

# EAST OAKLAND STADIUM ALLIANCE

September 30, 2019

Director Kate Gordon  
Office of Planning and Research  
1400 10<sup>th</sup> Street  
Sacramento, CA 95814

RE: Oakland A's AB 734 Application (ID# 20190827), Supplemental Application "Exhibit K – Employment Projections for Oakland Waterfront Ballpark District Project at Howard Terminal"

Director Gordon,

This letter is submitted on behalf of the *East Oakland Stadium Alliance*, a coalition of Oakland community leaders, businesses and labor organizations which favor the reconstruction of a stadium for the Oakland A's at the team's current location in East Oakland and oppose the location of a new stadium at Howard Terminal in West Oakland. (<https://www.eastoaklandstadiumalliance.com>)

We specifically submit these comments to rebut and refute the Oakland A's claimed "employment projections" in their AB 734 Application, Supplemental Application, and Supplemental Exhibit K.

The Governor can certify a project for environmental review streamlining under AB 734 only if findings regarding specific metrics and conditions can be made. The first condition required is that the project must increase employment through the creation of high-wage and skilled jobs (§21168.6.7 (d)(1)):

The project creates high-wage, highly skilled jobs that pay prevailing wages and living wages, provides construction jobs and permanent jobs for Californians, and helps reduce unemployment.

It is the obligation of the Oakland A's to provide the Governor with the evidence necessary to make findings that this project will create jobs and reduce unemployment.

**It is obvious that under both the original Application and Supplemental Application the Oakland A's have failed to provide any meaningful evidence upon which these findings could be based:**

- The A's initial Application ignored all of the requirements of section (d)(1) except to say that it agreed to pay construction workers prevailing wages. (App., pg. 11)<sup>1</sup> The A's Application did not provide any evidence of how it would create high-wage or highly skilled jobs, how many construction or permanent jobs it would create, or how the project would reduce unemployment. The Application entirely omits any conversation or evidence to support any of these points that it needed to address.

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<sup>1</sup> However, even this proposed compliance metric is incomplete, as the A's Application refers to an "Exhibit F" but no Exhibit F exists online or is made available to the public. This omission is not corrected by the Oakland A's in their Supplemental Application.

- The A's Supplemental Application barely addresses this question, (Sup. App., pg. 8) and defers to the "A's Jobs Letter" (Sup. Exhibit K) as its only evidence. On further inspection, this Letter also provides virtually no evidence of any permanent non-construction jobs.

The A's Letter creates a table which includes numbers for jobs claimed. However, with no citations to any literature upon which the A's relied for an assumption, no basis of these numbers in any economic development methodology, and no references to any site- or project-specific studies which were conducted on behalf of the A's, this is not evidence. There is no specific citation or study for construction jobs either, although there is a reference to a projection from a contractor, but none of those projections are included with the Letter or anywhere in the Application either.

The Letter contains no indication of how anyone is to conclude whether the jobs created are "high wage" or "highly-skilled" from these employment projections.

The Letter includes no evaluation of how this would "help reduce unemployment." Unemployment is a concept which requires evaluation of relative outcomes, but the Letter does not evaluate employment or unemployment in comparison to any other outcomes. The Letter does not evaluate the project versus a no-project alternative, which is especially important given the fact that over 80% of all of its employment claims are tied to taking credit for officeworker jobs that would presumably simply happen in some other office building had these not been created. (see below) The no-project alternative would also confirm that there is no improvement in unemployment with the Stadium itself - because the project does not create new baseball-related jobs, it just moves them out of East Oakland.

The Letter certainly does not evaluate employment or unemployment with respect to the project's real potential negative impacts on the thousands of jobs related to Seaport operations that it could potentially disrupt.

In short, aside from one table in a letter written by the A's themselves, the Oakland A's have provided virtually no evidence to support the required jobs and employment outcomes required by AB 734.

