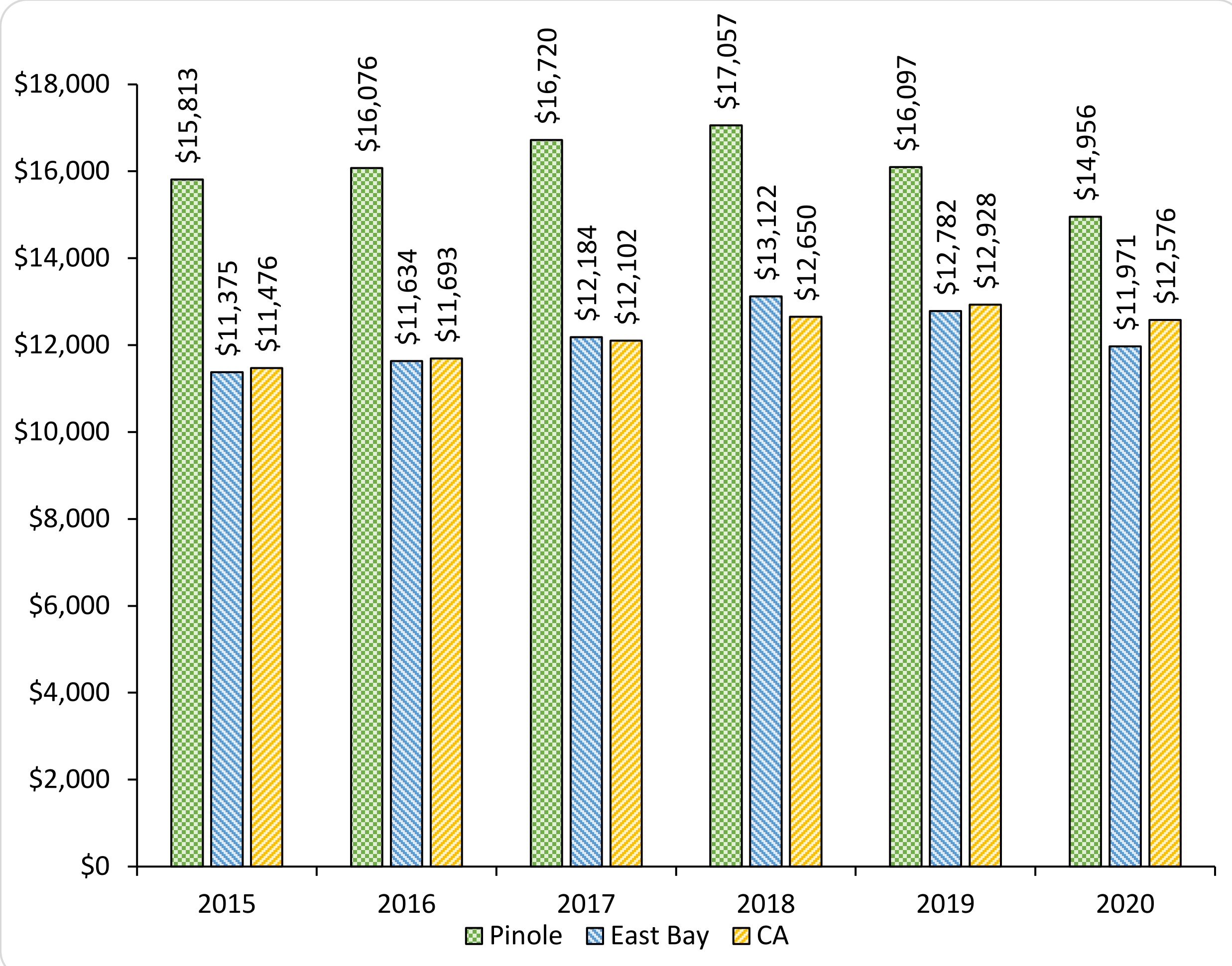
FIGURE 9. TAXABLE RETAIL SALES TRENDS (2015 – 2020), PINOLE, EAST BAY, AND CALIFORNIA



Source: CDFTA; TNDG

The data also show that Pinole outpaces the East Bay and the State on a taxable-sales-per-household basis. This metric provides a simple indicator of the degree to which Pinole is a "net attractor" of retail demand (i.e., sales exceed the levels that would be expected based on the City's resident population). Figure 10, on the following page, which shows taxable sales per household for all three geographies, indicates that Pinole exceeds the two benchmark regions in this measure by over 35% in the early years of the time interval, with the gap decreasing to 19-26% in the most recent years.

FIGURE 10. TAXABLE RETAIL SALES/HOUSEHOLD (2015-2020), PINOLE, EAST BAY, AND CALIFORNIA



Source: CDFTA; CA DOF Table 1: E-5 City/County Population and Housing Estimates, 2015-2020; TNDG.

Target Industry/Cluster Analysis

This section provides a summary of industry growth/retraction trends in Pinole, comparing the local economy's recent and longer-term performance to regional and national benchmarks. The study breaks down the local economy in terms of industry "clusters." Clusters are groups of inter-related industry sectors whose growth potentials within a region tend to be closely aligned. The tendency of individual industries to co-locate in clusters reflects linkages through supply-chain relationships, as well as commonalities in terms of workforce requirements and infrastructure needs.

Overview of Employment in Pinole

Total current (2021) employment in Pinole is estimated at 6,248 jobs. Of this total, 6,115 jobs are in industries that are included in either a "local" or "traded" cluster (as further defined below); the remaining 133 jobs are in miscellaneous industries not associated with specific clusters. The local clusters currently represent a total of 5,525 jobs in Pinole, while the traded clusters account for 590 jobs.

Whereas local and traded clusters are both critically important components of a balanced economy, they have distinct roles and characteristics, and these distinctions can be helpful in terms of planning economic development programs. Some of these distinctions are summarized as follows:

- ***Local clusters*** typically form the core of a region's economy; they primarily provide goods and services for the local (resident) population. They tend to account for the majority of jobs in a region (in the case of Pinole, local clusters represent about 88% of total jobs), and support a high quality of life by ensuring the availability of a diverse range of goods and services. In Pinole, important local clusters include *Local Health Services and Local Hospitality Establishments.* These clusters account for more than one-fourth (27%) of the City's total jobs.

- ***Traded clusters*** are "export-oriented" in the sense that they include industries that are engaged in producing goods and services for end customers outside the region. Traded clusters represent close to 12% of the jobs in Pinole, and are especially important from an economic development perspective given that they tend to have higher wages and higher "multiplier impacts" compared to local clusters. That is, they have a strong potential to inject new dollars into the local economy and thereby serve as "drivers" for broader economic growth. In Pinole, important traded clusters include Business Services and Hospitality and Tourism. These clusters account for close to one-half (47%) of the City's total jobs in traded clusters, or about 4% of all jobs in the City.

