

## **City of Pittsburg Trust Lands Use Report Amended April 7, 2009**

### **Introduction**

In accordance with existing legislative law, Assembly Bill 2324 (Chapter 275, 2006), all tidelands and submerged lands, whether filled or unfilled, situated within the boundaries of the City of Pittsburg as those boundaries exist on January 1, 2007, have been granted to the City of Pittsburg for public trust purposes for the benefit of all the people of the state. As Trustee, the City of Pittsburg will oversee the Trust Lands for public trust purposes related to the preservation of lands in their natural state for scientific study, open space, wildlife habitat and recreational and visitor-oriented uses; as well as, purposes related to commerce, navigation and fisheries.

In accordance with the legislative bill and in conformity with the public trust, the City of Pittsburg has prepared the following Trust Lands Use Report. Pittsburg's Trust Lands Use Report provides an explanation of the types of uses planned and/or proposed for the granted lands and the associated statewide benefits to be derived from such uses. In addition, the Trust Lands Use Report also outlines Pittsburg's responsibilities related with its role as Trustee and conservator for the granted lands on behalf of the State of California and the State Lands Commission.

The granted trust lands will be used in a manner consistent with the Public Trust and the legislative granting statute.

### **Brief History – Pittsburg's Land Use**

As explained in the City's General Plan, much of Pittsburg's current land use pattern can be traced to its heritage as an industrial center of Contra Costa County. The City's historic downtown and industrial center are near water and real transportation corridors – the Sacramento River and the Burlington Northern & Santa Fe (Union Southern Pacific) railroads. Over time, as the City grew southward, auto-oriented residential subdivisions became dominant and regional streets and highways such as State Route 4 became major transportation routes. The Southern Pacific Railroad is the dividing line between the gridiron street network of older portions of the City and the larger-scale industrial parks, commercial centers and newer residential developments. The relatively small-scale downtown gives way to larger, predominately single-use areas as one moves south through the City.

Pittsburg is known for its industries, including but not limited to: steel, petroleum and biochemical production. Major industries originally located their operations along New York Slough to facilitate shipping. Industrial uses continue to dominate Pittsburg's waterfront to date. Major manufacturing operations such as USS/POSCO and the Dow

Chemical plant are located along the eastern waterfront, while the Pittsburg Municipal Marina dominates the western end.

### **Uses Planned and/or Projected for the Trust Lands**

All granted tidelands and submerged lands along Pittsburg's waterfront are shown on the comprehensive map attached as Exhibit "A", which will be used as a reference tool throughout this report. The uses planned and/or projected for the Trust Lands have been categorized as follows:

- Land Preservation and Open Space Uses
- Recreational / Visitor Oriented Uses
- Management of Existing Residential Development Uses
- Commerce / Economic Development Uses

### **Land Preservation and Open Space Uses**

The granted waterfront lands along Pittsburg's city boundary lines start and end with open space, conserved natural resource and wildlife refuge areas (identified by green boundary lines and labeled "Open Space" on Exhibit "A"). Traveling east along the New York Slough, Pittsburg's city boundary begins at Riverview Park. Riverview Park is approximately 4 acres of open space, with a wide variety of amenities. Riverview Park offers public access to the waterfront in the form of shoreline trails, a floating pier and fishing facilities, picnic areas, and a small playground space for young children to enjoy, as well as, preserved marsh land and a natural wildlife refuge.

Continuing east, the City's waterfront boundary ends at the approximate 471-acre Dow Wetlands. The Dow Wetlands includes 172 acres of tidal wetlands, a 30-acre beaver pond and a diverse range of habitats; including, but not limited to: riparian zones, uplands/grasslands, mudflats, freshwater/brackish tidal marsh, freshwater ponds and open water. The Dow Wetlands preserve is home to more than 130 species of birds, located along the Pacific Flyway migratory route. In addition, the preserves provide a sanctuary for the threatened Black Shouldered Kites and Northern Harrier species; as well as, the endangered Salt Marsh Harvest Mouse, Mason's Lilaopsis and Suisun Aster species.

