

NUMMI Plant Closure Impacts & Plans

- ❖ \$3.5 billion investment in the plant.
- ❖ \$512 million annual payroll and benefits.
- ❖ \$1 million in community investment.
- ❖ \$65,000 in wages for a typical production line worker.
- ❖ One of largest importer through the Port of Oakland.
- ❖ 4,700 permanent very well paid workers (Manufacturing Payroll Jobs) will be lost
 - 5.2% of East Bay’s 89,900 manufacturing jobs
 - 2,600 workers are East Bay Employees
- ❖ 24,598 people in the Bay Area will lose their jobs (based on a Direct Employment Multiplier of automobile and light truck manufacturing in the East Bay of 5.2358)
- ❖ 13,216 jobs lost in the East Bay, using the same the Direct Employment Multiplier
 - 13,216 = 1.1% percentage of the East Bay’s total employment
- ❖ 5.5 million square foot manufacturing facility is equal to about one-half of Fremont’s industrial space and it is designed for one company’s operation’s, so trying to split it up into multiple users/uses will be not work very well and will be expensive to modify.

Based on a the RIMSII multiplier for 336110 Automobile and light truck manufacturing for the East Bay of 5.2358 for Direct Effect Jobs, the Direct Employment impact of the NUMMI job loss will be 24.598 Bay Area and 13,216 jobs in the East Bay (see below table)

INDUSTRY	Multiplier					
	Final Demand				Direct Effect	
	Output/ 1/ (dollars)	Earnings/ 2/ (dollars)	Employment/ 3/ (jobs)	Value- added/4/ (dollars)	Earnings/ 5/ (dollars)	Employment/ 6/ (jobs)
336110 Automobile and light truck manufacturing	1.5802	0.2028	4.0026	0.4854	2.8496	5.2358

Region Definition: Alameda, CA; Contra Costa, CA

*Includes Government enterprises.

1. Each entry in column 1 represents the total dollar change in output that occurs in all industries for

each additional dollar of output delivered to final demand by the industry corresponding to the entry.

2. Each entry in column 2 represents the total dollar change in earnings of households employed by all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
3. Each entry in column 3 represents the total change in number of jobs that occurs in all industries for each additional 1 million dollars of output delivered to final demand by the industry corresponding to the entry. Because the employment multipliers are based on 2006 data, the output delivered to final demand should be in 2006 dollars.
4. Each entry in column 4 represents the total dollar change in value added that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
5. Each entry in column 5 represents the total dollar change in earnings of households employed by all industries for each additional dollar of earnings paid directly to households employed by the industry corresponding to the entry.
6. Each entry in column 6 represents the total change in number of jobs in all industries for each additional job in the industry corresponding to the entry.

SOURCE.--Regional Input-Output Modeling System (RIMS II), Regional Product Division, Bureau of Economic Analysis.

The City of Fremont staff is pursuing a \$385,000 Planning and Technical Assistance grant application with the U.S. Economic Development Administration (EDA) to help complete a series of studies that will support reuse and revitalization of the NUMMI site to provide economic benefit for the community.

The New United Motors Manufacturing Incorporated (NUMMI) automotive manufacturing plant was created in 1984 when General Motors entered into a partnership with Toyota. This partnership produced automobiles at an auto manufacturing site formerly operated by General Motors in the 1960s and which was vacant for a decade prior to the creation of NUMMI. Upon General Motors's bankruptcy announcement in summer 2009, NUMMI began considering closing the plant. City officials partnered with regional, state and national officials to form a "Red Team" to seek opportunities to continue NUMMI's manufacturing operations at the site. City, regional, State and national officials contacted Toyota Motor Corporation directly in the hope of continuing operations at the site; however, Toyota announced on August 27, 2009 that it will close the plant, effective April 1, 2010.

The 370-acre NUMMI plant is a major employer for Fremont and the State. The closure of the plant will result in 4,700 lost jobs at the plant, and will impact more than 300 (135 in the East Bay) California companies that supply parts or services to the only automotive manufacturing plant on the West Coast. When manufacturing is discontinued at the plant, it will double the vacant industrial space available in Fremont. The facility has contributed to the employment of more than 20,000 throughout the State. Also noted is that the site occupies a key location regionally, being supported currently by Interstate 880 and commercial rail lines, as well as being adjacent to the Warm Springs BART Station, slated to open in 2014. For all of these reasons, the potential reuse and revitalization of the NUMMI site represents a significant challenge and opportunity for the community. Pursuit of the EDA grant will help the City identify the range of opportunities and action items necessary to support reuse and revitalization of existing NUMMI facilities, and help to create new jobs.

2. EDA Grant Program: The EDA assists state and local governments achieve higher economic potential. One of the ways they do this is by issuing grants to qualified applicants to help fulfill regional economic development strategies designed to accelerate regional economic competitiveness; create

higher-skill, living wage jobs; generate private investment; and stimulate new commercial and industrial growth.

The EDA focuses on providing support to economically distressed areas. This includes areas experiencing high unemployment rates, as well as areas that have suffered a severe and sudden economic impact, including military base and large facility (employer) closures. The pending closure of the NUMMI facility, and resultant loss of 4,700 jobs, is a qualifying event for EDA grant support, as is the City's interest in rapidly pursuing reuse and revitalization of the NUMMI facility site and creation of new jobs.

The City seeks to file a Planning and Technical Assistance Grant that will allow completion of a series of studies to help guide reuse and revitalization of the NUMMI site; these intended studies are outlined below under item 3. The grant process requires formal filing of a complete application to the regional EDA office, review by staff and a grants' committee, leading to a formal EDA grant award determination. Staff expects the decision on award of the grant to occur within a month after filing, and availability of funds a few weeks later.