Existing Important Clusters in Pinole and the Larger East Bay Region

Table 3 lists all traded clusters that had 10 or more jobs in Pinole in 2021, and provides the following information about each listed cluster:

- Total number of jobs in Pinole in 2021 (the latest full year for which data are available)
- Location quotient (compared to U.S. benchmark) in 2021. The location quotient (LQ) measures how concentrated/important an industry cluster is in a region compared to national benchmarks. An LQ value greater than 1.0 indicates that a cluster is more concentrated in the region than it is nationally. This is generally regarded as an indication that the region has a comparative advantage relative to a particular cluster, although (especially for local clusters) an LQ below 1.0 can indicate a potential growth opportunity.
- Average annual wage for jobs in Pinole[2]
- Change in the number of jobs for the most recent 10-year period, 2011-2021

Table 4 provides the same data for local clusters that had more than 200 jobs in Pinole in 2021. Tables 5 and 6 provide comparable data for the East Bay region (Contra Costa and Alameda Counties combined). For the East Bay summary tables, the jobs threshold is 2,000 for traded clusters and 20,000 for local clusters.

Tables 7 and 8 summarize cluster job growth/retraction performance in Pinole, Contra Costa County, and the East Bay compared to national trends. This part of the study is based on a "shift-share" analysis for each cluster that estimates an "expected" job change based on national trends. If Pinole (or Contra Costa County or Bay Area) has higher job growth (or experiences less severe job losses) compared to the expected change, it indicates that the local area (or Contra Costa County or Bay Area) has performed <u>better</u> than national trends. Conversely, if Pinole/Contra Costa County/Bay Area has less job growth (or experiences more severe job losses) compared to the expected change, it indicates that the specific region has performed <u>worse</u> than national trends.

[2] Wage data are for jobs (not residents) based in Pinole.

TABLE 3. SUMMARY CHARACTERISTICS AND TRENDS, PINOLE'S LARGEST TRADED CLUSTERS (LIST INCLUDES ALL CLUSTERS WITH MORE THAN 10 JOBS IN 2021)

TRADED CLUSTER	JOBS	LQ	COUNTY LQ*	AVG ANN WAGE	10-YR JOB CHANGE
Business Services	172	0.4	1.1	84,605	68
Hospitality and Tourism	88	0.9	0.6	42,943	(23)
Education and Knowledge Creation	81	0.3	0.6	21,761	25
Distribution and Electronic Commerce	74	0.3	0.5	115,938	2
Marketing, Design, and Publishing	39	0.6	0.8	65,778	(6)
Transportation and Logistics	28	0.3	0.3	94,184	4
Textile Manufacturing	28	4.1	0.1	58,354	22
Performing Arts	17	0.8	1.3	36,668	6
Financial Services	17	0.2	1.2	150,285	(26)
Upstream Metal Manufacturing	10	0.7	0.7	--	10
GROUP TOTAL / AVG	**555**	**0.43**	**0.77**	**$69,787**	**83**
CITY TOTAL	**6,248**	**N/A**	**N/A**	**$67,395**	**269**

Note: LQ = Location Quotient; 10-year job change is from 2011 to 2021. *County LQ provided for comparison purposes. "—" = insufficient data.
Source: U.S. Cluster Mapping Project; EMSI; The Natelson Dale Group, Inc. (TNDG).

TABLE 4. SUMMARY CHARACTERISTICS AND TRENDS, PINOLE'S LARGEST LOCAL CLUSTERS (LIST INCLUDES ALL CLUSTERS WITH MORE THAN 200 JOBS IN 2021)

LOCAL CLUSTER	JOBS	LQ	COUNTY LQ*	AVG ANN WAGE	10-YR JOB CHANGE
Local Health Services	891	1.2	1.1	70,332	106
Local Hospitality Establishments	765	1.7	1.1	28,425	(27)
Local Retailing of Clothing and General Merchandise	623	3.8	1.0	39,309	86
Local Real Estate, Construction, and Development	434	0.9	1.3	87,032	73
Local Government	387	1.8	1.0	142,939	(11)
Local Food and Beverage Processing and Distribution	384	2.2	1.2	46,925	25
Local Education and Training	361	1.1	1.1	79,468	31
Local Commercial Services	357	1.0	1.2	74,718	61
Local Personal Services (Non-Medical)	332	2.2	1.2	37,186	0
Local Financial Services	270	2.1	1.3	133,363	13
GROUP TOTAL / AVG	**4,805**	**1.50**	**1.14**	**$67,391**	**357**
CITY TOTAL	**6,248**	**N/A**	**N/A**	**$67,395**	**269**

Note: LQ = Location Quotient; 10-year job change is from 2010 to 2021. *County LQ provided for comparison purposes.
Source: U.S. Cluster Mapping Project; EMSI; The Natelson Dale Group, Inc. (TNDG).

Table 5. Summary Characteristics and Trends, East Bay's Largest Traded Clusters (list includes all clusters w/ more than 2,000 jobs in 2021)

TRADED CLUSTER	JOBS	LQ	AVG ANN WAGE	10-YR JOB CHANGE
Business Services	101,708	1.3	$158,258	15,373
Education and Knowledge Creation	69,987	1.3	118,036	7,506
Distribution and Electronic Commerce	43,859	0.9	98,709	4,469
Information Technology and Analytical Instruments	30,328	2.7	178,377	9,396
Automotive	17,524	2.4	186,339	14,860
Marketing, Design, and Publishing	13,549	1.0	103,176	2,375
Insurance Services	12,776	1.0	156,541	5,322
Hospitality and Tourism	11,980	0.6	55,300	(2,735)
Food Processing and Manufacturing	10,585	1.1	86,158	2,013
Financial Services	10,287	0.6	183,990	(2,450)
Transportation and Logistics	9,217	0.6	98,031	2,007
Medical Devices	7,587	3.2	166,486	3,305
Performing Arts	6,604	1.5	45,966	1,076
Oil and Gas Production and Transportation	4,738	1.1	245,715	(3,449)
Construction Products and Services	4,719	0.6	121,718	1,027
Water Transportation	3,787	1.7	168,933	(103)
Production Technology and Heavy Machinery	3,474	0.5	106,426	541
Biopharmaceuticals	3,217	1.3	202,006	(130)
Communications Equipment and Services	3,134	1.4	140,506	(2,413)
Video Production and Distribution	2,974	1.3	146,732	262
Metalworking Technology	2,465	0.7	89,297	545
Lighting and Electrical Equipment	2,342	0.9	135,674	621
Plastics	2,067	0.4	78,928	(123)
Printing Services	2,061	0.7	71,146	(789)
GROUP TOTAL / AVG	**376,842**	**1.14**	**$136,687**	**59,419**
REGION TOTAL	**1,250,198**	**N/A**	**$96,395**	**163,277**

Note: LQ = Location Quotient; 10-year job change is from 2011 to 2021.
Source: U.S. Cluster Mapping Project; EMSI; The Natelson Dale Group, Inc. (TNDG).

