Agenda Date: 09/08/2015
Agenda Item: 5.2

CITY of OAKLEY
CALIFORNIA
A PLACE for FAMILIES in the HEART of the DELTA

STAFF REPORT

Approved and Forwarded to City Council:
Bryan H. Montgomery, City Manager

Date: Tuesday, September 8, 2015

To: Bryan H. Montgomery, City Manager

From: Joshua McMurray, Planning Manager

Subject: **Downtown Oakley Priority Development Area (PDA) Preferred Plan**

Background and Summary

Through the Contra Costa Transit Authority (Authority), the City applied for and was awarded a $100,000 grant to conduct a Downtown Priority Development Area (PDA) Study. The lead project team assigned to work on the project was Perkins and Will. Along with Perkins and Will, they brought in several highly qualified sub consultants to the team: Fehr and Peers Transportation Planning and EPS Economic and Planning Systems. Through a series of meeting with Staff, the Downtown Sub-Committee, and a City Council Work Session, the Downtown PDA Preferred Plan has been prepared.

The plan includes the following six components: Introduction, Design Alternatives, Evaluation Process, Preferred Plan, Transportation, and a Market Analysis. The plan provides the City with vital information relevant to the benefits a potential San Joaquin Joint Powers Authority (JPA) Station and a Tri Delta Transit park and ride lot would bring to the Downtown PDA in terms of economic expansion including new retail/commercial uses as well as job creation. The plan also includes detailed mapping of potential project sites and Transit Orientated Development (TOD) opportunity areas. This collaborative effort has resulted in a plan that can be used to implement as funding sources become available. City Staff plans to present this study to the San Joaquin JPA Board within the next month.

The project team will present the Downtown PDA Preferred Plan for the City Council at this meeting.