3. Proposed NUMMI Studies: The proposed use of EDA funds would support four main study components:

- 1) Economic and Market Analysis Strategic Plan;
- 2) Land Use Alternatives Study;
- 3) Infrastructure and Cost Analysis; and
- 4) Financial Assessment

Ultimately, an Environmental Impact Report (EIR) will be prepared for the project components being pursued by the City, which could include a Specific Plan for the project area.

Scope of Work: The following scope of work would be presented to EDA as part of the City's grant application.

Component 1: Economic and Market Analysis Strategic Plan

This component would create a Strategic Plan which identifies reuse opportunities and potential new uses of this world class, well-situated property, with an emphasis on new and sustainable sources of revenue and employment generation, including new retail, commercial, manufacturing, research and development, hospitality, and entertainment opportunities for years to come.

The Strategic Plan will update and enhance the City's market information, and use it to develop an economic revitalization strategy for the site that reasonably reflects the local and regional market conditions over the next ten years. It will also include a summary assessment of the longer-term market potential and positioning of the area (up to 30 years), including an assessment of potential development phasing, pricing and absorption (demand). This analysis will be based in part on preliminary analysis of constraints and opportunities of the NUMMI facilities and associated lands. Because of the very large size of the NUMMI facilities (approximately 5.5 million square feet), the Strategic Plan will assess if there are viable market options for immediate reuse of the facility, as well as addressing the actions that would be necessary for the facilities to be reused by multiple tenants. The Plan will identify the extent and expected costs of needed demolition and/or remodeling of NUMMI facilities to support reuse and to capture viable market opportunities.

Component 2: Land Use Alternatives Study

As information is developed from Component 1 (Economic and Market Analysis Strategic Plan), land use development alternatives will be developed for consideration by NUMMI, the public and City Council. The Council and public will help guide the framework for the land use alternatives based on provision of

any initial feedback through a Council workshop or similar public forum, and again as the City ultimately moves toward selection of a preferred land use alternative. The land use alternatives will also reflect the City's stated goal for a higher intensity development (TOD) in proximity to the future Warm Springs BART Station, as well as the City's broader goals of retaining the City's industrial base; creating a commercial-dominated area; and developing a new mixed-use neighborhood. The precise land use scenarios to be studied are still to be determined (requiring Council and community input), but can be expected to include the following:

- 1) *Minimal land use changes*, including retention of most of the study area as industrial (including the NUMMI site), with smaller amounts of TOD around the Warm Springs BART Station;
- 2) *Moderate land use changes* that anticipate retention of the NUMMI site primarily for industrial uses, but with a mixed land-use scenario on surrounding lands; and
- 3) *Significant land use changes* at the NUMMI site and surrounding lands. This alternative would likely include a major league baseball ballpark on the vacant lands at the northern edge of the NUMMI site, combined with mixed-use and higher-intensity land uses on the remainder of the NUMMI site and surrounding study area lands in support of an aggressive TOD approach. These areas cannot and should not be "planned" in isolation. Consequently, the study would cover an area larger and more comprehensive than just the NUMMI site. The study area 1 totals over 450 acres that generally represents the TOD Warm Springs BART Station area and the 370-acre NUMMI site.

Component 3: Infrastructure and Cost Analysis

With identification of land use alternatives, the likely infrastructure and phasing plan of each alternative will be evaluated, along with the physical opportunities and challenges associated with each alternative. This analysis would identify specific infrastructure needs and, the phasing of key infrastructure components, as well as cost estimates for developing the infrastructure framework for each alternative. Many of the studies will include technical components that can provide information and technical data that can be used in the EIR. In all instances, the studies would utilize existing data sources and recent technical studies applicable to the project area.

Component 4: Financial Feasibility Study

This fourth component is envisioned to run concurrent with the Infrastructure and Cost Analysis under Component 3. It will focus on the financial feasibility of the land uses for each of the land use alternatives under consideration, and will include a residual land use analysis to identify potential land values based on product type.

Subsequent Actions: Based on the findings from this analysis and the other study components, a summary matrix table will be prepared that summarizes the proposed mix and intensity of land uses, infrastructure needs and costs, phasing, absorption and pricing for each recommended land use alternative. At the conclusion of Components 1-4, it is envisioned that the Council would provide general guidance for land use types and intensities to be incorporated in a draft community Specific Plan. The EIR will be prepared in accordance with the legal requirements of the California Environmental Quality Act (CEQA). The EIR will include many of the studies and technical information from Components 1-4, above. The EDA grant would fund Components 1-4, above; the EIR would not be part of the EDA grant application.

Schedule: Staff will pursue the EDA grant and its related studies on an expedited schedule. Staff anticipates selection of consultants to prepare the studies within weeks of EDA grant award, and completion of the studies within approximately eight months of issuance of notice to proceed to selected consultants. Staff also anticipates holding at least one community workshop with Council during the

initial phases of the studies to solicit input, particularly as it relates to land use and the range of alternatives that should be considered for the NUMMI site.

FISCAL IMPACT: The City will seek up to \$385,000 in EDA grant funds to complete the four studies. Participation in the EDA grant application requires a 20 percent commitment of City funds. The 20 percent match would be provided through staff time (primarily expected to involve staff from the City Manager's Office and Economic Development Department), so no additional commitment of City funds will be necessary. If the grant application is successful, the City will experience positive economic benefits over time through creation of new jobs and reuse/revitalization of the NUMMI site.

ENVIRONMENTAL REVIEW: The EDA grant application is not a "project" as that term is defined under the terms of the California Environmental Quality Act (CEQA) in Title 14, California Code of Regulations, Section 15378. Therefore, no CEQA determination is required.