TABLE 6. SUMMARY CHARACTERISTICS AND TRENDS, EAST BAY'S LARGEST LOCAL CLUSTERS
(LIST INCLUDES ALL CLUSTERS WITH MORE THAN 20,000 JOBS IN 2021)

LOCAL CLUSTER	JOBS	LQ	AVG ANN WAGE	10-YR JOB CHANGE
Local Health Services	134,641	0.9	$111,636	15,471
Local Real Estate, Construction, and Development	114,400	1.1	92,184	27,603
Local Hospitality Establishments	78,435	0.9	30,912	(3,282)
Local Community and Civic Organizations	73,182	1.6	37,779	44,036
Local Commercial Services	72,092	1.0	74,711	10,994
Local Education and Training	61,396	0.9	89,150	4,621
Local Government	46,077	1.1	151,734	219
Local Food and Beverage Processing and Distribution	38,155	1.1	54,385	2,289
Local Personal Services (Non-Medical)	30,457	1.0	43,091	598
Local Motor Vehicle Products and Services	28,355	0.8	67,698	1,780
Local Logistical Services	28,100	1.2	66,476	9,411
Local Retailing of Clothing and General Merchandise	27,003	0.8	40,451	(4,360)
Local Financial Services	20,436	0.8	118,510	1,478
GROUP TOTAL / AVG	**752,729**	**1.01**	**$78,788**	**110,857**
REGION TOTAL	**1,250,198**	**N/A**	**$96,395**	**163,277**

Note: LQ = Location Quotient; 10-year job change is from 2011 to 2021.
Source: U.S. Cluster Mapping Project; EMSI; The Natelson Dale Group, Inc. (TNDG).

Table 7. Job Growth/Retraction Performance Compared to National Trends for Largest Traded Clusters, Pinole, Contra Costa County, and East Bay

TRADED CLUSTER	2011-21 GROWTH PERFORMANCE BASED ON SHIFT SHARE ANALYSIS		
	PINOLE	CONTRA COSTA COUNTY	EAST BAY
Agricultural Inputs and Services	+	-	-
Automotive	+	+	+
Biopharmaceuticals	+	-	-
Business Services	+	-	-
Communications Equipment and Services	-	+	-
Construction Products and Services	+	-	+
Distribution and Electronic Commerce	-	-	-
Education and Knowledge Creation	+	-	+
Environmental Services	+	+	+
Financial Services	-	-	-
Food Processing and Manufacturing	-	-	+
Furniture	+	+	-
Hospitality and Tourism	-	-	-
Information Technology and Analytical Instruments	-	+	+
Insurance Services	-	-	+
Lighting and Electrical Equipment	+	+	+
Marketing, Design, and Publishing	-	-	+
Medical Devices	+	+	+
Metalworking Technology	+	-	+
Oil and Gas Production and Transportation	+	-	-
Performing Arts	+	+	+
Plastics	+	-	-
Printing Services	+	+	-
Production Technology and Heavy Machinery	+	+	+
Textile Manufacturing	+	+	+
Transportation and Logistics	+	-	+
Upstream Metal Manufacturing	N/A	-	-
Video Production and Distribution	+	+	+
Water Transportation	+	+	-

Note: " + " = growth performance better than expected; " - " worse than expected.
Source: U.S. Cluster Mapping Project; EMSI; The Natelson Dale Group, Inc. (TNDG).

TABLE 8. JOB GROWTH/RETRACTION PERFORMANCE COMPARED TO NATIONAL TRENDS FOR LARGEST LOCAL CLUSTERS, PINOLE, CONTRA COSTA COUNTY, AND EAST BAY

LOCAL CLUSTER	2011-21 GROWTH PERFORMANCE BASED ON SHIFT SHARE ANALYSIS		
	PINOLE	CONTRA COSTA COUNTY	EAST BAY
Local Commercial Services	+	+	+
Local Community and Civic Organizations	-	+	+
Local Education and Training	+	+	+
Local Financial Services	-	+	-
Local Food and Beverage Processing and Distribution	-	-	-
Local Government	-	-	-
Local Health Services	+	+	+
Local Hospitality Establishments	-	-	-
Local Logistical Services	+	+	+
Local Motor Vehicle Products and Services	-	-	-
Local Personal Services (Non-Medical)	-	-	-
Local Real Estate, Construction, and Development	-	+	+
Local Retailing of Clothing and General Merchandise	+	-	-

Note: " + " = growth performance better than expected; " - " worse than expected.
Source: U.S. Cluster Mapping Project; EMSI; The Natelson Dale Group, Inc. (TNDG).

"Candidate" Clusters for Pinole Target Industry Program

Table 9 provides a list of candidate clusters for the City of Pinole's industry targeting program (i.e., business retention, expansion and attraction). The candidate clusters are based on two strategic approaches to industry targeting:

1. ***Build on Pinole's existing core strengths.*** Pinole's existing strengths were identified based on the employment-trend criteria (location quotient, total existing jobs, and 10-year job change) summarized in Tables 3 and 4. In some cases (e.g., Hospitality and Tourism), the core clusters represent strong continuing growth opportunities that could be the focus of business expansion/attraction efforts. In other cases (e.g., Textile Manufacturing), the existing core clusters are currently recognized nationally as non-growth or declining industries (for these clusters, the City's industry targeting efforts might more appropriately focus on retention/repositioning).

2. ***Tap into dominant regional clusters that are not currently well represented in Pinole.*** This strategic approach would seek to leverage Pinole's competitive strengths to capture increasing shares of projected Contra Costa County employment growth. This component of the City's business attraction/marketing program would focus on the Pinole's unique "selling points" relative to the larger regional economy (including the city's strategic location near several Contra Costa County area submarkets, along with a resident workforce that includes large numbers of commuters potentially eager to work closer to home). In developing the list of candidates for the second strategy, the consultant has focused on clusters meeting the following criteria:

    a. Traded clusters (local clusters are addressed in the first strategic approach)

    b. Clusters with a high specialization of employment in Contra Costa County (identified as a "strong" cluster by the U.S. Cluster Mapping project)[3]

    c. Clusters primarily oriented towards private business investment (in contrast to clusters that are substantially composed of government/nonprofit employment – which are generally considered to have lower economic "spin-off" opportunities)

Table 10 provides a narrative description of the candidate clusters. In addition, the table provides key component industries within each cluster based on employment totals for each industry in the relevant geographies.

[3] The U.S. Cluster Mapping project defines a metro area's "strong" clusters as those with a high specialization in the region (metropolitan statistical area [MSA]). *High Specialization* indicates the LQ of Cluster Employment is greater than the 75th percentile when measured across all MSAs. There are 917 total MSAs in the U.S. Thus, for a cluster to be classified as "strong" in Contra Costa County, its LQ must be greater than the LQ of that specific cluster in at least 687 of the MSAs in the U.S.

TABLE 9. LIST OF CANDIDATE CLUSTERS FOR PINOLE'S INDUSTRY PROGRAM

STRATEGIC APPROACH	LOCAL-SERVING CLUSTERS	"TRADED" CLUSTERS
1. Build on Pinole's existing core strengths	• Local Retailing of Clothing and General Merchandise • Local Food and Beverage Processing and Distribution • Local Education and Training • Local Health Services	• Textile Manufacturing • Hospitality and Tourism
2. Tap into dominant County and regional industry clusters that are not currently well represented in Pinole		• Business Services • Communications Equipment and Services • Environmental Services • Financial Services • Information Technology and Analytical Instruments • Insurance Services • Medical Devices • Performing Arts • Video Production and Distribution

Source: The Natelson Dale Group, Inc. (TNDG).

