

# AGENDA REPORT

TO:

Sabrina B. Landreth

City Administrator

FROM:

William A. Gilchrist

Director, Planning and

**Building Department** 

SUBJECT:

**Priority Production Areas** 

DATE:

January 6, 2020

City Administrator Approval

Date:

2020

#### RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution, As Recommended By The Planning Commission, Adopting Appropriate California Environmental Quality Act (CEQA) Findings And New Priority Production Area (PPA) Designations Within The City Of Oakland.

# **EXECUTIVE SUMMARY**

Staff is requesting that the Community and Economic Development (CED) Committee review the proposed resolution to adopt the Seaport at the Port of Oakland and the Oakland Airport as "Priority Production Areas" (PPAs). PPAs are a pilot program established this year by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) to encourage middle-wage job growth near affordable housing and to support industry clusters in advanced manufacturing, and Production, Distribution and Repair (PDR) services. Participating in the PPA program will enable the City of Oakland to benefit from future grants and technical assistance to enhance and support key industrial areas in the City.

One of the primary goals of the PPA program is to encourage local jurisdictions to enhance and protect land for industrial use in order to provide opportunities for growth of middle-wage jobs. This is significant because the Bay Area has lost as much as one-third of jobs in the manufacturing sector since 2000.1

The PPA map designations are not a regulatory tool. Instead, they define areas that may be eligible for future funding from regional agencies. None of the designations supersede in any way the existing regulatory or policy structure for land use contained in the City's General Plan. Specific Plans, Planning Code and/or similar land use development policies or procedures.

The proposed PPAs are shown in *Attachment A*.

<sup>&</sup>lt;sup>1</sup> "The Future of Jobs: Perspective Paper," Horizon (ABAG and MTC, May 2019), https://mtc.ca.gov/sites/default/files/Horizon\_FutureofJobs\_May2019\_email.pdf.

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Submittal of the adopted resolution was due to ABAG and MTC on January 15, 2020. However, the City of Oakland has received an extension to February 18, 2020.

#### **BACKGROUND / LEGISLATIVE HISTORY**

The Sustainable Communities and Climate Protection Act of 2008, also known as Senate Bill 375 (Steinberg), supports California's climate change mitigation goals by directing Metropolitan Planning Organizations and Councils of Government across the state to develop a Sustainable Communities Strategy (SCS).<sup>2</sup> The SCS is a long-range regional growth and transportation plan for meeting greenhouse gas emissions reduction targets and providing adequate housing for the region's projected population growth.<sup>3</sup>

On July 26, 2017, the Executive Board of MTC and ABAG<sup>4</sup> adopted Plan Bay Area 2040, the San Francisco Bay Area's most recent Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS). Plan Bay Area 2040 charts how the region will spend \$303 billion in expected federal, state, regional, and local transportation funds to support land use patterns that can accommodate an expected growth of 820,000 new households—across all income levels—and 1.3 million jobs by the year 2040, while meeting the region's per-capita greenhouse gas emissions reduction target of seven percent by 2020 and 15 percent by 2035 from 2010 levels.<sup>5</sup>

#### Regional Growth Framework Update

Two major tools for implementation of Plan Bay Area 2040 are Priority Development Areas (PDAs) and Priority Conservation Areas (PCAs), which are designated and mapped by local jurisdictions and approved by ABAG and MTC every four years. In May of 2019, ABAG and MTC added the Priority Production Area (PPA) designation as a new pilot program and revised the definitions and eligibility criteria for PDAs and PCAs. Together, PDAs, PCAs and the new PPAs will comprise Plan Bay Area 2050's Regional Growth Framework, which will shape the investments and growth patterns established during the Plan Bay Area 2050 planning process.

The City of Oakland adopted its existing PCA and PDA designations through Council Resolution Number 85669 C.M.S. on June 22<sup>nd</sup>, 2015. The PCA, PDA, and PPA designations will not have any regulatory authority, nor supersede in any way the City's existing regulatory or policy structure for land use contained in the General Plan, Specific Plans, Planning Code, or similar land use development policies or procedures. These map designations do, however, define areas that may be eligible for future funding and technical assistance from regional agencies. While ABAG and MTC anticipate creating funding and technical assistance programs to support PPAs, these programs have not yet been defined.

<sup>&</sup>lt;sup>2</sup> Institute for Local Government, "Understanding SB 375: Regional Planning for Transportation, Housing and the Environment," 2011, https://www.ca-ilg.org/sites/main/files/file-attachments/resources\_\_Understanding\_SB\_375\_Regional\_Planning\_Guide.pdf.

<sup>&</sup>lt;sup>3</sup> Institute for Local Government.