Dow's 30-member team of employees, retirees and community members routinely improve, enhance and restore the preserve with the following efforts: planting trees, shrubs and wildflowers; monitoring nesting site improvements for migrating birds; constructing and maintaining road improvements, docks, raptor platforms, a viewing platform, Kestrel birdhouses and a recycle water irrigation system, including a windmill that pumps water to native oak trees and a bird forage field that yields crops of sunflowers, barley and corn to attract additional wildlife. All of these projects are continual, ongoing efforts to conserve and enhance the preserve for the wildlife that inhabit the wetlands and to raise public awareness and appreciation about wildlife and environmental stewardship.

Dow has many key partnerships and collaborations within the Eastern Contra Costa County and abroad, that make many valuable programs offered at the Dow Wetlands possible. These programs include the University of California (Berkeley) Environmental Science Teaching Program, the Elementary Environmental Science Workshops, the Lindsay Wildlife Museum Field Trips, the Bi-annual Community Environmental Fairs and a permanent 'green' structure that will house a Center for Science and Environmental Education that is currently being planned on site at the Dow Wetlands, to be fully equipped with laboratory apparatus and classroom materials, to benefit three local school districts, the regional park system and local junior colleges. The public benefit of the wetlands is tremendous. Approximately 2,500 elementary students tour the wetlands each year and approximately 500 attend an environmental workshop each spring. Each year, approximately 300-400 high school students perform community service at the wetlands and approximately 100 college students conduct field experiments. Thousands visit the Dow Wetlands every year to enjoy the natural preserves and wildlife habitat. The preserve is open daily to the general public for passive recreational enjoyment with easy public access and no entry fees required.

In addition to the two open space areas that mark the beginning and end of Pittsburg's city boundaries, Brown's Island Regional Shoreline is an additional open space / regional preserve granted within Pittsburg's Trust Lands. The primary purpose of any regional preserve area is the conservation of natural resources, such as those available on Brown's Island Regional Shoreline. Brown's Island is only accessible by boat, but offers many beautiful views of the preserved natural land and wildlife refuge for migrating shorebirds.

Pittsburg would like to encourage and promote future efforts to make Brown's Island Regional Shoreline more accessible to the general public, creating a greater use of the existing regional open space. Boating excursions for passive recreational uses, including nature walks along the shoreline to enjoy the beautiful Delta views and the existing wildlife in their natural habitat, would be a positive use of the open space. Brown's Island could also serve as a natural resource for wetlands educational programs, similar to those currently available at the Dow Wetlands preserve.

An example of support that Pittsburg may offer to this effort is to provide informational kiosks along the waterfront and downtown areas that would inform visitors of the various resources and programs available at Brown's Island. Additionally, Pittsburg's Municipal Marina could potentially house the location for the island's boating excursions, enabling public access to the preserve. Increasing the accessibility and utilization of the regional open space would be of great value to the region. These efforts would require a considerable collaboration of efforts between the City, East Bay Regional Park District and many other partners. It is important to note that Brown's Island Regional Shoreline is currently leased to the East Bay Regional Park District (EBRPD) and a portion of the island is owned by the Port of Stockton.

In accordance with the Delta Protection Act of 1992, the California Delta Protection Commission (DPC) is required to review and approve all proposed General Plan amendments affecting land within the designated primary zone protected by the Delta Protection Act (DPA). Brown's Island, located along the northeastern shore of Suisun Bay, lies within the DPC's primary zone. As mandated by the DPA, Pittsburg's adopted

General Plan and any future development that may be approved or proposed under the General Plan, must be consistent with DPC's land use and resource management plan and must not result in any of the following actions:

- Wetland or riparian loss;
- Degradation of water quality;
- Increased nonpoint source pollution;
- Degradation or reduction of Pacific Flyway habitat;
- Reduced public access, provided the access does not infringe on private property rights;
- Increased flood hazard for the public;
- Adverse impact to agricultural lands or increase to the potential for vandalism, trespassing, or the creation of public private nuisance on public or private land;
- Degradation or impairment of levee integrity; and
- Adverse impact on navigation.

