

Cities reap rewards of teamwork

• Companies' moves indicate vow to cooperate is helping employment picture in East County

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A group of fast-growing East Bay cities is finding out that cooperation can pay off.

One year ago, at an annual economic conference in Antioch, several cities in eastern Contra Costa vowed to work together to spark and nurture growth for the region. Friday, a year after making that grand promise, city officials who appeared at the same annual East County Economic Summit provided some indications that maybe Antioch, Bay Point, Brentwood, Oakley and Pittsburg can work together.

"As long as we can keep the jobs in East County and as long as we can bring the jobs to East County, that is a positive for the area," said Brad Nail, Pittsburg's economic development director.

The evidence, according to city officials? Markstein Beverage Co. has agreed to move from Pittsburg to Antioch by 2008. And Angelica Corp., which rents and cleans bed linens, towels, patient gowns, surgical scrubs, surgical linens and surgical packs, has decided to open a large operation in Pittsburg.

Markstein, which distributes beverages, was running out of room in Pittsburg but found more wide open spaces in Antioch, city officials said.

Without the cooperation, it was possible that Markstein might have exited East County altogether.

"They were looking in Stockton and looking in Livermore," said Guy Bjerke, economic development director for Antioch.

Markstein now has about 120 workers, including numerous truck drivers, in Pittsburg, the company said. The new Antioch site will involve a significant expansion, said Bill Hillis, a broker with Colliers International.

Markstein occupies about 45,000 square feet in Pittsburg. The beverage distributor has agreed to occupy more than 100,000 square feet in Antioch, Hillis said. This also means the company is likely to hire additional workers once it relocates.

"This is a long-term play for Markstein," Bjerke said.

The move by Markstein into the East 18th Street development area could foster further economic activity in that section of Antioch.

"This creates a there there," Hillis said. "Activity breeds more activity. This is the first acreage in that area that has been sold to a user. This is the last major business park parcel in Antioch, and this kicks off that

project. It's always tough to get the first guy in a project."

The move by Angelica is expected to bring about 400 jobs into Pittsburg, Nail estimated. The linen and clothing services firm is planning to consolidate some existing operations in Stockton, Manteca and possibly other sites into the new Pittsburg site. Angelica has about 170 jobs in East County already, Nail said.

"We're very excited about this," Nail said. "These will be high-paying jobs."

The 130 attendees at the annual economics conference also heard from several industry professionals about the housing meltdown's effects on the East Bay and eastern Contra Costa.

Home prices, which have already begun to slump throughout California, are headed for a protracted downturn, warned Christopher Thornberg, a principal economist with Beacon Economics.

"Houses are 30 percent over-priced, maybe 35 percent over-priced," Thornberg told the conference. "This is the worst real estate bubble we have seen."

Thornberg predicted that home values in the Bay Area, especially in hard-hit regions such as the East Bay, won't recover until 2011 or 2012.

It's also possible that the slowdown in residential construction, sales and financing could jolt other parts of the economy, said Ed Del Beccaro, senior managing partner with the Walnut Creek office of Colliers International. That's because many homeowners have tapped the equity in their residence so they could use their house as a mega credit card.

"As residential gets worse, retail will be affected," Del Beccaro said. "If you don't buy a new car or large-screen TV set, that will affect a retailer."

Still, the broadly diverse economy in the East Bay, which does not depend too heavily on boom or bust industries such as high-tech and the Internet, could keep a downturn relatively short, said Michael Billeci, Wells Fargo Bank's regional president in charge of East Bay and South Bay banking operations.

"We are in good position in East County to weather the storm," Billeci said.

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