Table 10. Narrative Descriptions and Key Component Industries for Preliminary List of Candidate Clusters

CLUSTER	NARRATIVE DESCRIPTION	KEY COMPONENT INDUSTRIES
Group 1 – Pinole's Existing Core Strengths		
Local Retailing of Clothing and General Merchandise	Local retail stores, department stores, and warehouse clubs that sell apparel, jewelry, luggage, sewing supplies, and general merchandise.	• Warehouse Clubs and Supercenters • All Other General Merchandise Stores • Family Clothing Stores
Local Food and Beverage Processing and Distribution	Firms that sell food and beverages at the wholesale and retail levels. Products sold include meat, seafood, fruit and vegetables, general groceries, tobacco, alcoholic beverages, and specialty foods. The cluster also includes related distribution methods such as vending and direct selling.	• Supermarkets and Other Grocery (except Convenience) Stores • Beer, Wine, and Liquor Stores
Local Education and Training	Local social service organizations such as community food and housing services and advocacy organizations. This cluster also contains grantmaking foundations, business associations, and political and religious organizations.	• Elementary and Secondary Schools (Local Government) • Elementary and Secondary Schools
Local Health Services	Local health care establishments and services such as hospitals, medical laboratories, home and residential care, and funeral services and crematories. This cluster also includes pharmacies and optical goods retail stores.	• Assisted Living Facilities for the Elderly • Offices of Dentists • Offices of Physicians (except Mental Health Specialists) • Home Health Care Services
Textile Manufacturing	Textile mills that primarily produce and finish fabrics for clothing, carpets, upholstery, and similar uses. The textiles include yarn, thread, fibers, hosiery, knits, and other specialty fabrics.	• Fabric Coating Mills
Hospitality and Tourism	This cluster contains establishments related to hospitality and tourism services and venues. This includes sport venues, casinos, museums, and other attractions. It also includes hotels and other accommodations, transportation, and services related to recreational travel such as reservation services and tour operators.	• All Other Amusement and Recreation Industries • Hotels (except Casino Hotels) and Motels
Group 2 – Dominant Contra Costa County Clusters (future targets for Pinole)		
Business Services	Establishments and services primarily designed to support other aspects of a business or to assist unrelated companies. This includes corporate headquarters. Professional services such as consulting, legal services, facilities support services, computer services, engineering and architectural services, and placement services. All for-hire ground passenger transportation services are also present in this cluster.	• Corporate, Subsidiary, and Regional Managing Offices • Engineering Services • Custom Computer Programming Services
Communications Equipment and Services	Goods and services used for communications. This includes cable, wireless, and satellite services, as well as telephone, broadcasting, and wireless communications equipment.	• Cable and Other Subscription Programming • Wireless Telecommunications Carriers (except Satellite)

CLUSTER	NARRATIVE DESCRIPTION	KEY COMPONENT INDUSTRIES
Environmental Services	Establishments primarily engaged in collection, treatment, processing, and disposal of hazardous and non-hazardous waste.	• Hazardous Waste Treatment and Disposal • All Other Misc. Waste Management Services • Hazardous Waste Collection
Financial Services	Establishments involved in aiding the transaction and growth of financial assets for businesses and individuals. These firms include securities brokers, dealers, and exchanges; credit institutions; and financial investment support.	• Real Estate Credit • Investment Advice • Other Activities Related to Credit Intermediation • Portfolio Management
Information Technology and Analytical Instruments	Information technology and analytical products such as computers, software, audio visual equipment, laboratory instruments, and medical apparatus. The cluster also includes the electronics used by these products (e.g., circuit boards and semiconductor devices).	• Semi Conductor Machinery • Electronic Computer Manufacturing • Computer Storage Device Manufacturing • Audio and Video Equipment Manufacturing • Software Publishers
Insurance Services	Firms providing a range of insurance types, as well as support services such as reinsurance and claims adjustment.	• Direct Property and Casualty Insurance Carriers • Direct Life Insurance Carriers • Direct Title Insurance Carriers
Medical Devices	Establishments in this cluster primarily manufacture surgical, medical, dental, optical, ophthalmic, and veterinary instruments and supplies.	• Surgical and Medical Instrument Manufacturing • Optical Instrument and Lens Manufacturing
Performing Arts	Services that produce, promote, and support live artistic performances. Live performances include those by theater companies, dance troupes, musicians, and independent artists.	• Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures • Musical Groups and Artists
Video Production and Distribution	The establishments in this cluster are primarily involved with the production and distribution of motion pictures and other video.	• Motion Picture and Video Production and Distribution • Motion Picture and Video Distribution • Teleproduction and Other Post Production Services

Source: The Natelson Dale Group, Inc. (TNDG); Cluster Mapping Project.

Market Demand Projections for Commercial/Industrial Land Uses

As part of the EDS process, The Natelson Dale Group, Inc. (TNDG) completed a real estate market analysis to provide 20-year forecasts of demand for new industrial, office and retail space in Pinole. Tables 11 through 19 on the following pages provide an abbreviated summary of the market analysis (which is more fully documented in a separate report). Given the wide range of variables that can affect development opportunities over an extended timeframe, the demand projections for each land use are presented in terms of *ranges* (rather and single definitive forecasts) of potential building absorption.

Note to reviewers of the Preliminary Draft EDS: The indicated projections are preliminary and TNDG is currently in the process of finalizing the numbers in coordination with City staff.

The final version of the real estate market analysis will include a comparison of the demand projections to available land/zoning capacity in the City. To the extent that available development capacity is significantly lower than the theoretical demand levels indicated in this analysis, the EDS will identify realistic options for expanding capacity through rezoning and/or redevelopment of existing older properties.

Table 11. Key Market Strengths, Opportunities and Challenges for Commercial and Industrial Real Estate Development City of Pinole EDS			
Market Factors	**Industrial**	**Office**	**Retail**
Market strengths/opportunities for Pinole	• Potential to capture demand "overflow" from strong East Bay industrial market • Global demand surge for industrial space due to e-commerce growth • Potential repatriation of out-commuting workers could generate demand for industrial tenants • Potential nexus to entrepreneurial development initiatives	• Potential repatriation of out-commuting workers could create office-using firms/tenants • Potential to position Pinole as a viable option for tech firms currently concentrated in other East Bay communities • Potential to position Pinole as a location for shared office space attractive to "hybrid" remote workers • Potential nexus to entrepreneurial development initiatives	• Established/prominent retail destination within West Contra Costa County • Potential to leverage downtown as visitor destination (and an attractor of expanded regional demand for retail/restaurant spending)
Market challenges for Pinole	• Lack of available/competitive industrial space inhibits business attraction • Limited land/zoning capacity for additional business park development (need to focus on redevelopment/ repurposing of existing underutilized properties)	• Pinole is unproven as a Class A office market • Remote work trend may reduce overall demand for new office space • High vacancy rates regionally may delay development opportunities for new space in outlying areas	• Global trends are reducing footprint of brick-and-mortar retail • Limited projected population growth to drive future retail demand increases • Need to proactively plan for reuse/repositioning of older retail properties
Source: The Natelson Dale Group, Inc. (TNDG)			

Summary of Retail Demand Analysis

Highlights of the retail demand analysis and projections are provided in Tables 12 through 14 below. The projections are expressed in terms of square feet of new space supportable (over and above the existing occupied inventory).