<sup>&</sup>lt;sup>4</sup> MTC is the Bay Area's metropolitan planning organization (MPO). MPOs were established under federal law and are responsible for developing the Regional Transportation Plan. As the regional Council of Government (COG), ABAG is responsible for implementing the Regional Housing Needs Allocation (RHNA) program.

<sup>&</sup>lt;sup>5</sup> "Plan Bay Area 2040 Final Plan," Regional Transportation Plan and Sustainable Communities Strategy for the San Francisco Bay Area 2017–2040. (Metropolitan Transportation Commission (MTC) and Association of Bay Area Governments (ABAG), July 26, 2017), http://2040.planbayarea.org/reports.

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The subject of this report is to review the proposed designation of the following two areas in the City of Oakland as PPAs: the seaport and the airport. PPA proposals were due to ABAG and MTC by September 16, 2019.

The City Council must approve the proposed PPAs by adopting a resolution. The City of Oakland has received a deadline extension to adopt the resolution by February 18, 2020.

#### **Priority Production Areas**

The Bay Area economy has grown by 40 percent over the last two decades.<sup>6</sup> While this growth has been driven in part by a larger workforce, the greater share of job growth is concentrated in professional or low-wage service and retail jobs.<sup>7</sup> Compounding the bifurcation of the regional economy, the Bay Area continues to lose jobs in middle-wage industries.<sup>8</sup>

Industrially-zoned land provides opportunities for middle-wage employment.<sup>9</sup> For example, a 2017 report found that 44 percent of jobs located on land zoned exclusively for industrial use paid a middle-wage.<sup>10</sup> Recognizing the region's widening income disparities and the role industrial land plays in middle-wage job growth, Plan Bay Area 2040 called for establishing the PPA program.<sup>11</sup> As previously mentioned, one of the primary goals of the PPA program is to encourage local jurisdictions to enhance and protect land for industrial use in order to provide opportunities for growth of middle-wage jobs. This is significant because the Bay Area has lost as much as one-third of jobs in the manufacturing sector since 2000.<sup>12</sup>

# Planning Commission Meeting

The Planning Commission held a public hearing regarding PPAs on November 20, 2019. At the meeting, the Planning Commission unanimously approved a motion to recommend that the City Council adopt a resolution to designate the Oakland Airport and Seaport as proposed PPAs.

#### **ANALYSIS AND POLICY ALTERNATIVES**

PPAs are intended to encourage middle-wage job growth near affordable housing, enhance regionally-significant industrial areas, and support networks of PDR services.

To qualify for the PPA designation, the proposed area must meet the following criteria:

1. Be zoned for industrial use or have a high concentration of industrial activities such as production, advanced manufacturing, distribution, or related activities;

<sup>&</sup>lt;sup>6</sup> "Futures Interim Report: Opportunities and Challenges" (ABAG and MTC, March 15, 2019), https://mtc.ca.gov/sites/default/files/Horz\_Futures\_OppsChallenge\_031519.pdf.

<sup>&</sup>lt;sup>7</sup> "The Future of Jobs: Perspective Paper."

<sup>&</sup>lt;sup>8</sup> "Futures Interim Report: Opportunities and Challenges."

<sup>&</sup>lt;sup>9</sup> "The Future of Jobs: Perspective Paper."

<sup>&</sup>lt;sup>10</sup> Karen Chapple, "The Conversion of Industrially Zoned Land," Industrial Land and Jobs Study for the San Francisco Bay Area (Center for Community Innovation, January 2017), https://communityinnovation.berkeley.edu/publications.
<sup>11</sup> "Plan Bay Area 2040 Final Plan."

<sup>12 &</sup>quot;The Future of Jobs: Perspective Paper."

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2. Must not be within one-half (½) mile of a regional rail station or overlap with a PDA;

3. Be located within a jurisdiction with a certified housing element.

Locally, one of the largest contributors to Oakland's economic growth is the transportation and logistics sector. Two key drivers of this growth are the Oakland Airport and Seaport. Regionally, these two economic engines are the Bay Area's primary center for goods movement. Designating the Oakland Seaport and Airport as PPAs (*Attachment A*) supports the City's Economic Development Strategy by positioning these areas for future planning and investment. These areas are also likely to require funding to adapt to sea level rise. Attachment Strategy by positional PPAs after the General Plan update process, during which the City can engage in a robust discussion with a broad range of stakeholders in a comprehensive conversation on industrial land preservation.