In addition to Pittsburg's compliance with the Delta Protection Act, Pittsburg's General Plan outlines the City's goals to provide parks that reflect the diversity of Pittsburg's natural setting, including its valuable waterways and topography, preserving natural features in open space areas (even active recreational facilities) including areas of riparian and other wildlife habitat, creeks and drainage ponds. As further detailed within Pittsburg's General Plan, the preservation of natural features in various park facilities and open space areas reflect the setting in which the City has developed and plans to provide a refreshing variety to existing urban landscape.

Pittsburg's General Plan goals also include the creation and maintenance of valuable trails that provide access to regional open spaces, as well as, connections to various neighborhoods within the City. An example of this effort is the creation of the Eight Street Linear Park, which provides a linear greenway throughout one of the City's older neighborhoods near the old downtown area, that connects to other multi-use trails along the waterfront. Connecting neighborhoods to recreational park facilities and open space areas is an important community enrichment focus of the City in its future planning objectives to create a higher quality of life, utilizing the existing, valuable open space acreage and making it more accessible to the local residents.

All of the proposed uses will be greatly enhanced by being able to include the Trust Lands as part of the planned opportunity to open the shoreline for more recreational uses and generally give the public more access to the waterfront. Some proposals being considered are fishing piers and additional small boat access. Discussions have taken place with Los Medanos Community College to operate an Aquatic Educational Center using the Trust Lands for access to the river.

### **Recreational / Visitor Oriented Uses**

The Pittsburg Municipal Marina ("Marina") is one of the City's treasured recreational / visitor oriented uses of waterfront property (identified by blue boundary lines and labeled "Recreational" on Exhibit "A"). As discussed within the City's General Plan, historically

Pittsburg's waterfront was utilized for docking, fishing and canning, and shipping of coal. This portion of the Delta shoreline adjacent to Pittsburg's downtown now consists of a small-craft municipal marina. The Marina is located at the confluence of the Sacramento and San Joaquin Rivers, strategically located to offer boaters easy access to the upper Delta region with its maze of channels and sloughs and to the San Francisco Bay with its diverse aquatic and wetland habitats.

The Marina consists of an approximate 588 berthing slips offered at very competitive rates, a 24-hour public launch ramp free of charge for public use, on-site haul out service available as needed, public fuel docks open seven days a week, seasonal fishing charters and delta cruises, a live bait shop / market and extensive waterfront access for passive recreational use, such as walking, jogging, bicycling, picnicking and fishing. The Marina is easily accessible by public transportation, with many amenities available to the public year round and free of charge.

The City of Pittsburg's Redevelopment Agency recently invested an approximate \$7 million to renovate and improve the Marina. Renovations included significant dredging of the waterway, pole and piling replacements, expansion of existing berthing slips, installation of power pedestals with electricity, telephone and water connections, installation of a new fueling system, construction of new restroom facilities built to current ADA regulations and considerable shore-side improvements including an impressive new promenade. This considerable investment in the renovation of the Marina has increased the public's accessibility to the waterfront and protected the future viability of the Marina and the valuable services made available to the community.

In addition to the City's continued efforts to protect the viability of Marina operations, Pittsburg also continues to strive toward the protection of its waterways. Pittsburg's Marina prides itself on operating the Marina in an environmentally conscious manner. One example of the Marina acting as an environmental steward is its partnership with a local disposal company to assist in the disposal of unwanted vessels. This effort has successfully reduced the number of vessels dumped in our Delta waterways each year, reducing the hazards they create for navigation, water quality and wildlife habitat.

In connection with the Marina's environmentally conscious operations, the Marina has been certified by the Clean Marinas' California Program as a "Clean Marina". Pittsburg received certification as a "Clean Marina" in April 2007 as recognition for its efforts to provide clean facilities to the boating community and protect the State's waterways from pollution. This certification was obtained after a full review and inspection of the Marina by an independent team that determined that day-to-day activities and operations were enhancing the environment and water quality through the use of Best Management Practices (BMP) as set by the Clean Marinas' California Program. Furthermore, the program also verified that the Marina is educating, training and encouraging boaters to protect the environment and water quality through their routine use of the same BMPs. These important efforts have created a cumulative reduction of water pollution that may have otherwise been carried into the State's waterways.