TABLE 12. SUMMARY OF RETAIL MARKET CONDITIONS, CITY OF PINOLE

Metric	Value
Existing (2021) population, City of Pinole	18,859
Added population by 2040, City of Pinole	1,592
Existing (2021) population, Secondary Market Area	217,255
Added population by 2040, Secondary Market Area	31,326
Estimated resident retail demand in 2019, City of Pinole	$240.7 million
Actual retail sales in 2019, City of Pinole[4]	$412.1 million
Actual sales divided by total resident demand (shows Pinole's net attraction of external demand)	171%
Pinole's "capturable" retail demand by 2040 (conservative scenario)	$487.6 million
Pinole's "capturable" retail demand by 2040 (aggressive scenario)	$532.5 million
Estimate of existing retail space in Pinole (square feet)	1.2 million
Additional retail space supportable by 2040 (square feet) (conservative scenario)	189,000
Additional retail space supportable by 2040 (square feet) (aggressive scenario)	319,000

Sources: California Department of Tax and Fee Administration (CDTFA); ABAG; ESRI; The Natelson Dale Group, Inc. (TNDG).

TABLE 13. PROJECTED DEMAND FOR NEW RETAIL DEVELOPMENT, CITY OF PINOLE – CONSERVATIVE SCENARIO

Retail Sales Category	New Demand Through 2027 (square feet)	New Demand Through 2040 (square feet)
GAFO[1]	35,500	73,000
Food and Beverage (grocery stores)	19,000	38,500
Food Services and Drinking (restaurants)	13,000	27,000
Hardware and Building Materials	5,000	10,000
Auto Parts	1,500	2,500
Service Businesses in Retail Space	18,500	38,000
Total	***92,500***	***189,000***

1. GAFO = General Merchandise, Apparel, Furniture/Appliances, Other Specialty
Source: TNDG.

[4] In order to avoid distortions related to the COVID-19 pandemic, TNDG has used 2019 as the base year for the retail demand analysis.

TABLE 14. PROJECTED DEMAND FOR NEW RETAIL DEVELOPMENT, CITY OF PINOLE – AGGRESSIVE SCENARIO

Retail Sales Category	New Demand Through 2027 (square feet)	New Demand Through 2040 (square feet)
GAFO[1]	79,000	143,000
Food and Beverage (grocery stores)	19,000	38,500
Food Services and Drinking (restaurants)	31,500	61,5000
Hardware and Building Materials	5,000	10,000
Auto Parts	1,500	2,500
Service Businesses in Retail Space	34,000	64,000
Total	***170,000***	***319,000***

1. GAFO = General Merchandise, Apparel, Furniture/Appliances, Other Specialty
Source: TNDG.

Summary of Office Demand Analysis

Highlights of the office demand analysis and projections are provided in Tables 15 and 16 below.

TABLE 15. SUMMARY OF OFFICE MARKET CONDITIONS, EAST BAY AND RELEVANT SUBAREAS

Metric	Value
Existing (2021) inventory (square feet) by area:	
—East Bay (Alameda and Contra Costa counties)	79,571,000
—Richmond subarea	1,378,000
— Pinole[1]	900,000
Current (2021) direct vacancy rate by area:	
—East Bay (Alameda and Contra Costa counties)	18.2%
—Richmond subarea	8.6%
— Pinole[2]	N/A
East Bay absorption (square feet), 2012-2019:	
—Total	6,235,000
—Average annual	779,000
East Bay absorption (square feet), 2020-2021:	
—Total	(4,566,000)
—Average annual	(2,283,000)
East Bay absorption (square feet), 2012-2021:	
—Total	1,669,000
—Average annual	167,000

1. Due to the limited amount of existing office space in Pinole, published data on the existing inventory are not available; the existing inventory has been estimated by TNDG based on data in the Draft Environmental Impact Report (July 2010) for the City's General Plan update. The estimate will be refined in the final version of the EDS.
2. Published vacancy rate data not available for Pinole.

Sources: TRI Commercial; TNDG.

TABLE 16. PROJECTED DEMAND FOR NEW OFFICE DEVELOPMENT, 2021-2040

Conservative Scenario	East Bay Demand (Square Feet)	Pinole Demand (Square Feet)
East Bay: office demand is projected to grow in proportion to projected job growth in industry sectors that use office space; **for the conservative scenario, demand is projected at 135 square feet per new office job)**[1] Existing "excess" vacancy of approximately 2.6 million square feet is netted out of the gross demand projections[2] Pinole: Projected to capture 2.0% of East Bay demand through 2040	9,800,000	196,000 total 15,000 medical[3]
Aggressive Scenario		
East Bay: office demand is projected to grow in proportion to projected job growth in industry sectors that use office space; **for the aggressive scenario, demand is projected at 225 square feet per new office job)** Existing "excess" vacancy of approximately 2.6 million square feet is netted out of the gross demand projections Pinole: Projected to capture 2.0% of East Bay demand through 2040	18,369,000	368,000 total 28,000 medical

1. In 2021 total occupied office space in the East Bay was approximately 225 square feet per office worker. The conservative scenario – premised on the expectation that a long-term increase in remote work will impact office space demand – assumes a demand factor of approximately 60% of the historic factor.
2. "Excess" vacancy is defined as a vacancy level over 15%.
3. Medical office space is part of (not in addition to) the indicated total.

Source: TNDG.

Summary of Industrial Demand Analysis

Highlights of the analysis and projections are provided in Tables 17 and 18 below. The projections are expressed in terms of square feet of new space supportable (over and above the existing inventory).

TABLE 17. SUMMARY OF INDUSTRIAL MARKET CONDITIONS, EAST BAY AND RELEVANT SUBAREAS

Metric	Value
Existing (2021) inventory (square feet) by area:	
—East Bay (Alameda and Contra Costa counties)	209,984,000
—Richmond subarea	17,235,000
— Pinole[1]	500,000
Current (2021) direct vacancy rate by area:	
—East Bay (Alameda and Contra Costa counties)	4.3%
—Richmond subarea	4.8%
— Pinole[2]	N/A
East Bay absorption (square feet)	
—Fourth quarter 2021	1,656,000
—Full year 2021	4,892,000

1. Due to the limited amount of existing industrial space in Pinole, published data on the existing inventory are not available; the existing inventory has been estimated by TNDG based on data in the Draft Environmental Impact Report (July 2010) for the City's General Plan update. The estimate will be refined in the final version of the EDS.
2. Published vacancy rate data not available for Pinole.

Sources: Kidder Matthews; TNDG.