### **The A's Jobs Letter Inappropriately Claims Credit for Over 6,000 Office Jobs Which the A's Are Not Creating**

The lack of inclusion of a methodology, facts, or details of the A's claimed jobs number is significant in large measure because their claim of creating 6,667 jobs is obviously wrong. Clearly, the A's Application is attempting to take credit for job creation in the office spaces of their project that are the result of the operations of tenants.<sup>2</sup> These are jobs that will be created or exist independently of which office buildings wherein these businesses decide to operate, and no one should conclude that these businesses and jobs would not exist but for the creation of these office spaces by the Oakland A's.

To the contrary, once constructed, the A's are merely the landlords of these office buildings, and therefore, the only actual permanent jobs that the A's can take credit for creating are those related to the management and maintenance of those office spaces. Assuming that the Oakland A's management of their proposed 1.5 million square feet of office space is about as intense as their management of 3.0 million square feet of residential space, that would yield an additional 94 jobs, not 6,667. Given this reduction the A's claim of a net increase of 7,748 jobs created should be reduced by 6,573, yielding a new

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<sup>2</sup> We presume that the A's employed a simple methodology to achieve this number of starting with 1.5 million square feet, dividing that by an estimated ratio of 225 square feet per employee and thus winding up with 6,667

net job creation of only 1,175. As such, the A's letter represents a significant inflation of their claimed jobs by approximately 700%.

This question of development displacement is significant for AB 734 analysis with respect to employment. One must evaluate the question of whether or not the A's project can take credit for the creation of the jobs, not whether or not the actual creators of these jobs have chosen to lease property for their employees at this location. The A's Jobs Letter fails to recognize this and conflates the running of a for-lease commercial real estate entity (leasing, management, maintenance for the buildings) with the creation of the jobs performed by the office workers inside the buildings themselves.

As noted by the Study (see below), to be additive the Oakland A's must demonstrate that this development truly CREATES these jobs in these office buildings, instead of just providing new space in which these office workers are completing their tasks. Again, it is impossible to tell from the A's Jobs Letter, because it includes no details, no methodologies, and no citations for its numbers. (see above)

This must be corrected prior to any findings are made in order to meet the high thresholds set by AB 734 regarding the creation of jobs and reduced unemployment.

**In contrast to the lack of evidence submitted by the Oakland A's in support of its alleged job figures, the East Oakland Stadium Alliance has recently commissioned an Economic Impact Study to examine the risks posed by the Oakland A's project. This Study, entitled "Impacts of the A's Howard Terminal Stadium on the Port of Oakland Operations and Economics Final Report" (attached)<sup>3</sup> concludes that the A's project poses conflicts with industrial uses which "cumulatively represent a threat to the long-term competitiveness and viability of the Oakland Seaport." (pg. 19)**

The Economic Impact Study concludes that the Oakland A's project puts at risk some of the existing 27,000 jobs directly and indirectly linked to the Port of Oakland and some of the 500,000 jobs statewide related to the Port's operations.

This conclusion is directly relevant to the findings required under AB 734. Under a comprehensive analysis of unemployment and high-wage job creation outcomes, key components of findings for paragraph (d)(1) raise this simple conclusion: if the Oakland A's project results in direct and downstream job losses in the logistics sector in excess of those created by the stadium, then there is an increase in unemployment. This is not an unlikely scenario given the immense scope and scale of the economic benefits of the seaport to hundreds of thousands of California workers, and how these eclipse even the most rosy of estimated potential, local economic benefits of the A's project.

As highlighted by the Study:

- "cargo moving via the Seaport supports almost 500,000 related jobs throughout the state of California, with the total economic value related to the Seaport measured at \$60.3 billion." (pg 2)
- "11,400 people are employed directly as a result of activity at the Oakland Seaport. These employees received about \$641 million in wages in 2017, with annual salaries averaging about \$56,275. Another approximately 16,300 jobs (indirect and induced) are supported by the activity at the Seaport resulting in an additional \$333 million in wages and \$1.5 billion of re-spending and local consumption." (pg 2)

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<sup>3</sup> We apologize for the late submission of this Study and comments, however this updated and revised version was only just made Final on September 12, 2019.

