

# Oakland Industrial Lands Focus Group 1

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**AUGUST 31, 2022     9:30 AM- 11:00 AM**

Held via Zoom, meeting facilitated by Alison Moore and Rajeev Bhatia of Dyett & Bhatia

## **PARTICIPANTS**

- Schnitzer Steel
- Bay Area Community Colleges
- Port of Oakland
- SSA Terminal Oakland
- CBRE Industrial & Logistics
- City of Oakland Planning & Building Department
- Bay Area Air Quality Management District
- Jobs and Housing Coalition
- Seven Bridges Properties
- Ace Makerspace
- Kraftworks, West Oakland Commerce Association
- Bay Area Air Quality Management District
- Tidewater Capital
- Dreisbach Enterprises
- Conscious Mindz Cannabis Company
- BergDavis Public Affairs
- Oak Town Equity LLC
- Oakland Department of Transportation
- City of Oakland
- Economic & Planning Systems (EPS)

## **DISCUSSION GUIDE**

- **Current successes.** What existing policies and practices do you think are working well as they relate to industrial development and preservation?
- **Port of Oakland.** What is needed to ensure Port-related prosperity?
- **Advancing Industry.**
  - What is needed for Oakland to attract the industrial activities of the 21st century?
  - What current industries should the City seek to retain, support, or expand?

- What is the skill set needed for contemporary industrial jobs and how to ensure industrial sector jobs go to longstanding Oaklanders?
- **Gaps.** Where are policy gaps related to industrial lands?
  - What policies or strategies would you recommend the City explore to address these gaps?
  - What are the barriers to new practices?

## SUMMARY

Discussion initiated around the Port of Oakland and barriers and constraints facing related stakeholders. According to participants, there appear to be conflicting objectives about the Port's future growth, and this could limit future investment interest. Many participants acknowledged that the Port, a proprietary agency, is a key economic resource for Oakland, and present financing strategy is predicated on the future growth of the Port. Participants also identified negative community sentiment towards trucking as a constraint to Port and industrial lands growth.

Several participants expressed concern about encroachment of residential land use into previously industrial areas of Oakland, and how this could challenge the future viability of the Port. Participants identified that because Port activity is constrained to the shoreline, it requires strong industrial buffer zones. One participant noted the need to protect the freight network and transportation routes to and from the sea-corridor and suggested that the ports truck management plan should work closely with the city. The participant also suggested that when industrial land uses are considered, having Port representation on land-use decisions would be ideal, and that land use decisions should consider the Port perspective.

Security is a top concern for stakeholders, and participants mentioned that theft is a significant deterrent to businesses hoping to conduct business in Oakland and through the Port. "The predominant view is about City of Oakland is that it is not a safe place to locate businesses at this time." Many participants echoed the issue regarding security and the need to enhance safety and reduce theft in industrial neighborhoods.

On the topic of industrial lands more generally, key concerns related to Oakland permitting times, which many participants felt were much longer than neighboring cities. In their view, this makes Oakland less attractive to manufacturers and businesses and miss opportunities for job growth and economic development. Participants also described a lack of clarity regarding the permitting and zoning process for industrial lands and suggested that an objective of the land use element should be to establish a clear framework of the types of industrial uses permitted in different parts of the city and then focus on steps to expedite the permitting for those uses.

Participants also expressed a desire for smaller manufacturing spaces available for smaller businesses, or makers, artisans, and industrial artists. The cost of operation for small makerspaces and small industrial uses is prohibitive. Core fabrication is very difficult to get approved, and one makerspace owner mentioned the barriers to growth due to the cost of real-estate.

The general lack of facility capacity was also discussed, and participants mentioned the need for better road maintenance, power infrastructure, and fiber optics systems. Participants suggested that modern industrial users, whether logistics, manufacturers or life science need more power and better

power infrastructure than exist on most Oakland sites today. Participants also suggested that the ability to assist developers with PG&E and bringing in more power for new sites must happen.