Table 18. Projected Demand for New Industrial Development, 2021-2040

<table>
<tr><th>Conservative Scenario</th><th>East Bay Demand (Square Feet)</th><th>Pinole Demand (Square Feet)</th></tr>
<tr><td rowspan="4">East Bay: industrial demand is projected to grow in proportion to projected job growth in industry sectors that use industrial space; <u>for the conservative scenario, demand is projected at 600 square feet per new industrial job)</u>[1]

Pinole: Projected to capture 1.0% of East Bay demand through 2040</td><td rowspan="4">32.6 million</td><td>General industrial: 65,000</td></tr>
<tr><td>Warehouse/ distribution: 196,000</td></tr>
<tr><td>Flex space: 65,000</td></tr>
<tr><td>Total industrial: 326,000</td></tr>
<tr><th>Aggressive Scenario</th><th></th><th></th></tr>
<tr><td rowspan="4">East Bay: industrial demand is projected to grow in proportion to projected job growth in industry sectors that use industrial space; <u>for the aggressive scenario, demand is projected at 1,000 square feet per new industrial job)</u>

Pinole: Projected to capture 1.0% of East Bay demand through 2040</td><td rowspan="4">54.4 million</td><td>General industrial: 109,000</td></tr>
<tr><td>Warehouse/ distribution: 327,000</td></tr>
<tr><td>Flex space: 109,000</td></tr>
<tr><td>Total industrial: 545,000</td></tr>
</table>

1. In 2021 total occupied industrial space in the East Bay was approximately 1,000 square feet per industrial worker. The conservative scenario assumes a demand factor of approximately 60% of the historic factor, reflecting a potential intensification of industrial employment (i.e., fewer "low density" warehouse jobs).

Source: TNDG.

5. EDS Action Plan

Overview of Action Plan

The EDS Action Plan is designed to achieve the following major goals:

- Expand economic opportunities for Pinole's resident workforce by fostering creation of a diverse range of quality jobs accessible to residents across the spectrum of education/skill levels
- Leverage the economic development potentials of Pinole's historic downtown and waterfront areas through placemaking initiatives and targeted business/development attraction
- Revitalize Pinole's other commercial and industrial areas by encouraging private investment that responds to anticipated real estate market demand
- Strengthen the City's fiscal position by attracting land uses and business types that have the potential to generate General Fund revenue

Whereas these goals largely revolve around attracting and retaining targeted business investment, the Action Plan recognizes that the strength of the local business/development environment will ultimately depend on Pinole's strategic attention to a range of "foundational" conditions such as:

- The City's reputation for business/development friendliness
- Land, zoning and infrastructure capacity
- Entrepreneurial development resources
- Education/workforce development systems
- Placemaking activities that leverage Pinole's unique locational advantages and sense of community
- Overall image and quality of life

Prioritization of City Resources

The EDS is intended to provide a "roadmap" to guide activities and programs of the City's Economic Development Department over the next five years (FY 2022-2023 through FY 2027-2028). As such, the Action Plan is intended to assist the City in aligning its program priorities to match the market opportunities identified during this planning effort. Whereas the Action Plan covers an ambitious range of economic development activities, the overall program recommendations reflect the following assumptions:

- In keeping with the City's intent of re-establishing a municipal economic development program, the EDS assumes that the City will fund a new (0.50 FTE) staff position to spearhead the new initiatives outlined in the Action Plan

- Some of the proposed strategies involve activities that the City is already undertaking to some extent, so they are not all new commitments;
- New activities/programs would be phased-in over several years; and
- Consistent with existing practices, most of the strategies would be carried out in collaboration with various non-City partner organizations (several of which have participated in the development of this plan).

Recommended Business Retention/Expansion/Attraction Targets

Implementation of the EDS Action Plan will position the City to be competitive for a targeted business development program including the following elements:

- ***Retention*** of existing firms/industries that are in a "repositioning" mode due to national/ statewide market and regulatory conditions;
- ***Expansion*** of existing local firms in strong growth sectors;
- ***Attraction*** of new firms based on Pinole's competitive advantages within the East Bay/Bay Area regions; and
- ***Entrepreneurial development***, with a focus on technology-oriented firms aligned with the region's core industries.

As described in Chapter 4, the EDS target industry analysis identified a total of 15 industry clusters[5] that are of potential interest to Pinole. Among the 15 clusters of interest, nine are recommended as strategic targets for this Action Plan:

1. Retail/Restaurant (focused tenant recruitment in tandem with commercial area revitalization and Downtown improvement efforts)
2. Health Services
3. Hospitality and Tourism
4. Information Technology and Analytical Instruments
5. Medical Devices
6. Communications Equipment and Services
7. Insurance Services (insurance carriers)
8. Video Production and Distribution (motion picture production and related industries)

[5] Industry "clusters" are closely aligned groups of industry sectors representing supply-chain relationships. The "Medical Devices" cluster, for example, includes not only the actual manufacturing of medical devices but also related industries that provide inputs to the manufacturing process and support the sales and distribution of finished products.

The table on the following page lists Pinole's potential target industries. The table also identifies the likely areas of programmatic focus (i.e., retention, expansion, attraction, and/or entrepreneurial development) most relevant to each industry cluster.

Recommended Target Industries

Potential Industry/Cluster Targets	Focus of economic development activity				
	Retention/ Repositioning	Expansion	Attraction	Entrepreneurial development	Amenity investment
Core strengths. Build on Pinole's existing core strengths. Candidates would include:					
● Retail/Restaurant					
● Health Services					
● Hospitality and Tourism					
Regional clusters. Tap into dominant regional industry clusters that are not currently well represented in Pinole, such as:					
● Information Technology and Analytical Instruments					
● Medical Devices					
● Communications Equipment and Services					
● Business/Professional Services					
● Insurance Services (insurance carriers)					
● Video Production and Distribution (motion picture production and related industries)					

EDS Strategies

The EDS Action Plan is organized around six major initiatives, outlined below and detailed on the following pages/tables.

Business Development / Job Creation

Major Initiative 1:	Implement economic development ***branding/marketing*** program
Major Initiative 2:	Focus City's ***business retention/expansion/attraction*** efforts around high-priority industry clusters
Major Initiative 3:	Collaborate with regional partners to expand availability of ***entrepreneurial development*** resources in Pinole

Creating an Environment for Economic Progress

Major Initiative 4:	Systematically review and strengthen City's ***business/development friendliness***
Major Initiative 5:	Expand ***development capacity*** and ***pursue placemaking*** projects
Major Initiative 6:	Enhance City's interface with ***education/workforce development*** partners

Action Steps and Implementation Timeframes

Each EDS Strategy includes a list of specific Action Steps, which are intended to be implemented over the next 5 years (starting July 1, 2022). The recommended implementation timeframe for each action item is provided on the tables below, based on the following color coding:

Gold = Year 1 (FY 2022-2023)
Green = Year 2 (FY 2023-2024)
Purple = Year 3 or later (FY 2024-2025 through FY 2027-2028)

MAJOR INITIATIVE 1: Branding/Marketing	
Brief Description of Program The City will launch an economic development-specific marketing program with the following objectives: ● Exposure to targeted industry clusters within region (to improve Pinole's competitive positioning)	***City's Positioning/Roles in Implementation*** The City will take a lead role in implementing the economic development-specific marketing program. Initial program design (and some elements of implementation) would likely require support from a professional marketing agency. Pinole will also leverage its City-level marketing

MAJOR INITIATIVE 1: Branding/Marketing	
• Lead generation for business attraction • Raising public awareness of City's business assistance resources • Promoting wider awareness of the City's established "business friendly" status • Promoting placemaking initiatives (e.g., positioning Pinole's downtown as a regional destination) As part of its overall marketing program, the City will pursue specific messaging that highlights the City's successful efforts to expedite and clarify development approval processes, business permitting, and the like and initiatives that demonstrate the City's commitment to taking proactive measures to support businesses.	investment through participation in regional marketing initiatives.