Clearly, Pittsburg values and protects its Marina and corresponding waterway. With one of the oldest downtowns in all of Contra Costa County and one of the few downtowns with shoreline access, Pittsburg understands the importance of tying this downtown to the

Marina waterfront for the best and highest use of the waterfront area for recreational / visitor oriented uses. It is Pittsburg's desire to create a visitor destination and neighborhood marine /commercial center that would attract heavy pedestrian activity, making the Marina and adjacent downtown a true destination point to draw visitors to the area and allow the public at large to come and enjoy the beautiful Delta views, public shoreline access and array of services and amenities available to them.

As discussed in the City's General Plan, the waterfront location and marine recreation opportunities can draw visitors from the region, while downtown's commercial storefronts can provide them with supplies, eating establishments and activities for a day away from home. The City envisions a pedestrian-oriented, mixed-use village atmosphere that has a walk-able layout with many pedestrian amenities and increased public access to the shoreline and views of Browns Island. The envisioned layout would encompass both a focus on visitor attractions, as well as, traditional marine services. It is the opinion of the City that a well-designed marine / commercial style development could capitalize on the provision of public access to the shoreline, creating both the best and highest use of the City's Marina, Delta shoreline and adjacent, historic downtown.

In 2006, the City adopted a Marina Master Plan on Resolution No. 06-10511, which detailed the envisioned improvements discussed within the City's General Plan for the marine / commercial style development include clearing public views of the waterfront and southern hills, increasing pedestrian amenities, strengthening transitions between land uses, increasing landscaping and planting more street trees and providing increased pedestrian connections to and vistas of the Suisun bay / New York Slough waterfront. As further discussed within the City's General Plan, a potential terminus on Harbor Street could provide an unobstructed view of the Delta with a 30-foot wide promenade to the waterfront, which could serve as a public park or square, providing the City with a tremendous opportunity to enhance the visual connection to the waterfront area and maximizing public accessibility to the shoreline. In addition to the widening of pedestrian pathways, improvements would also include way-finding signage, pleasant landscaping and improved street lighting. It is the intention of the City to continue its pursuit of the overall vision of connecting the waterfront / Marina area with its core downtown.

### **Management of Existing Residential Development Uses**

Bay Harbor Park is the only existing residential development truly located along the New York Slough waterfront within Pittsburg's City boundary lines (identified by purple boundary lines and labeled "Residential" on Exhibit "A"). The Bay Harbor Park development was completed in 1983. It consists of well maintained town homes, all located within walking distance to the Pittsburg Municipal Marina. A small portion of these homes line the waterfront that overlooks the Delta shoreline. This section of the shoreline consists of tule burns and rip rap. There is no beach access or pathways along this rugged waters edge, however, the City is aware of a number of private recreational docks that have been constructed by homeowners without permits or lease agreements with California State Lands Commission. The City intends to address this issue with homeowners, who will be required to either obtain proper permits and lease agreements or deconstruct and remove the docks.

The only other residential development with access to Delta waters is Marina Park (also identified by purple boundary lines and labeled “Residential” on Exhibit “A”). The Marina Park development was completed in 1991. This development also consists of well maintained town homes, all located within walking distance to the Pittsburg Municipal Marina. A large portion of these homes line the Pelican Loop Channel that feeds into the immediate Delta waters, however, this channel is not included within the Trust Lands being addressed within this Trust Lands Use Report.

There are no other residential developments that exist within Pittsburg’s city boundary lines that are located along or have access to the Delta waters / shoreline; nor are there any planned or proposed residential developments to be located along the Pittsburg waterfront in the foreseen future. With the exception of the open space / recreational areas previously discussed in this report, the majority of the remaining Pittsburg waterfront within the Trust Lands granted by AB 2324 has been long-term leased by the California State Lands Commission to private owners and operators of waterfront parcels for commercial / industrial use.

### **Commerce / Economic Development Uses**

As discussed earlier in the report, Pittsburg is known for its industrial heritage, which has included the production of biochemicals, steel and petroleum. Many of Pittsburg’s major industries originally located operations along the waterfront to facilitate shipping. The availability of deep-water port facilities and rail spurs are a definite advantage of doing business in Pittsburg still today. Many industrial manufacturers continue to dominate Pittsburg’s waterfront to date, most with long-term leases entered into decades ago with the California State Lands Commission for use of the tidelands and submerged lands located adjacent to their properties.