## **DISCUSSION**

### **Key Takeaways**

- Implement permitting and zoning processes to support existing City policies.
- Need to streamline the permitting processes.
- Protect industrial zoning Land from encroachment from residential and commercial, e.g. no ballpark nor condos on Port land.
- Increase staff in Economic Development Department to allow them to have focused, ongoing efforts on industrial outreach and planning.
- Protection of industrial lands must include jobs to get people out of the poverty that causes crime and blight. No more luxury housing.
- Need affirmative City Policy to preserve, grow, and support industrial lands, uses, and jobs.
- Sustain the investments already in Oakland, attract and grow future business.
- Public safety and crime are a barrier to infrastructure development – people need to feel secure before investing in Oakland’s industrial development.

### **Port of Oakland**

- Participant mentioned that one constraint on the Port is that a section of the Sierra Grande railroad must be lowered by 18ft to allow double-stacked containers on the railroads. Another major constraint for the Port is the inability to make more land.
- Participant suggested having the ability to buffer industrial lands and maintain properties for logistics facilities that can support Port activity.
- Participants opposed the addition of housing in industrial neighborhoods: “The idea of allowing luxury housing is incompatible with viability and continued success and expansion of the Port. Port already struggles with land availability.”
- Participant mentioned that there are synergies between the airport and the Port. The airport has struggled to attract international carriers that need nearby cargo logistics.
- There is a strong history of private industrial investment at the Port. The Port is not supported by tax revenue and is a proprietary agency that depends on lease revenues and investments.
- Participants agree that Oakland can't afford to lose the Port.
- Participant mentioned that the current and growing perception from Port customers is that Oakland doesn't want the growth.
- Participant states that “All of our financing is predicated on Port growth. We need more accessory uses, we need more access to truck parking, chase parking, storage, and loading. If we don’t provide accessory uses, then it will result in more VMT. It’s very dangerous to start with the proposition that the Port can’t grow and expand.”
- Participant questioned if it would be possible for the City's charter to be amended to include an environmental justice imperative for the Port (like the City's requirement to include "Fair

and Just" in all its policies). "Could this be an opportunity for innovation in the Port's "proprietary" model?"

- Port has tentacles in every sector of the economy. The health of the Port and its ability to support cargo growth is connected to the health of the region and the regional economy.
- Participant asked if the Port has a map or layout of the lands and buildings it will need moving forward and stated, "It seems that should be the first thing that should be considered."
- Participant mentioned that their coffee importers can bring coffee into the Ports of Houston or LA cheaper and quicker than through Oakland. "50% of our coffee is now coming through other ports. 5 years ago, 90% came in through Oakland."
- Participant questioned why the City considered letting Howard Terminal be used for real estate purposes if the Port has constraints already.
- Participant stated that residential areas can go everywhere, but maritime activity must be near the coast. Howard Terminal offers important ancillary services. Jobs are needed to sustain the residents of your city. "Taking away jobs and growth doesn't make sense."
- Participant questioned why the group was discussing Howard Terminal since that project hasn't been approved. "The Port is losing business now and we should ask why."

### **Advancing Industry**

- Participant questioned why biotech clusters happen around (but not in) Oakland.
- Participant proposed an idea to take the component parts and center processing (value-add) to land surrounding Port. Need high-speed fiber optics for any advanced manufacturing, like a high-speed fiber optic loop similar to San Leandro.
- "Something must be done about security," -- participant mentioned that while delivering a tour of the industrial lands of Oakland, his truck got broken into. Additionally, a building he sold also got broken into and stripped of valuable materials.
- The largest constraint to locating a warehouse company or manufacturer in Oakland or keeping a current company in Oakland, is security and safety. The predominant view about Oakland is that it is not a safe place to locate businesses at this time. Whether real or perceived, this is the predominant view voiced by companies.
  - The second largest constraint is the negative community sentiment toward trucks & trucking, as this impairs not only the process & timing to set up a business in a short amount of time, but it impairs the economic viability to risk the investment \$\$ to build industrial product.
  - The third issue is power. The modern industrial user, whether logistics, manufacturers, or life science need more power and better power infrastructure than exists on most Oakland sites today. The ability to assist developers with PG&E and bring in more power for new sites must happen, otherwise most companies won't come.
- Affordable workspace needed by artisan, mom & pop manufacturing, maker space, industrial arts.
- Participants echoed the need for some affordable manufacturing space for small businesses.
- Participants advocated for preserving industrial parks and preserving land for industrial uses in Oakland, including advanced manufacturing.
- Participants echo the need for spaces for makers, artisans, and industrial artists.