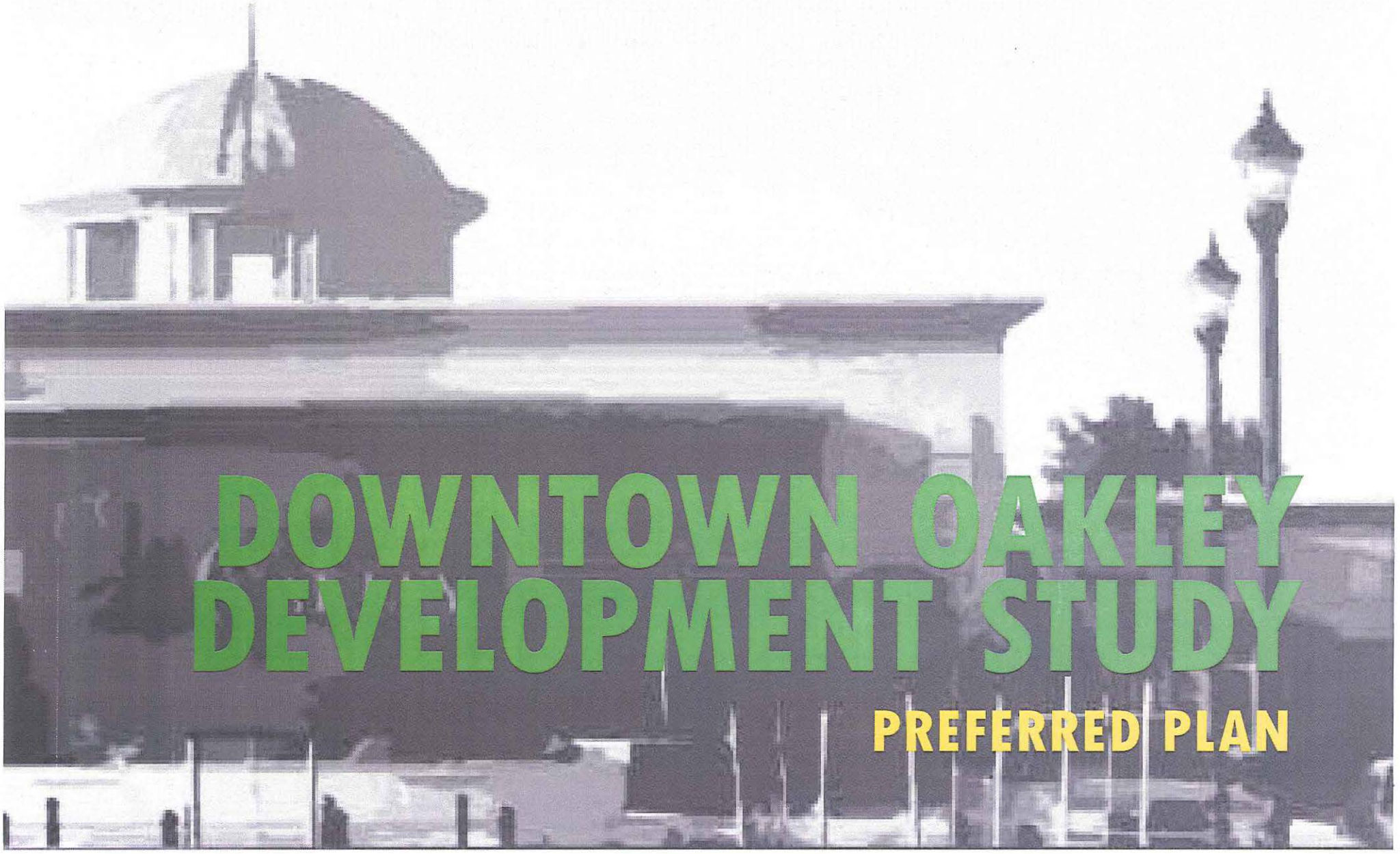
Recommendation

Staff recommends that the City Council of the City of Oakley receive the Staff report and presentation and accept the Downtown Oakley Priority Development Area Preferred Plan as prepared.