- “the marine terminal is being used for maritime services, including for chassis, container, equipment, and truck staging, transloading and devanning loads, and allowing shorter truck trips to load and unload vessels. ... This capacity is very helpful to the efficiency of the Port, enhancing off-peak travel, and diminishing truck traffic, congestion, and emissions in surrounding neighborhoods.” (pg 3)
- “Moreover, Howard Terminal may be needed for future growth of maritime activities and it is one of a very limited number of deep-water marine terminal sites in the Bay Area, making it difficult if not impossible to replace.” (pg 3)
- “The proposed project presents numerous conflicts with maritime industrial uses at the Oakland Seaport. Collectively, these conflicts could undermine the competitiveness of the Seaport, and threaten its long-term viability as an operating container port.” (pg 4)

The Study notes that the threat of the A’s stadium undermining competitiveness is in a larger market context for future intermodal cargo growth. While the Port of Oakland has been growing its throughput and revenues over the last several years, it has nonetheless “lost market share to other ports” and, as a result, “[s]ince 2010, the Port of Oakland has slipped from being the fifth busiest port to eight, falling behind the Port of Virginia and the Port of Houston.” (pg 9)

The Study quotes a recent report by the Port of Oakland, released earlier this year, that lays out the strategy for how the Port can grow its volumes and retain its market share (pg. 11):

“As noted in the Martin report, ‘For the Port’s marine terminals to continue to increase its economic contribution to the Bay Area economy as well as the state, it is important for the Port to grow its ocean carrier service, and to work to expand its cargo throughput and associated maritime activity. In order for the Port of Oakland Seaport to grow its business, it is critical that the Port continually invest in and/or encourage terminal upgrades in order to accommodate container volume growth. Along with the expansion of marine terminals, it is equally necessary to enhance and improve the efficiency of intermodal facilities and rail connections in order to increase the Port’s intermodal share of West Coast container traffic and stimulate distribution center development near the Port’s marine terminals.’”

The Study identifies that the Oakland A’s project moves the Seaport in the opposite direction of the Port’s own recommendations for how to sustain economic growth. The A’s project removes marine terminal assets that could accommodate future container volume growth. The A’s project poses threats to the efficiency of existing intermodal and rail services. And, the A’s project stymies development of distribution centers and other intermodal support infrastructure near the Port itself.

The only conclusion to draw from the evidence and existing reports is that the Oakland A’s project will exacerbate the competitiveness pressures that already face the Port of Oakland.

The Port is an economic engine that finds itself in a delicate balance. With an economic reach to over 500,000 Californians’ jobs, if the Port’s volumes are off by only 1% as a result of the disruptions caused by the A’s project, that has the potential of disrupting up to 5,000 jobs downstream.

Such a potential job disruption would more than offset any positive job gains estimated by the creation of the A’s project. This is especially true given the A’s over-evaluation of their jobs impacts, which attributed over 80% of their claimed jobs to the development of commercial office space, as discussed above, on a basis that is clearly wrong.

As noted by the Study, in evaluation of project estimated economic impacts, any such number is truly speculative and “significantly overstates the potential economic benefits of the Howard Terminal development” because it is an analysis which is “failing to distinguish what development would be truly additive as compared to displacing development that could occur elsewhere in Oakland.” (pg. 16)

In conclusion, given the myriad issues with the jobs number proffered by the Oakland A’s in their original Application and their Supplemental Application, there is no evidentiary basis for any of the exaggerated claims by the A’s or for the findings regarding Job Creation to be made by the Governor as required by AB 734.

We appreciate your consideration of these comments. Please feel free to contact any of our member organizations with any questions or to contact our economic consultants for follow-up on the Study.

Sincerely,

***East Oakland Stadium Alliance***

enclosure