# Seaport Priority Production Area

Based on 2017 data, the Seaport at the Port of Oakland was ranked the eighth busiest container port in the United States. In 2017, Seaport activities directly generated 11,393 jobs, which include truckers serving the marine terminals, terminal and warehouse operators, as well as rail crew, yardmen and dispatchers moving containers by rail to and from the marine terminals. The 11,393 individuals directly employed in these jobs received an average annual salary of \$56,275, totaling \$641 million in wages and salaries. The importance of the Oakland Seaport to the local economy is highlighted by the residency of people employed in jobs directly generated by the Seaport. Nearly 54 percent of the 11,393 jobs directly generated by the Seaport in 2017 were held by Alameda County residents, of these, 23 percent were Oakland residents. In addition, designating the Seaport as a PPA would bolster the City's strategic investment in converting the former Oakland Army Base into a modern logistics center.

As described earlier in the Analysis section of this report, to qualify for the PPA designation the proposed area was required to meet a set of criteria established by ABAG and MTC. One of these criteria prohibits municipalities from designating any areas within one-half (½) mile of a regional rail station as a PPA. This excluded a small part of the seaport from the PPA, north of Middle Harbor Road, due to its proximity to the West Oakland Bay Area Rapid Transit (BART) station.

<sup>&</sup>lt;sup>13</sup> "Economic Development Strategy: 2018-2020" (City of Oakland, November 28, 2017), https://www.oaklandca.gov/projects/economic-development-strategy.

<sup>&</sup>lt;sup>14</sup> "Oakland Preliminary Sea Level Rise Road Map" (City of Oakland, Fall 2017), https://resilientca.org/projects/09b66770-4630-4e8b-b553-023e52b7ee5f/.

<sup>&</sup>lt;sup>15</sup> "Facts & Figures," Oakland Seaport, accessed October 30, 2019, https://www.oaklandseaport.com/performance/facts-figures/.

<sup>&</sup>lt;sup>16</sup> Martin Associates, "The Economic Impact of the Port of Oakland" (Port of Oakland, October 9, 2018), https://www.portofoakland.com/economic-impact-report/economic-impact-report/.

<sup>&</sup>lt;sup>17</sup> Martin Associates.

<sup>&</sup>lt;sup>18</sup> Martin Associates.

<sup>&</sup>lt;sup>19</sup> Oakland Economic Development Strategy.

#### Airport Priority Production Area

The Oakland International Airport moved 13 million passengers and 1.2 billion pounds of air cargo in 2017.<sup>20</sup> In addition, a variety of firms provide support services to the airlines, passengers, and the Airport. This includes catering and janitorial firms, corporate hangars, airport retail tenants such as newsstands and food concessions, and security firms. Together, the activities at the Airport generated 8,892 direct jobs in 2017. These are jobs that would be impacted immediately by changes in the number of flights and passenger volume. Approximately 54 percent of the people employed in these 8,892 jobs live Alameda County, of which 16 percent are Oakland residents. An estimated total of \$608.3 million in wages and salaries were paid to the 8,892 people employed in jobs directly generated by the Airport in 2017.<sup>21</sup>

#### Updates to Existing PDAs and PCAs

PDAs are mapped where new development will support the day-to-day needs of residents and workers in a pedestrian-friendly environment served by transit. Historically, to be eligible to become a PDA, an area had to be within an existing community, near existing or planned fixed transit or served by comparable bus service, and planned for more housing. This year, ABAG and MTC established two categories of PDAs (Transit Rich and Connected Community) and modified the eligibility criteria to include High Resource Areas<sup>22</sup> that are within one-half (½) mile of an existing or planned high-quality bus line.<sup>23</sup> The area must also have an adopted Specific Plan (or equivalent Plan for housing and job growth), or have one adopted no later than 2025.

ABAG and MTC allow for modifications of existing PDAs to occur at the administrative level. Planning staff recommended changes to existing PDAs and submitted the proposal to ABAG and MTC on September 16<sup>th</sup>, 2019. These updated designations are comprised of relatively minor modifications to existing PDAs that went through extensive community processes in previous years. See *Attachment B* for a map of existing PDAs following this year's update and *Attachment C* for a map outlining the changes.

PCAs are regionally significant parks and green spaces, recreation trails, and agricultural areas where there has been broad consensus for protection from development pressure. They also include potential green spaces in urban areas that increase habitat connectivity, improve community health, capture carbon emissions, and address treating storm water.

Planning Staff is not proposing changes to existing PCAs. See *Attachment D* for a map of the adopted PCA designations.

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<sup>&</sup>lt;sup>20</sup> Air cargo consists of air freight, express packages and mail transported on dedicated freight airlines and in the cargo section of passenger airlines.

<sup>&</sup>lt;sup>21</sup> Martin Associates, "The Economic Impact of the Port of Oakland."

<sup>&</sup>lt;sup>22</sup> High Resource Areas are defined by the California Department of Housing and Community Development on adopted Opportunity Maps available at https://www.treasurer.ca.gov/ctcac/opportunity.asp

<sup>&</sup>lt;sup>23</sup> "High-quality" is defined as bus lines with headways of no more than 30 minutes in peak periods.