Attachments

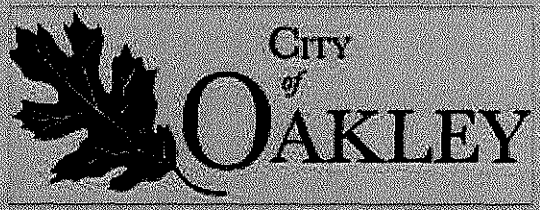
1. Downtown PDA Preferred Plan

14 August 2015



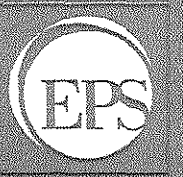
DOWNTOWN OAKLEY DEVELOPMENT STUDY

PREFERRED PLAN



PERKINS+WILL

FEHR & PEERS



PREFERRED PLAN

01 INTRODUCTION

02 DESIGN ALTERNATIVES

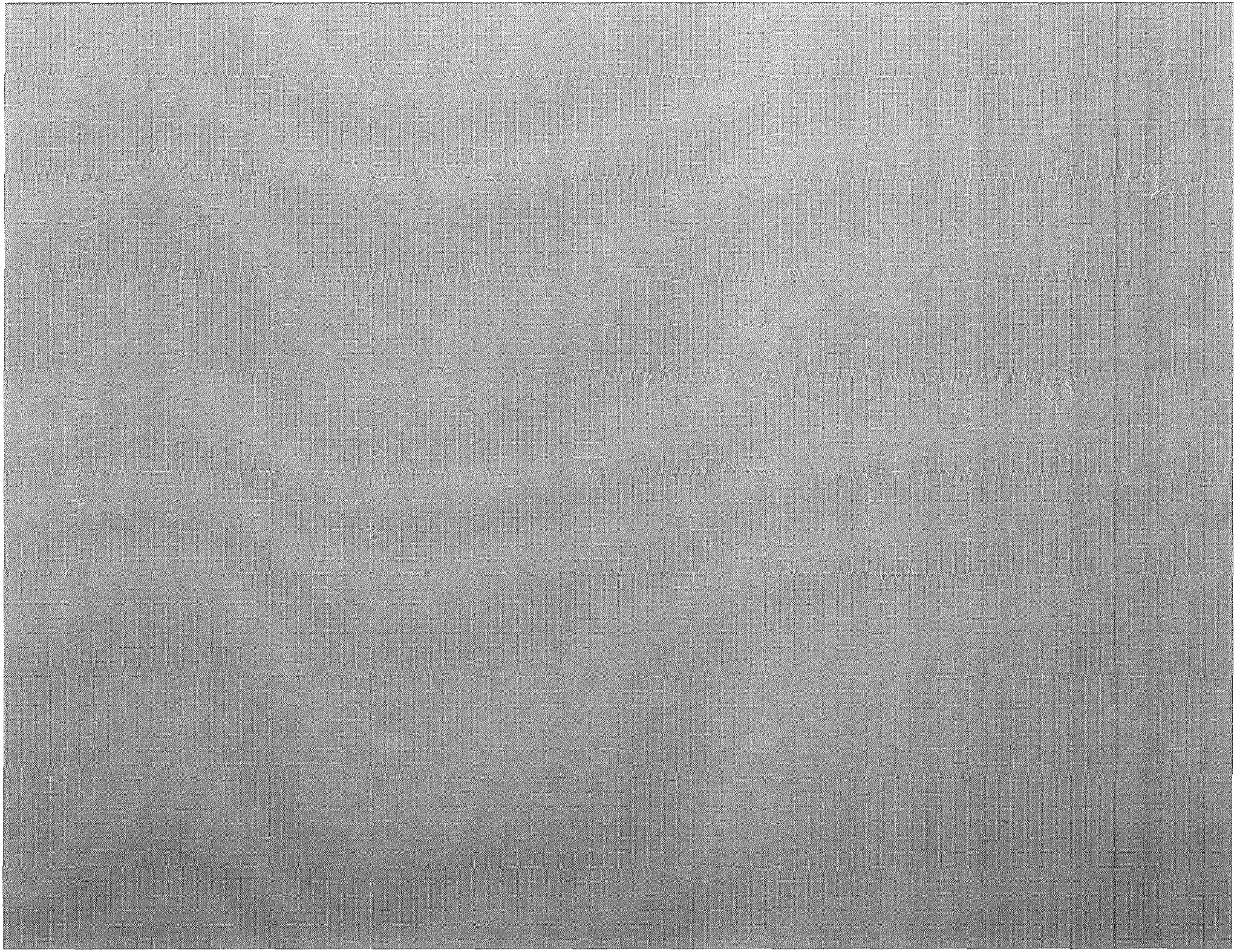
03 EVALUATION PROCESS

04 PREFERRED PLAN

05 TRANSPORTATION

06 MARKET ANALYSIS

07 REFERENCES + ACKNOWLEDGMENTS



01

INTRODUCTION

01 Introduction

1.1 OVERVIEW

This Preferred Plan Report is the final phase of the Downtown Oakley Market Study. It follows from an Existing Conditions Report which was completed in May 2015, an Alternatives Study that was presented to City Council on May 26, 2015 and an Alternatives Evaluation Summary that was approved by the City Staff on June 19, 2015. As part of this report a full Market Analysis and a Technical Transportation Assessment provides the City with vital information relevant to the benefits of a San Joaquin JPA Station combined with a Tri Delta Transit park and ride lot. This study assesses their potential impacts on economic expansion, retail/ commercial uses and TOD opportunities within the Downtown Priority Development Area (PDA).

The Downtown PDA is approximately 80 acres in size. Key features of the project area include the New City Hall, New Civic Center Plaza and a revitalized Main Street with cafes, restaurants and shopping which provide an important sense of place for the entire City.

1.2 PLANNING GOALS

Three alternative locations for the JPA Station were studied that focus on 'near-term' change-areas; locations where a new transit facility could be located and new development is likely.

The key to the development of alternatives was a site the City had identified along Main Street roughly between Second and Fifth Streets as a potential location for a transit station, which could serve as a park and ride for Tri-Delta Transit and potentially as a station platform for the San Joaquin (Amtrak) rail service.