Action Steps
(Gold = Year 1; Green = Year 2; Purple = Year 3 or later)

A. Create webpage for ED program reflecting marketing targets identified in EDS
B. Coordinate with partners to ensure that EDS marketing targets (and associated "selling points") are optimally positioned within regional marketing initiatives (including partner websites, etc.)
C. Coordinate with partners to ensure that the message of Pinole's business friendliness ties into whatever similar messaging is applicable to the region, through their various marketing platforms appropriate
D. Investigate options for professional marketing services to support design/implementation of new marketing program. This program could ultimately include the following components:
   - Industry-specific marketing materials (target industry webpage, brochures, digital/print media)
   - Advertising in selected/targeted media (general and industry-specific)
   - Attendance at selected industry events (e.g., ICSC)
E. Implement targeted advertising campaign (per Step D above)
F. Establish and implement annual calendar for attendance at selected industry events (per Step D above)
G. Host industrial broker luncheon/site tour to establish Pinole as a viable location for targeted office/industrial tenant types (continue on annual basis)
H. In conjunction with partners (potentially through an ad hoc taskforce), identify and organize new special events to support placemaking efforts

Partnership Resources

- San Pablo EDC
- East Bay Economic Development Alliance

<table>
<tr><th colspan="2">MAJOR INITIATIVE 1: Branding/Marketing</th></tr>
<tr><td colspan="2">● Bay Front Chamber of Commerce
● Contra Costa County Economic Development</td></tr>
<tr><td colspan="2">Other Potential Implementation Tools/Investments
● Professional marketing agency (with economic development expertise)</td></tr>
<tr><td colspan="2">Year 1 Milestones/Checklist
[TO BE DETERMINED]</td></tr>
</table>

<table>
<tr><th colspan="2">MAJOR INITIATIVE 2: Business Retention/Expansion/Attraction</th></tr>
<tr><td>Brief Description of Program
Within Pinole's limiting remaining land/ development capacity (and opportunities for re-tenanting/repurposing existing underutilized buildings), City will focus its business development efforts on market-feasible industries/clusters (see recommended list in preceding section of the EDS) with the highest potential to:
● Create/retain high-paying jobs
● Increase tax base
● Contribute to sense of place</td><td>City's Positioning/Roles in Implementation
The City will take a <u>lead, in-house role</u> in implementing a Pinole-specific target industry program. The program will also involve some coordination with (and support from) regional partners.</td></tr>
<tr><td colspan="2">Action Steps
(Gold = Year 1; Green = Year 2; Purple = Year 3 or later)
A. Identify a "short list" of 6-8 industry clusters for the City's initial targeting efforts (the consultant's initial recommendations – based on the industry cluster analysis and the priority levels suggested by the EDS Committee – are listed on page 42 of the EDS)
B. Compile database of existing Pinole/Contra Costa County firms relevant to each targeted cluster
C. Define outreach strategy for maintaining ongoing communication with key existing firms in retention/expansion clusters; outreach tactics could include a mix of industry meetings/mixers, online surveys, site visits, and direct mail
D. Conduct needs assessment (via outreach in Step C) of firms receptive to business retention/ expansion assistance and develop customized responses (packaging of City and non-City resources) to address specific needs of assisted firms
E. Implement marketing effort (see Major Initiative 1) for identified business attraction targets
F. Customize entrepreneurial development resources (see Major Initiative 4) to maximize startup potentials in targeted industry clusters
G. Customize workforce development resources (Major Initiative 6) to ensure competitive pipeline of workers to meeting staffing needs of targeted industry clusters</td></tr>
</table>

MAJOR INITIATIVE 2: Business Retention/Expansion/Attraction
Partnership Resources • San Pablo EDC • Contra Costa County Economic Development • East Bay Economic Development Alliance
Year 1 Milestones/Checklist ***[TO BE DETERMINED]***

<table>
<tr><th colspan="2">MAJOR INITIATIVE 3: Entrepreneurial Development</th></tr>
<tr><td>Brief Description of Program
City will launch an across-the-board effort (via multiple EDS strategies) to attract and foster startups (with a particular focus on entrepreneurial opportunities in the EDS target industry clusters).</td><td>City's Positioning/Roles in Implementation
The City will mostly serve in a <u>coordination/ clearinghouse capacity</u>, drawing on the established programs of regional partners. More directly (through other EDS strategies), the City will focus on creating an innovative business environment attractive to prospective entrepreneurs.</td></tr>
<tr><td colspan="2">Action Steps
(Gold = Year 1; Green = Year 2; Purple = Year 3 or later)
A. Conduct meetings with regional partners listed below to unveil EDS target industry cluster program and identify targeted industries likely to offer significant entrepreneurial development opportunities
B. Update webpage summarizing City's entrepreneurial development opportunities/resources
C. In conjunction with regional partners, organize a local annual "startup network" workshop featuring presentations from partner organizations and providing networking opportunities for prospective startups
D. Investigate options for key partner organizations establishing field offices in Pinole to support expanded focus on entrepreneurial development and startup assistance</td></tr>
<tr><td colspan="2">Partnership Resources
• East Bay Small Business Development Center
• Renaissance Entrepreneur Center
• San Pablo EDC
• Local banks</td></tr>
<tr><td colspan="2">Year 1 Milestones/Checklist
[TO BE DETERMINED]</td></tr>
</table>

MAJOR INITIATIVE 4: Business/Development Friendliness	
Brief Description of Program The City will systematically review and strengthen key systems/policies relating to interactions with the business and development community. Most critically, this will involve periodic reviews of entitlement and permitting processes and related fee structures.	***City's Positioning/Roles in Implementation*** The City will take a lead role in implementing the business/development friendliness initiative.
Action Steps *(Gold = Year 1; Green = Year 2; Purple = Year 3 or later)* A. Establish "Business Concierge" program (staffed by City's new Economic Development Coordinator) and supporting "Quick Response Team" (representatives of other City departments with permitting or project approval roles) B. Conduct annual review of Pinole's business/development fee schedules (and survey of competitor's fees); recommend fee adjustments as needed to maintain competitive position C. Fund and publicize small business financial assistance programs (i.e., small loans and/or grants for specific business improvement purposes) D. Establish and publicize branded program(s) for streamlined business permitting and development entitlements E. Host annual broker/developer appreciation event (include a "customer satisfaction survey" to obtain ongoing feedback on ways City can improve business/development friendliness)	
Partnership Resources ● San Pablo EDC ● Bay Front Chamber of Commerce	
Year 1 Milestones/Checklist ***[TO BE DETERMINED]***	