#### **FISCAL IMPACT**

There are no cost implications related to the adoption of the PPAs. These map designations define areas that may be eligible for future funding and technical assistance from regional agencies.

The existing PDA and PCA designations have been beneficial for the City because they are prioritized by regional agencies to award grants for targeted investments in infrastructure, park improvements, urban greening, planning efforts, and other programs. For example, the PDA Planning Program awards grants to help municipalities develop local land-use plans and policies for areas neighboring future rail and ferry stations.

In addition, ABAG and MTC also anticipate identifying funding and/or technical assistance to support planning and infrastructure for PPAs. PPAs will also be identified in Plan Bay Area 2050, which can position these areas for future investment and planning.

# **PUBLIC OUTREACH / INTEREST**

Staff presented this proposal to designate the Port of Oakland Seaport and Airport as two PPAs to the Planning Commission and the West Oakland Commerce Association on November 20<sup>th</sup>, 2019. Staff anticipates an opportunity to establish additional PPAs as part of the upcoming General Plan update process, during which time the City can engage in a robust discussion with a broad range of stakeholders in a comprehensive conversation on industrial-land preservation.

#### COORDINATION

The Planning and Building Department's Bureau of Planning consulted with the Port of Oakland and the Economic and Workforce Development Department in its recommendation of the two PPAs described in this report. In addition, staff is working with the Port of Oakland to schedule a presentation before the Board of Port Commissioners.

# SUSTAINABLE OPPORTUNITIES

**Economic**: Designating the Oakland Seaport and Airport as PPAs supports the City's Economic Development Strategy by positioning these areas for future planning and investment. While ABAG and MTC anticipate creating funding and technical assistance programs to support PPAs, these programs have not yet been defined.

**Environmental**: The Seaport and Airport are increasingly vulnerable to future flooding events caused by rising sea levels and are at a higher risk of liquefaction during seismic events.<sup>24</sup> Although ABAG and MTC have not yet established funding and technical assistance opportunities for PPAs, staff anticipates that defining the Seaport and Airport as PPAs will potentially allow the City to apply for funding and technical assistance opportunities that will support planning and infrastructure in these areas.

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<sup>&</sup>lt;sup>24</sup> "Oakland Preliminary Sea Level Rise Road Map" (City of Oakland, Fall 2017), https://resilientca.org/projects/09b66770-4630-4e8b-b553-023e52b7ee5f/.

**Race & Equity**: Industrially-zoned land provides opportunities for middle-wage employment.<sup>25</sup> One of the primary goals of the PPA program is to encourage local jurisdictions to enhance and protect land for industrial use in order to provide opportunities for growth of middle-wage jobs.

The U.S. Census Bureau's Quarterly Workforce Indicators reports that in 2018 the Transportation and Warehousing sector in Alameda County employed an average of 9,491 Hispanic or Latino workers, 7,175 African American workers, 473 Native American workers, 590 Native Hawaiian or Other Pacific Islander workers, 6,031 Asian workers, and 18,552 White workers.<sup>26</sup>

As the data above demonstrates, there is an opportunity to address racial inequities in employment within the Transportation and Warehousing sector in the County. Designating the Seaport and Airport as PPAs may potentially allow the City to apply for funding that will enhance and support the ability of the Transportation and Warehousing sector in Oakland to retain and grow middle-wage job opportunities for marginalized communities.

## CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The proposal relies on the previously certified Environmental Impact Reports (EIRs) for the Land Use and Transportation Element of the General Plan; the Historic Preservation Element of the General Plan; the 2015-2023 Housing Element; various Redevelopment Plans; the West Oakland, Lake Merritt Station Area, Broadway-Valdez, and Central Estuary Specific Plans; and the Plan Bay Area 2040.

On a separate and independent basis, the proposal is also exempt from CEQA pursuant to CEQA Guidelines Sections 15262 (Feasibility and Planning Studies); 15307(Actions by Regulatory Agencies for Protection of Natural Resources); and/or 15061(b)(3), the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment.

<sup>&</sup>lt;sup>25</sup> "The Future of Jobs: Perspective Paper."

<sup>&</sup>lt;sup>26</sup> U.S. Census Bureau. 2019. Quarterly Workforce Indicators (1990-2018). Washington, DC: U.S. Census Bureau, Longitudinal-Employer Household Dynamics Program, accessed on December 9<sup>th</sup>, 2019 at <a href="https://qwiexplorer.ces.census.gov">https://qwiexplorer.ces.census.gov</a>.

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# ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt a resolution, as recommended by the Planning Commission, adopting appropriate California Environmental Quality Act (CEQA) findings and new Priority Production Area (PPA) designations within the City of Oakland.

For questions regarding this report, please contact Diana Perez-Domencich, Planner I, at (510) 238-3550.