Goals for this study area include:

- Identifying opportunities and incentives that encourage private development and best support transportation services
- Creating a compelling vision that attracts further investment and market demand in the future
- Creating a realistic opportunity for the design to respond to growth and adapt over time to changing circumstances

1.3 OPPORTUNITIES & CHALLENGES

Opportunities

- The station location is within a 5 minute walking radius of City Hall, Civic Center Park and Main Street restaurants and cafes.
- Large undeveloped/ underutilized parcels close to Rail line and Main Street
- Continue the pedestrian experience along Main Street and extend to nearby residential areas.
- Large vacant and underutilized areas exist north of Main Street between Narcrosse Lane and O'hara Avenue
- City-owned properties are available for conversion to market rate housing or parking

Challenges

- Narrow parcels east of 2nd Street are difficult to develop and back up to rail line.
- JPA Station location should be visible and walkable and contribute to the public realm
- Park and Ride parking lots are large and should not be an 'eyesore' on Main Street.

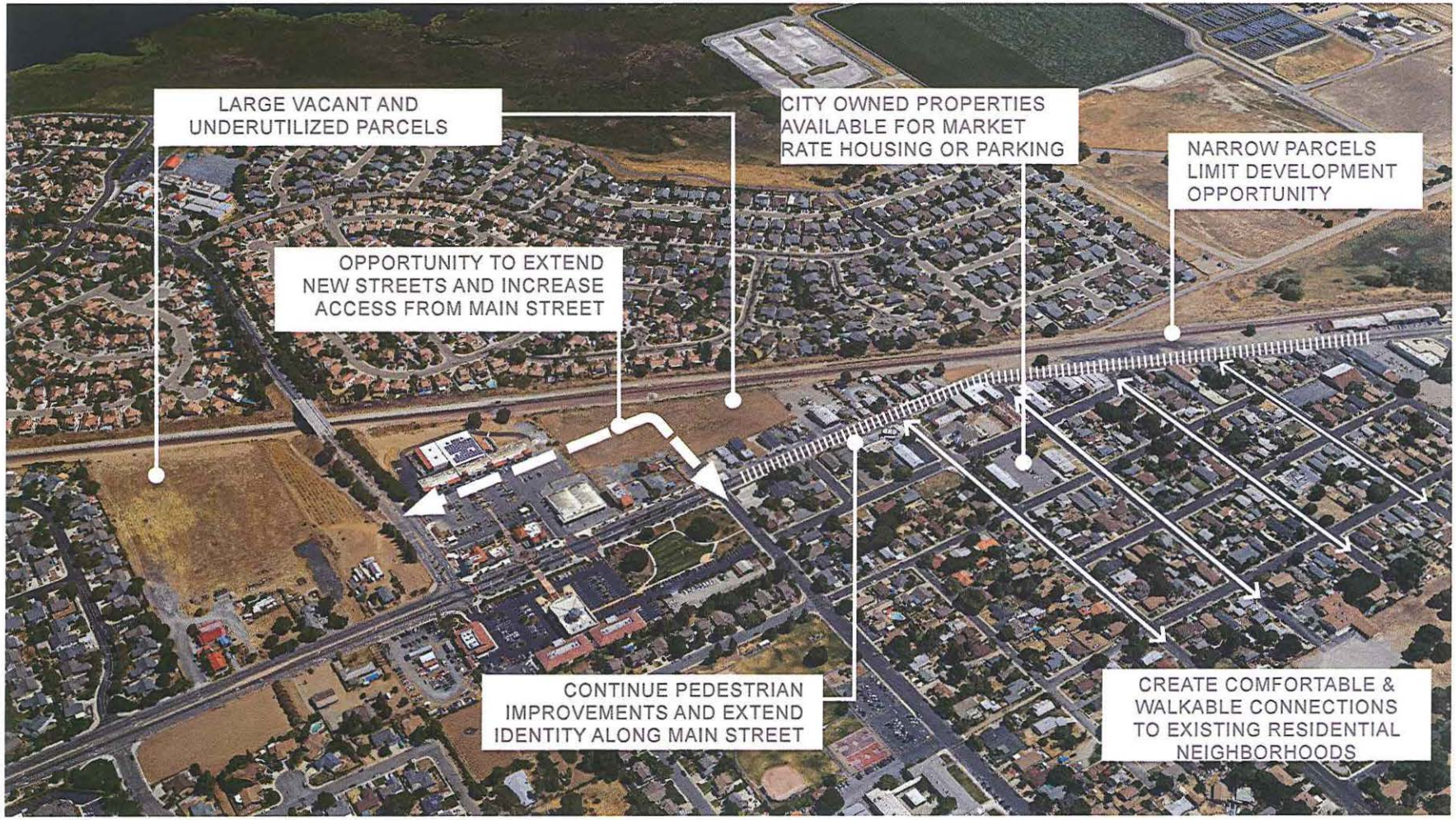
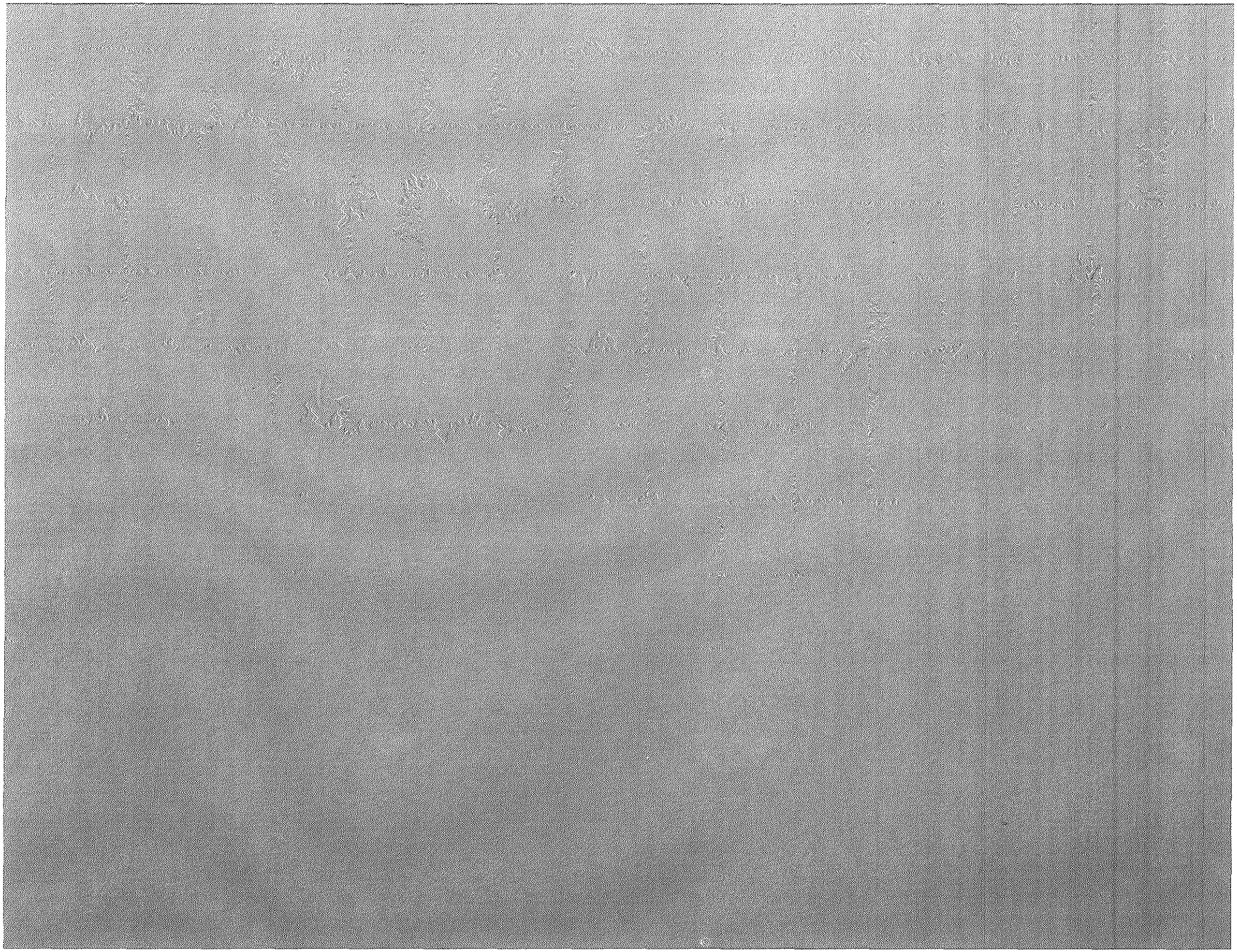


FIG 1.1 Existing Aerial Image- Opportunties & Challenges



02

DESIGN ALTERNATIVES

02 Design Alternatives

2.1 DEVELOPMENT OF ALTERNATIVES

Three station platform alternative locations were developed based on information gathered from City Staff, the existing conditions analysis, project vision and multiple on-site walking visits. (See Figure 2.2) Each concept alternative featured land use options, circulation improvements and identified key development or "opportunity" sites that were unique to the concept's proposed station platform location.