It is Pittsburg’s intention to maintain the industrial use and character of this historical stretch of the City’s waterfront (identified by red boundary lines and labeled “Commerce / Economic Development” on Exhibit “A”), while encouraging the development of “clean” industries and supporting the modernization of all industrial uses in the area to reduce both air and water pollutant levels; as well as, the reclamation and reuse of contaminated industrial sites. As discussed within the City’s General Plan, the City intends to assume a leadership role in enhancing environmental quality in the City by coordinating the remediation of former industrial and commercial sites and facilitating their redevelopment, acting as both a catalyst and facilitator, particularly where upfront private sector investment is unlikely due to perceived or actual environmental constraints or liabilities.

The Trust Lands are critical to the development of the upland areas of the City. There are currently four major Trust Land Leases along the industrial shoreline. The City believes that attracting and expanding of industrial uses require that access to the Trust Lands be maintained and enhanced. As an example the lease with Tesoro Refinery to ship petroleum coke from their refinery using their pier could be enhanced by upgrading the pier and finding other companies that could share the use of the pier, thus creating additional employment for our citizens. The City is currently in discussions with

companies that have that need. USS/POSCO Industries also has a lease with State Lands for the use of the Trust Lands to conduct their steel business. They have recently partnered with a new manufacturer of steel pipe to share their pier to import steel from Korea. This new steel mill will create 200 new high skilled jobs and use the Trust Lands Lease as a multiplier to create new industry and jobs. The City believes that there are other opportunities to attract new industry by using the Trust Lands for access to the world marketplace.

There are currently three major properties that comprise approximately 2/3rds of the entire industrial waterfront area. The majority of this land is underutilized at this time. There may also be potential contamination and environmental issues that may need to be addressed. It is Pittsburg's desire to work collaboratively with all three of the land owners at a future date to act as both a catalyst and a facilitator to assist in the reclamation, reuse and redevelopment of these valuable waterfront parcels, consistently encouraging and supporting necessary development to benefit the entire region.

Delta Diablo Sanitation's property is the last site on the eastern end of Pittsburg's historic industrial waterfront area, bordering Dow's open space wetlands, where Pittsburg city limits end and Antioch city limits begin. Delta Diablo Sanitation owns approximately 15.5 acres of land along Pittsburg's waterfront and has a long term lease agreement with the California State Lands Commission for the use of the tidelands and submerged lands adjacent to their waterfront property; however, Delta Diablo Sanitation does not operate any facilities from this site. It is Pittsburg's understanding that the only existing use of this site is to provide an environmental storm water outflow source, leaving the majority of the property vacant and unused.

Moving west along the waterfront is Dow Chemical ("Dow"). Dow is a chemical manufacturing facility that has been in operation since the turn of the century and is one of the City's largest employers, employing approximately 500 highly paid, skilled employees. Dow produces several different chemical products from raw materials received by truck and/or rail. Dow's end products are shipped to customers within the United States via truck and/or rail. Dow has a long term lease agreement with the California State Lands Commission for the use of the tidelands and submerged lands adjacent to their waterfront property, as well as, a usable marine terminal dock on site. It is Pittsburg's understanding that Dow's marine terminal is either underutilized or unused entirely at this time. A new company from Canada, K2 Industries, will soon invest over \$100 million dollars to construct a commercial bleach plant and plan to revive and expand Dow's Terminal on the Trust Lands.

Continuing west along the waterfront is USS/POSCO (formerly US Steel) that has also been in operation since the turn of the century and is the City's largest employer, employing approximately 900 highly paid, skilled union employees. The steel mill was originally US Steel, but in 1985 formed a joint venture with POSCO to form USS/POSCO and invested an approximate \$400 million in the facility, making it one of the most modern steel mills in the United States. USS/POSCO is currently in a long term lease agreement with California State Lands Commission for the tidelands and submerged lands and has a very active marine terminal that currently receives approximately 4 to 5 ships per month, primarily from South Korea. Raw steel material is imported from South Korea, processed / manufactured in Pittsburg and the final product

is then shipped out by truck and/or rail to customers within the United States. US Steel owns the approximate 500-acre property and is currently utilizing less than half of the property. (Bordering the USS/POSCO waterfront property is GWF Power, a peaker power plant that sells power to the California power grid and currently holds a lease for the use of tidelands and submerged lands with California State Lands Commission.)