Respectfully submitted,

WILLIAM A. GILCHRIST

Director, Planning and Building Department

Reviewed by:

Neil Gray, Planner IV

Laura Kaminski, Acting Strategic Planning

Manager

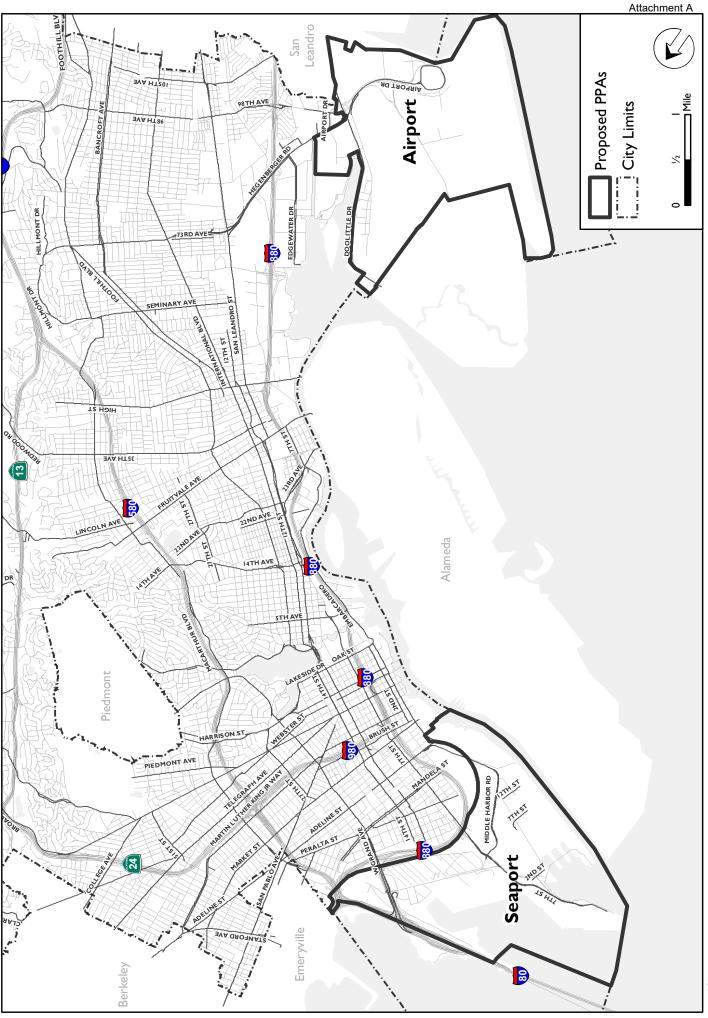
Ed Manasse, Deputy Director/City Planner

Prepared by:

Diana Perez-Domencich, Planner I Strategic Planning Division

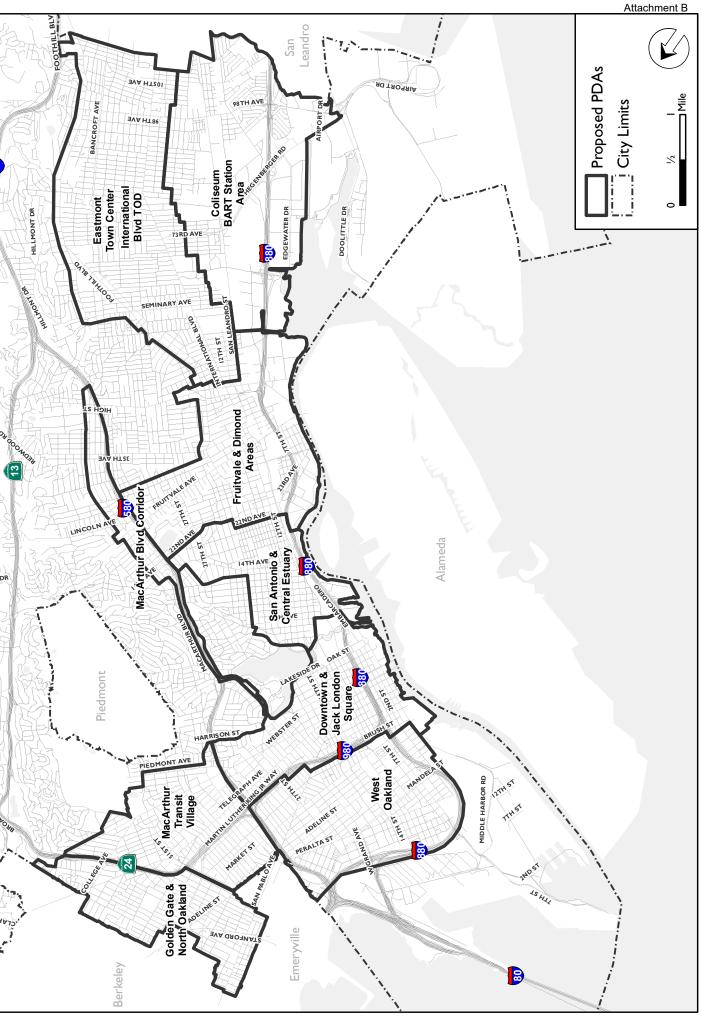
# Attachments (4):