Test-fit scenarios have been studied for these key sites, along with other opportunity sites identified by City Staff and the consultant team. These test-fits provide information on total development yields, mix of uses and traffic impacts.

The three proposed Alternatives were designed to redevelop Downtown Oakley to be the City's social and symbolic heart. A number of major urban design strategies are integrated in all the proposed alternatives to promote a more walkable, pedestrian-oriented and economically vibrant community for all who will live, work and visit in the downtown.

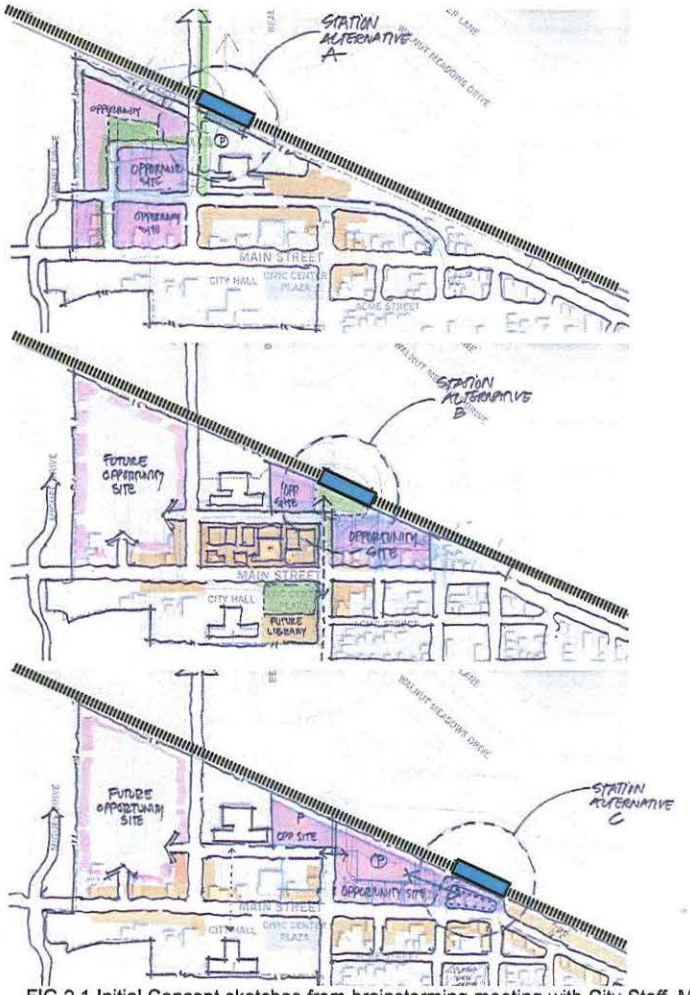


FIG 2.1 Initial Concept sketches from brainstorming meeting with City Staff, May 12