- Industrial space should accommodate a diversity of industrial jobs. The lack of affordable workspaces would be a detractor to attracting modern industry.
- Participant questioned if there are opportunities in maritime and logistics for increasing job density.
- Participants suggested that the City use areas surrounding the Port to add value to goods that are exported from the Port of Oakland.
- Participant mentioned that the cost of operation for small makerspaces and small industrial uses is prohibitive. Core fabrication is very difficult to get approved. Makerspace owners can't grow because of the cost of real estate.
- In West Oakland there is a lot of underutilized land. Participants want more support from the City about available uses and zoning.

### **Zoning / Permitting**

- The City has done a good job of creating an industrial area that has relevant buffer zones. A participant suggested that the City needs to maintain the physical separation and that the direction the Port is taking is to move West Oakland industrial operations away from residential and reinforce the separation.
- Participant suggested that if the private sector clearly understood what the zoning process is it would help streamline the development process.
- Other cities have updated their zoning process to streamline the approval process for life sciences real estate. Real estate developers don't want to have to wait for Oakland to take 6 months to approve permits.
- There is a clear need for Oakland to articulate what it wants/needs from the Port.
- Cold storage logistics facility owner needed new equipment / to expand and it took them 9 months to obtain a permit. "The permitting process is universally broken, no matter the industry."
- San Leandro has a higher density of manufacturers than Oakland does. Participant would like to know if there is a good understanding of the differences in permitting time between Oakland and other cities.
- Participants mentioned that these are issues that are regional, not just local in nature. The processes involved in permitting are massive and prevent logistics from locating in many markets.

### **Infrastructure / Utilities**

- The City needs to get a complete understanding of the utilities situation – how long would it take to upgrade services and what policies need to be in place?
- Participant mentioned that Cannabis is using a high percentage of the building stock, and PG&E is having a hard time meeting the energy need. This results in 24/7 onsite generators.
- Participant mentioned the state of the roads in West Oakland are not conducive to industrial growth: "I need four-wheel drive to move through West Oakland. I pay enough in taxes that I think I'd get something for that, if I'm having a hard time being here why would anyone else want to come here."

## **Workforce Development**

- Need concerted effort in workforce development to develop strategic planning that supports training and workforce need. What strategies are being taken to align job training with future industrial growth? The Port has adopted specific policies around economic development.
- Participant shared that Laney College (in Oakland) has one of the strongest offerings of skilled trades programs in the Bay Area <https://bayareamanufacturingcareers.com/programs-by-college.html>
- Participant acknowledged that many cities, including Oakland, are facing big staffing challenges.

## **Policy Issues / Other Concerns**

- Participant concerned that decision-making in Oakland is creating a negative perception of the industrial market for maritime stakeholders.
- Industrial uses are competing with residential uses. Speculation raises the value of industrial land to the point where industrial buildings are no longer affordable.
- One objective of the land use element should be a clear understanding of the types of industrial uses the City needs / wants / should support and where they should go. Need expedited permitting for desired uses.
- Participant questioned if there was a concern about cannabis grow operations taking up a lot of industrial lands or was that a concern that never materialized?
- Participant suggested that public safety should closely align with economic development to attract and sustain business development.
- Participant suggested that there needs to be a more suitable environment in Oakland's industrial lands to attract investment—it can't be all on the police, but there needs to be a ground level of maintenance that encourages residents to maintain the neighborhoods.
- Participant referenced the industrial stakeholders meeting in 2008- "they took industrial land and wanted to create a buffer zone between industrial land and residential—now this zone is no longer a buffer zone, but purely residential. Now the city is trying to encroach more on available industrial land. The next proposal does this again."
- Participant described how "in terms of preparing for the future, the establishment of an industrial sanctuary is important. Protecting the freight network and transportation routes to and from the sea-corridor. The Port's truck management plan should work closely with the City. There is a lot to do with implementation and enforcement. When industrial land uses are considered, having Port representation on land-use decisions would be ideal. Land use decisions should consider the Port perspective."
- Participant's key concerns for West Oakland were to remove unused railroad tracks, address homelessness and crime/chop shops.
- Participant commended the focus group and reaching out to people to get feedback. They also mentioned it would be good to do a comparison of Oakland's industrial landscape to the surrounding cities.