- A. 2019 Proposed PPA map
- B. 2019 Proposed PDA map
- C. 2019 Proposed PDA Map Showing Changes to Existing PDAs
- D. 2015 Map of Adopted PCAs





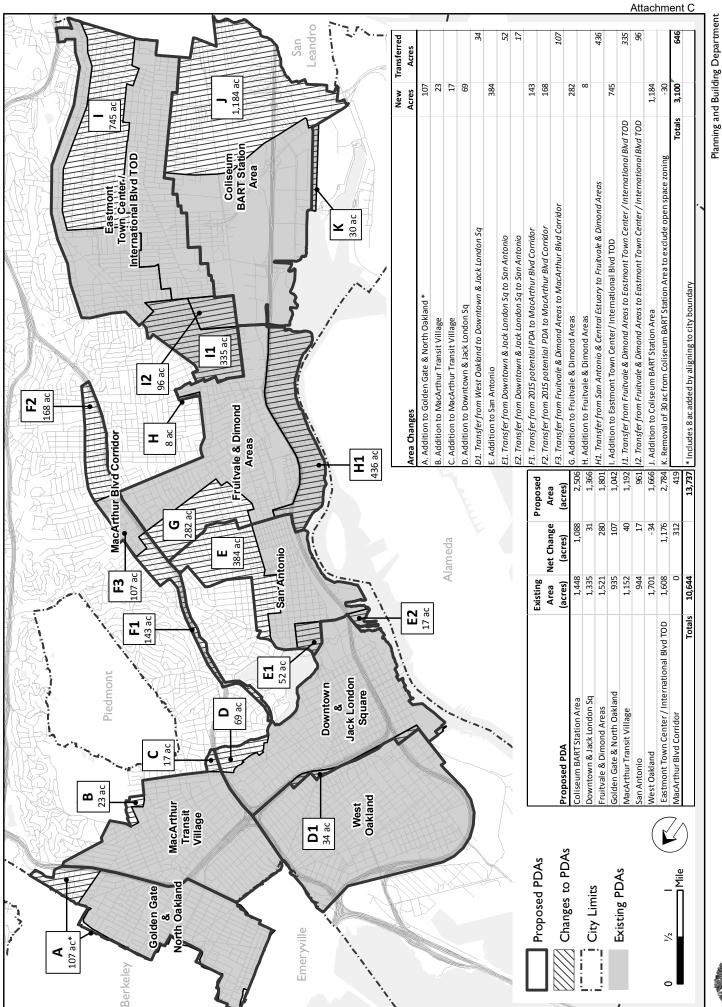
October 23, 2019



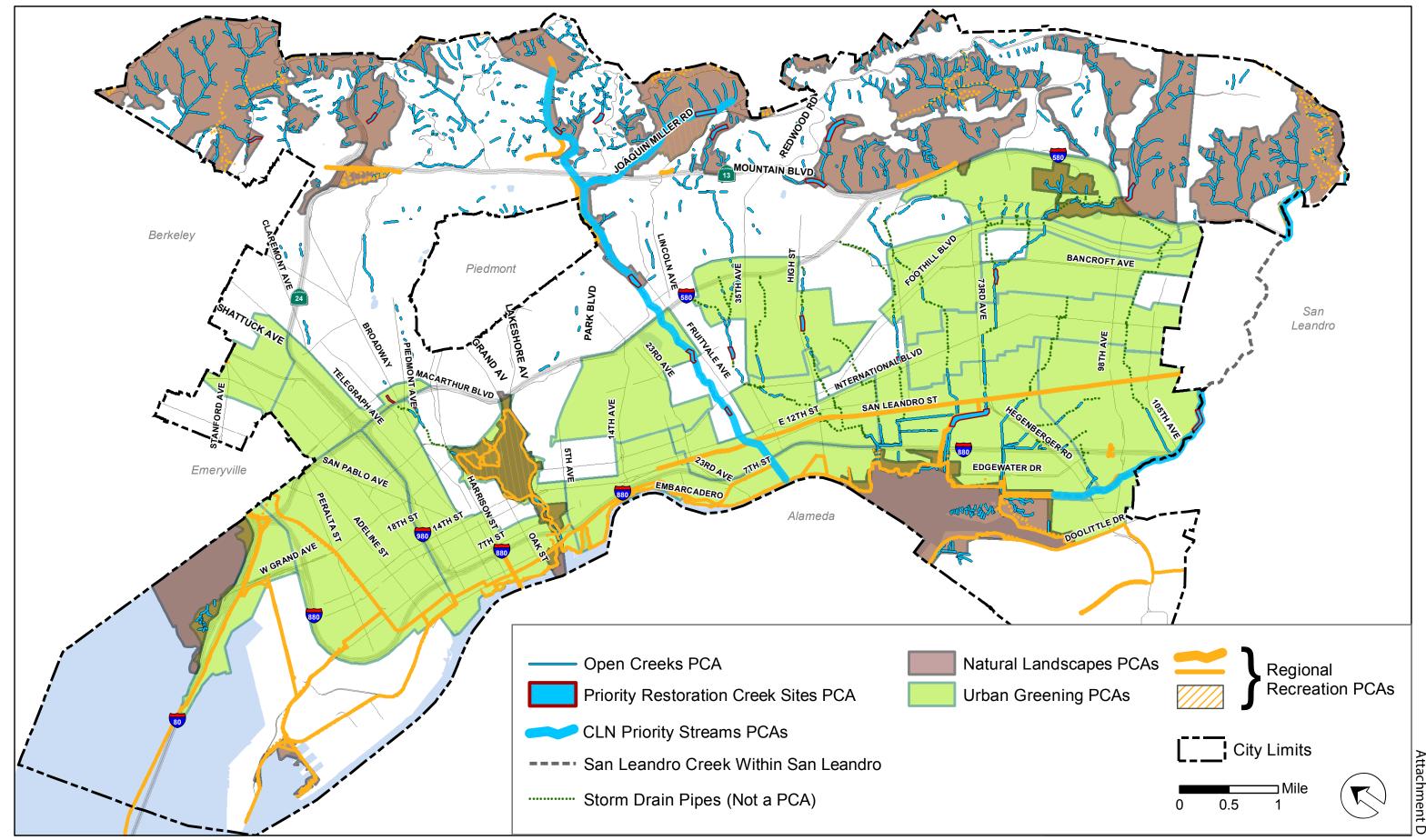


October 23, 2019











Proposed Priority Conservation Areas (PCAs) (Across All Designations, Including Creek-Related PCAs)

FILED
OFFICE OF THE CIT: CLERK
OAKLAND

2020 JAN 16 PM 12: 53

Jo-don fish City Attorney's Office

# OAKLAND CITY COUNCIL

RESOLUTION	NO.	 C.M.S
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INTRODUCED BY COUNCILMEMBER [IF APPLICABLE]

RESOLUTION, AS RECOMMENDED BY THE PLANNING COMMISSION, ADOPTING APPROPRIATE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) FINDINGS AND NEW PRIORITY PRODUCTION AREA (PPA) DESIGNATIONS WITHIN THE CITY OF OAKLAND.

WHEREAS, the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) are preparing Plan Bay Area 2050 (the Plan), a long-range plan charting the course for the future of the nine-county San Francisco Bay Area; and

WHEREAS, the Plan will serve as the Bay Area's Regional Transportation Plan and Sustainable Communities Strategy, outlining strategies for growth and investment through the year 2050; and

**WHEREAS,** ABAG and the MTC are creating a Regional Growth Framework to be used in the Plan; and

**WHEREAS**, this Framework includes locally nominated Priority Production Areas (PPAs) as industrial lands that support the vitality of the region's economy and expand middle-wage job opportunities in industrial sectors; and

**WHEREAS,** jurisdictions with PPAs may have access to future regional funding to support PPAs; and

**WHEREAS,** the PPA designation is intended to encourage middle-wage job growth near housing by supporting regionally-significant industrial clusters in manufacturing, and Production, Distribution and Repair (PDR) services; and

WHEREAS, to qualify for the PPA designation, the proposed area must be zoned for industrial use or have a high concentration of industrial activities, exclude land within ½ mile of a regional rail station, must not overlap with a PDA, and be located within a jurisdiction with a certified housing element; and

**WHEREAS,** the transportation and logistics sector is a large contributor to Oakland's economic growth; and

WHEREAS, the Oakland Seaport and Airport employ thousands of Oakland and Alameda County residents; and

WHEREAS, designating the Oakland Seaport and Airport as PPAs supports the City's economic development strategy by positioning these areas for future planning and investment; and

WHEREAS, the Oakland Seaport and Airport will require funding to adapt to sea level rise; and

WHEREAS, staff anticipates establishing additional PPAs after the General Plan update process, during which the City can engage with a broad range of stakeholders in a comprehensive conversation on industrial-land preservation; and