Pittsburg is pleased to report that the City has recently assisted in the recruitment of a major steel manufacturer, United Spiral Pipe, LLC ("USP"), who has made a \$100 million investment in the development of a 340,000 square foot manufacturing facility being built on a portion of the underutilized USS/POSCO site, just adjacent to the USS/POSCO waterfront property. Raw materials will be imported and off loaded from cargo ships at the USS/POSCO dock and USP will manufacture that raw material into the final steel pipe products that will then be transported out by rail from the Pittsburg facility to their final locations. USP is expected to create approximately 200 high paying, union jobs for the community, is projected to produce an approximate \$300 million in annual sales and an estimated \$150,000 in tax increment dollars annually to our Redevelopment Agency. This important industrial development project illustrates the significant benefits the region stands to gain from the continued efforts to transform Pittsburg's historic industrial waterfront from blighted, underutilized, vacant and/or contaminated properties into highest and best potential uses. None of these expansions could take place without use of the Trust Lands that give access to the world market place.

Several large sites along the City's industrial waterfront stretch have high commercial or industrial redevelopment potential, however, a large portion of these sites have been identified as Spills, Leaks, Investigations and Cleanup Sites (SLIC) or as sites that have leaking underground storage tanks (USTs). As proposed in the City's General Plan, Pittsburg could potentially work with the California Environmental Protection Agency's Department of Toxic Substances Control (DTSC) to determine the eligibility of these lands for the Voluntary Cleanup Program (VCP) for the oversight of and signing off on specific remediation activities for voluntary participants. While there are no financial inducements for upfront costs associated with site assessment or remediation from the State, Pittsburg could use tax increment financing and the Polanco Act to undertake the work and facilitate redevelopment. Sites that have been identified as SLICs or USTs include portions of USS/POSCO and Dow Chemical properties.

In addition to the industrial waterfront sites that have been identified as SLICs or USTs, there are other numerous industrial properties along the City's waterfront that significantly contribute to the existing blighted conditions of the area. Numerous properties remain vacant and/or underutilized. Other properties either have current or previous operations that have negatively affected the local air and/or water quality in our community.

One such example is the Tesoro Refining and Marketing Company ("Tesoro"), who operates a marine loading terminal and stevedoring facility along Pittsburg's waterfront that accepted petroleum coke via truck and then loaded that coke onto ocean-going bulk transport ships (property identified and labeled "Tesoro" on Exhibit "A"). The Tesoro facility covers approximately 13 acres and is located along the southern shore of the New York Slough that feeds into the Suisun Bay. Tesoro has held a long-term lease

agreement with State Lands Commission for the use of the tidelands and submerged lands adjacent to their property.

The sole function of Tesoro's Pittsburg facility has been to store and export Tesoro's fluidized petroleum coke, manufactured at the Tesoro plant in Martinez, California. As a result of Tesoro's operations on the Pittsburg property, airborne coke particulates have been deposited periodically on City properties and waters adjacent to the Tesoro facility, including the Marina and nearby business and residential communities, negatively impacting the quality of our air and waterways. The City began working aggressively in collaboration with various regional environmental agencies to find resolution.

A collaborative effort was made between the City, Agency, the California Regional Water Quality Control Board ("CRWQCB"), the Bay Area Air Quality Management District and Baykeeper agencies to protect and preserve the quality of air and water within our communities. In connection with the numerous recommendations and/or requirements of the various environmental agencies, and in consideration of the mutual interests of the City, Agency and Tesoro, a Memorandum of Understanding ("MOU") was created and entered into, to set forth a framework of cooperation to facilitate a cooperative relationship with Tesoro to progress toward the elimination of open storage of petroleum coke and the elimination of future deposits of airborne coke particulates on land and/or water to protect the citizens and the environment. The MOU clearly outlined the numerous obligations of Tesoro and successfully established a specific timeline for the elimination of open storage of petroleum coke at the Pittsburg waterfront facility.