MAJOR INITIATIVE 5: Development Capacity/Placemaking	
Brief Description of Program This strategy will have a multi-pronged, integrated focus: a) comprehensive evaluation of the City's zoning and related land use policies, to expand capacity for targeted commercial and light industrial development; b) City-led initiatives to pursue development-driven placemaking in special focus areas (e.g., Downtown and Waterfront); c) alignment of the City's Capital Improvement Plan (CIP) with EDS	***City's Positioning/Roles in Implementation*** The City's Community Development Department will have a lead role in coordinating relevant research etc. and eventually proposing new City zoning policies and infrastructure investments in response to emerging market opportunities. **NOTE: This is an "umbrella" initiative and is detailed in eight separate strategy boxes.**

MAJOR INITIATIVE 5: Development Capacity/Placemaking	
based on a comprehensive assessment of infrastructure needs (including broadband improvements) in high-priority development areas; d) coordination of infrastructure financing tools; and e) implementation of affordable housing measures relevant to EDS priorities.	
Action Steps *(Gold = Year 1; Green = Year 2; Purple = Year 3 or later)* A. Implement "Reposition Retail" Strategy (see separate box for Strategy 5A below) B. Implement business park/industrial development strategy (SEPARATE BOX IN FINAL EDS) C. Downtown improvement plan / taskforce (SEPARATE BOX IN FINAL EDS) D. Waterfront feasibility study and development strategy (SEPARATE BOX IN FINAL EDS) E. Review/update Three Corridors Specific Plan (SEPARATE BOX IN FINAL EDS) F. Study feasibility of Enhanced Infrastructure Financing District (EIFD) (SEPARATE BOX IN FINAL EDS) G. Infrastructure/broadband prioritization initiative (SEPARATE BOX IN FINAL EDS) H. Implement affordable housing measures relevant to EDS (SEPARATE BOX IN FINAL EDS)	

STRATEGY 5A: Implement "reposition retail" initiative to facilitate revitalization and/or repurposing of high-vacancy shopping centers based on potential market demand for other land uses (including "tech flex" space, office, residential and mixed-use)	
Brief Description of Program Although the real estate market analysis completed for the EDS process indicates some potential demand for new retail/restaurant tenancies in Pinole (which could potentially be focused in specialty shopping areas such as the downtown), global trends for the retail industry suggest that older shopping centers will increasingly struggle to maintain acceptable occupancy levels and vibrant tenant mixes. The City will work proactively with shopping center owners to define mutually beneficial solutions to these challenges.	***City's Positioning/Roles in Implementation*** The City will take a lead, in-house role in implementing this strategy. The program will also involve direct coordination with property owners and the development community.
Action Steps *(Gold = Year 1; Green = Year 2; Purple = Year 3 or later)* A. Initiate contact with ownership/management of key shopping centers to assess interest in redeveloping properties and to determine means by which City could facilitate/incentivize action on redevelopment	

STRATEGY 5A: Implement "reposition retail" initiative to facilitate revitalization and/or repurposing of high-vacancy shopping centers based on potential market demand for other land uses (including "tech flex" space, office, residential and mixed-use)
B. Investigate potential applicability of Federal and State authorized "tools" to increase the feasibility of redevelopment/reinvestment actions (see list of potential tools below); for example, available ARPA funds could potentially be utilized to incentivize/leverage private investment in shopping center revitalization C. Conduct focus group meeting with development community (developers and brokers familiar with the Contra Costa County market) to identify market demand prospects for various reuse approaches/concepts: ○ Mixed-use development in which a portion of existing retail use is retained, and surplus land is devoted to other uses (e.g., housing and/or office) ○ Opportunities to fulfill City's RHNA affordable housing obligations by allowing residential development on shopping center sites ○ Opportunities for market-rate housing development (appropriate for a full range of income levels, including "workforce" housing) on shopping center sites ○ Opportunities to pursue development of Class A office space ○ Opportunities to pursue development of light industrial / "tech flex" space D. Prepare development prototypes (i.e., drawings/renderings) and pro forma financial analyses to document the potential financial attractiveness (to property owners) of site redevelopment E. Develop information packages to demonstrate the economic/financial advantages (to property owners) of site redevelopment
Partnership Resources ● Commercial/industrial real estate brokers ● Development community ● Shopping center owners
Other Potential Implementation Tools ● Community Revitalization and Investment Authorities (State legislation) ● Enhanced Infrastructure Financing Districts (State legislation) ● CERF (state) and ARPA/BBB (federal) funding resources
Year 1 Milestones/Checklist ***[TO BE DETERMINED]***

[STRATEGY BOXES 5B THROUGH 5H WILL BE PROVIDED IN NEXT DRAFT OF EDS]

INITIATIVE 6: Workforce interface

Brief Description of Initiative

The City will systematically interface with education and workforce development partners to support the following outcomes:

- Improve information flow between employers and educators/trainers regarding needed skills for targeted industry clusters
- Increase awareness of Pinole residents about available training/job placement services

City's Positioning/Roles in Implementation

Whereas core educational/workforce development services will continue to be delivered primarily by partner organizations, the intent of this strategy is to more strongly support these partners in a coordination/clearinghouse capacity. This coordination role would involve streamlining and clarifying regional/partner resources to maximize their value to Pinole's business community.

Action Steps

(Gold = Year 1; Green = Year 2; Purple = Year 3 or later)

A. Establish and facilitate periodic meetings of a "Pinole Workforce Development Consortium" (including representatives of the partner organizations listed below); this action item would serve the following major purposes:
   - Coordination of the various service providers related to workforce training to ensure consistent dissemination of information about available programs/resources
   - Facilitating useful connections between employers and training organizations

B. Conduct survey of Pinole's resident workforce to identify characteristics (commute distances, occupations, skills, adaptability to remote work, etc.) of Pinole residents who work in other communities

C. Based on workforce survey (Step B above), define strategy for leveraging work-from-home trends as part of Pinole's marketing, business attraction and entrepreneurial development strategies)

D. In tandem with partners, establish ongoing mechanisms to improve connection between employers and education/training resources

Partnership Resources

- WDBCCC
- West Contra Costa Unified School District
- San Pablo EDC
- Bay Front Chamber of Commerce

Year 1 Milestones/Checklist

[TO BE DETERMINED]

Year 1 Staff Time and Other City Resources by Major Initiative / Action Step

The table below shows the estimated allocation of time for the proposed 0.50 FTE Economic Development Coordinator during Year 1 of the EDS implementation. The table also notes other major resources (in addition to staff time) that will be required to fully implement each action step.

[COMPLETED TABLE WILL BE PROVIDED IN NEXT DRAFT OF EDS]

Major Initiative	Year 1 Action Steps	Annual Hours – ED Coordinator (0.50 FTE)	Other City Resources Needed
1. Branding/Marketing			
2. Business Retention/ Expansion/Attraction			
3. Entrepreneurial Development			
4. Business/Development Friendliness			
5. Development Capacity/Placemaking			
6. Workforce Interface			