WHEREAS, none of the PPA designations will have regulatory authority, or affect in any way the existing regulatory or policy structure for land use contained in the City's General Plan, Specific Plans, Planning Code, or similar land use development policies or procedures; and

WHEREAS, the proposal relies on the previously certified Environmental Impact Reports (EIRs) prepared for planning-level policy documents (such as the Land Use and Transportation Element of the General Plan; the Historic Preservation Element of the General Plan; the 2015-2023 Housing Element; various Redevelopment Plans; the West Oakland, Lake Merritt Station Area, Broadway-Valdez, and Central Estuary Specific Plans; and the Plan Bay Area 2040) and, on a separate and independent basis, is also exempt from CEQA pursuant to CEQA Guidelines Sections 15262 (Feasibility and Planning Studies); 15307 (Actions by Regulatory Agencies for Protection of Natural Resources); and/or 15061(b)(3) (general rule); and

WHEREAS, at a duly noticed public hearing on November 20, 2019, the Planning Commission unanimously voted to recommend adoption of PPA designations at the Seaport and Airport; now, therefore, be it

**RESOLVED:** That the recitals contained in this resolution are true and correct and are an integral part of the City Council's decision; and be it

**FURTHER RESOLVED:** That the City Council independently finds and determines that the requirements of CEQA have been satisfied; and be it

**FURTHER RESOLVED:** That the City Council hereby adopts the PPA designations, as mapped in *Exhibit A*, and hereby incorporated by reference, and be it

**FURTHER RESOLVED:** That the City Council hereby directs the City Administrator, or designee, to cause to be filed a Notice of Determination and/or Notice of Exemption with the appropriate agencies; and be it

**FURTHER RESOLVED:** That the custodians and locations of the documents or other materials which constitute the record of proceedings upon which the City Council's decision is based, are respectively: (a) Planning and Building Department – Bureau of Planning, 250 Frank H. Ogawa Plaza, Suite 3315, Oakland, California; and (b) Office of the City Clerk, One Frank H. Ogawa Plaza, 1st Floor, Oakland California.

IN COUNCIL,	OAKLAND,	CALIFORNIA,
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PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND PRESIDENT KAPLAN

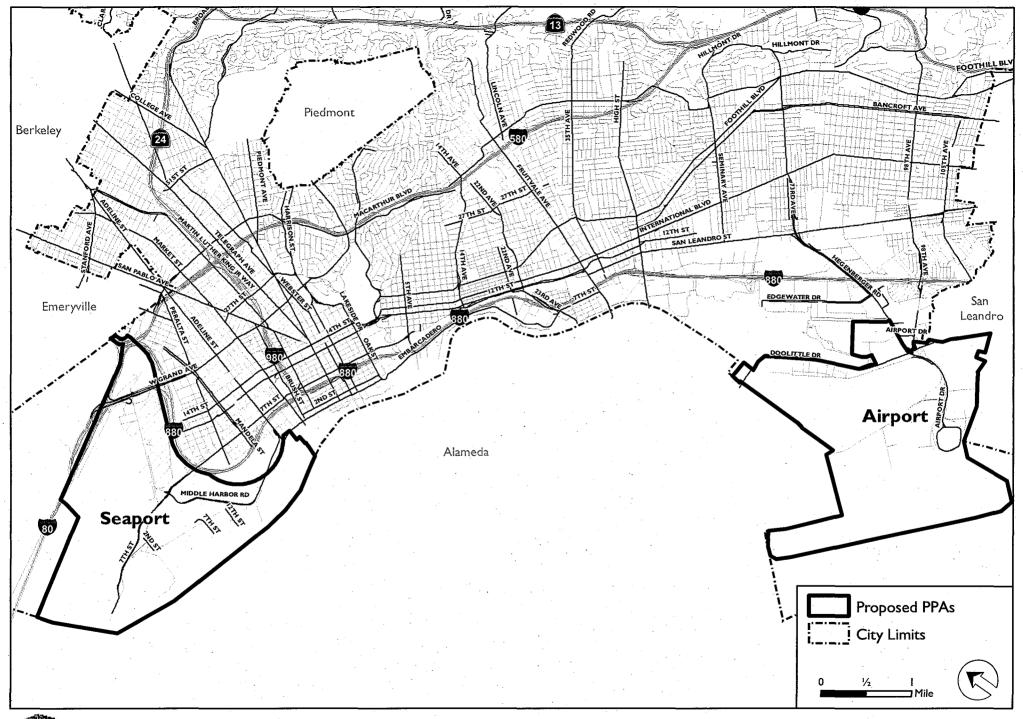
NOES -

ABSENT -

ABSTENTION -

ATTEST:\_\_\_\_\_LATONDA SIMMONS

City Clerk and Clerk of the Council of the City of Oakland, California





October 14, 2019