By July 2009, Tesoro will cease operations at the Pittsburg waterfront facility and has already contracted the services of neighboring Koch Carbon (property identified and labeled "Koch Carbon" on Exhibit "A"), a state of the art coke storage facility, that utilizes the Best Available Technology ("BAT") as defined by the Regional Water Quality Control Board of the San Francisco Bay region, to begin storing Tesoro's delayed coke. The City has been working successfully to facilitate the elimination of future airborne coke contaminates from the Tesoro storage facility operations, effectively protecting and preserving the quality of air and water for our communities. It is the intention of the City of Pittsburg to continue to act as the environmental steward in regards to all Trust Lands, as deemed necessary for the protection of the quality of our local air and waterways on behalf of the California State Lands Commission, as well as, our local Pittsburg community.

In addition to Pittsburg's responsibility to protect the environment, Pittsburg has a very important responsibility to protect the economic vitality of the City. Working toward the removal of blight and the achievement of the best and highest use of Pittsburg waterfront properties is paramount to the City in its role as Trustee of the granted waterfront lands. Pittsburg has already begun the important process to remove blighted conditions along the waterfront, beginning with the first industrial property on the western end, located next to the Bay Harbor Park residential development, moving easterly along Pittsburg's waterfront up to the border of GWF's property line. These properties are included in the crucial formation of Pittsburg's Redevelopment Agency's Block 073 UDA to begin the important transformation of the blighted properties that will result in future reduction of both air and water pollutants, the reclamation and reuse of contaminated sites and the utilization of valuable waterfront land at its potentially best and highest use. Critical to

the success of these efforts will be the well planned use of Trust Lands to provide access to the water which makes attracting and expanding industrial uses much more desirable.

In 2006, Pittsburg's Redevelopment Agency ("Agency") held a Public Hearing to form a Unified Development Area ("UDA") to include a number of parcels along the City's historic industrial waterfront. The general location of Block 073 UDA is north of East Third Street, between Harbor Street and Columbia Street, consisting of approximately thirty-eight (38) acres (Block 073 UDA properties are highlighted in yellow on Exhibit "A"). The purpose of this UDA designation is to assist the Agency in the elimination of the existing blighted conditions; including, but not limited to the following:

- Vacant, underutilized lots;
- Incompatible land uses;
- Irregular or inadequately shaped lots; and
- Potential environmentally challenged lots.
- Trust Lands that are currently utilized.

Designation of Block 073 UDA and potential future redevelopment will assist the Agency in achieving the goals of the Agency's Implementation Plan for the Los Medanos Project area 2004-2009; including, but not limited to the following:

- Promote and assist in the development of blighted, underutilized and/or vacant parcels;
- Provide utility and circulation infrastructure improvements throughout the Project Area.
- Improve the quality and mix of uses in the downtown area and encourage business growth, development and investment;
- Create a mixed use downtown plan focusing on attractive visual, economic, social and recreational needs for community revitalization; and
- Attract highly needed services to the downtown area through the development of downtown projects;

As discussed by the Agency in Resolution 06-1138, assembly of the parcels was necessary in order to take advantage of Block 073 UDA's prime location, within walking distance to the Marina, historic downtown and waterfront. Block 073 UDA's has the potential to be redeveloped into a variety of uses. Potential uses may include, but are not limited to the following: marine / commercial and/or port / industrial uses. However, a significant level of remediation will be necessary in the redevelopment of the parcels within Block 073 UDA due to the long-term history of various industrial uses on site. In addition, Tesoro is not expected to cease operations on site until July 2009; therefore, demolition and remediation efforts are not expected to begin on the Tesoro site prior to July 2009. Potential development projects within Block 073 UDA that would include the Tesoro property could not begin development until after July 2009 and after all required Public Hearings, Permitting, Planning Commission and City Council actions have occurred. The Agency's Executive Director / Pittsburg's City Manager has been authorized to pursue development in Block 073 UDA pursuant to the Agency Plan, Implementation Plan and Rules for Business Tenant Preference and Owner Participation in the Redevelopment Project Area.

In efforts to determine the highest and best potential use of Block 073 UDA to stimulate the local economy, while assuring no significant impacts to the City's environmental resources, Pittsburg contracted the professional services of Moffatt & Nichol in 2007 to identify the possible maritime and/or industrial activities that would be economically viable in Pittsburg. Moffatt & Nichol's Waterfront Planning Study ("Study") identified five (5) activities that have potential for economic viability in Pittsburg. These activities are as follows:

- Manufacturing of steel products;
- Auto imports and processing;
- Bio-diesel fuel production or distribution;
- Transfer of Municipal Solid Waste to barges; and
- Delivery of Light Rail Vehicles by barge.

The Study explains that the viability of bio-diesel production/distribution depends on implementation of recent regulations on carbon dioxide emissions and the shipment of Municipal Solid Waste or Light Rail Vehicles by barge are activities that have less potential and ultimately will depend upon the interest of relevant stakeholders. It is the manufacturing of steel products and the importation of automobiles that appear to have the greatest potential for viable port activity in Pittsburg. As the Study illustrates, in addition to the deep water access, the industrial waterfront area also has valuable access to BNSF (Union Southern Pacific) railroads and as much as 200 acres of unused or underutilized land for industrial activity. All of these potential uses require well planned and thoughtful use of Trust Lands.

While USS/POSCO does own a considerable portion of land along the industrial waterfront, there are several other major land owners. In addition to the steel mill, there are also two petcoke terminals, two power plants and a variety of other commercial / industrial operations. As discussed earlier in this report, it is Pittsburg's intention to work collaboratively with land owners toward the elimination of the existing blighted conditions and the advancement of industrial activities to stimulate the local economy.

Pittsburg has been exploring many potential port activities locally and abroad in collaboration with major land owners and potential investors. Several expeditions have been made overseas to China, Japan and Korea from 2006 to date. Pittsburg continues to explore and discover many potential industrial/commercial activities and operations for viable port activities in the continued pursuit of job creation, revenue generation and economic stability for the region.

Pittsburg's focus on job creation, revenue generation and economic stability stems from the severe 'jobs to housing' imbalance in Pittsburg and the entire eastern Contra Costa County. As explained in the City's General Plan, the ideal 'jobs to housing' ratio is 1.0. Pittsburg's ratio of .74 is a clear indicator that a large number of residents work outside of the City, which explains our considerable issues with traffic congestion and economic leakage. Pittsburg, as well as other East County cities, serve merely as bedroom communities and lack vital employment centers for its residents. As stated in the City's General Plan, the primary focus of Pittsburg's Economic Development Strategy will be to

improve the City's ability to carve out more than its share of the new jobs expected and rebalance the 'jobs to housing' ratio. The importance of Pittsburg's evolution beyond a bedroom community cannot be overstated and provides an important understanding of Pittsburg's pursuit of the best and highest use and redevelopment of its valuable industrial waterfront. This is truly the greatest opportunity for job creation for the residents and economic vitality for the City.

### **AB 2324 REQUIREMENTS – OUTLINED**

In accordance with AB2325, the pages that follow include an outline of the following: Goals; Implementation Schedule; Community/Statewide Benefit; and Methods of Financing.

### **SUMMARY OF LEASES**

Attached as a reference to this Trust Lands Use Report is the "Summary of Leases Transferred to the City of Pittsburg Pursuant to Chapter 275, Statutes of 2006" (Exhibit "B"). All revenues from the following four (4) existing lease agreements between California State Lands Commission and the respective Lessees will continue to be paid directly to California State Lands Commission, as agreed: 1) USS/POSCO Industries; 2) Tesoro Refining and Marketing Company; 3) Dow Chemical Company; and 4) Isle Capital Corporation. All other future revenues from lease agreements for Trust Lands will be properly accounted for by the City of Pittsburg's Finance Department in accordance with AB 2324.

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*\*Numerous excerpts from the City's General Plan were cited throughout this report.*