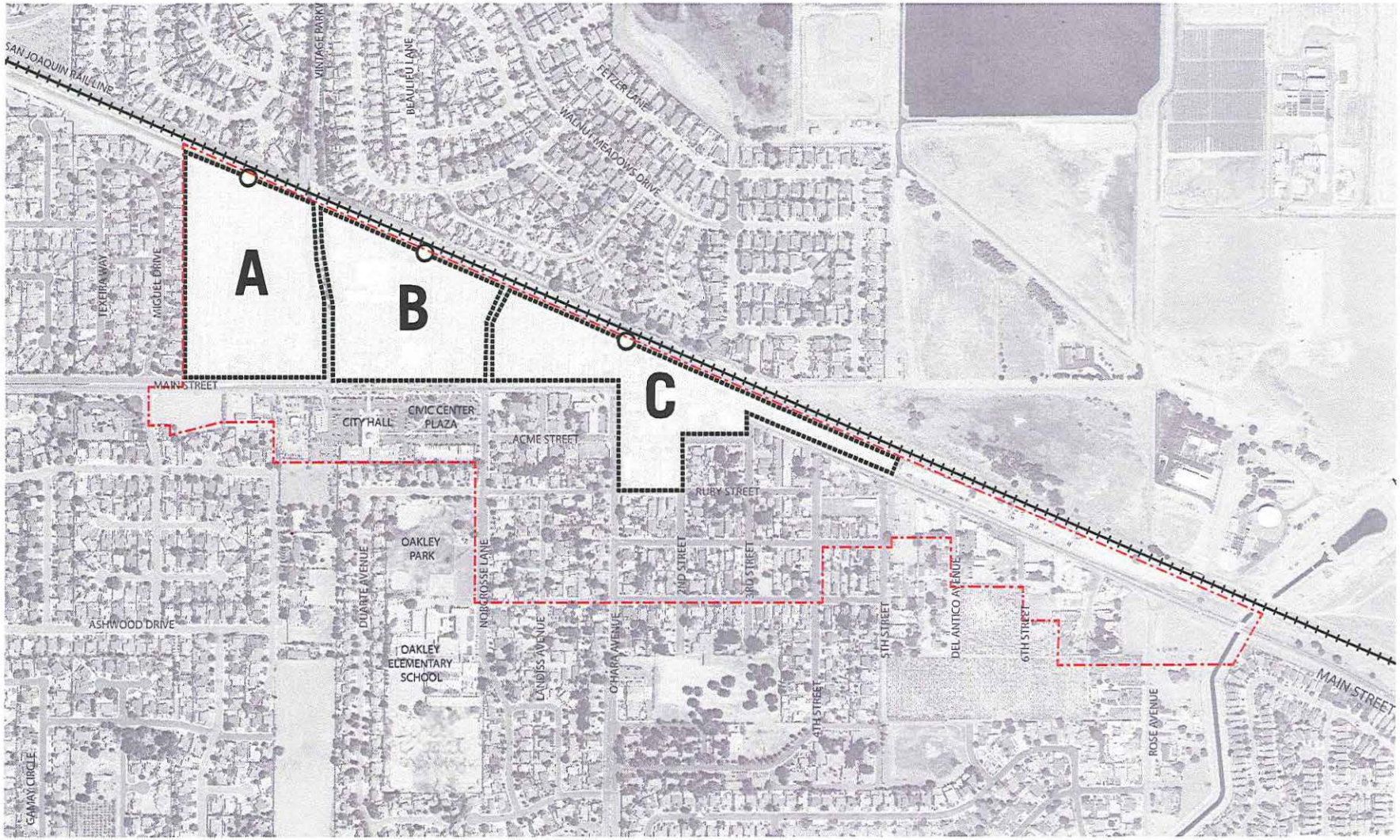


FIG 2.2 Station Platform Alternatives & Potential Growth Areas

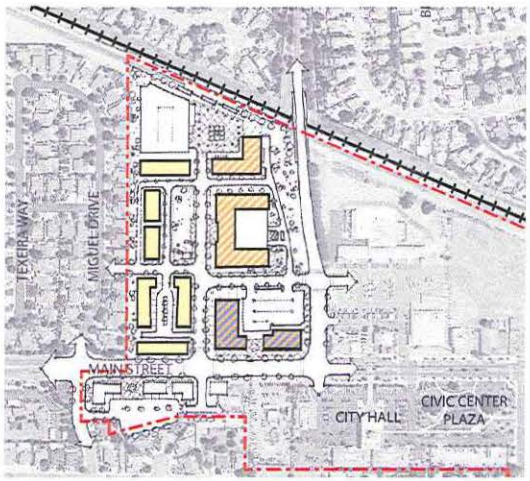
2.2 ALTERNATIVE A - TRANSIT VILLAGE

Specific to Alternative A is a focus on developing the large underdeveloped land west of Vintage Parkway to create a new and vibrant transit oriented development that could attract larger businesses, retailers and entertainment. Leveraging large aggregated land parcels with frontage on both Main Street and Vintage Parkway, this alternative would have the largest yields in both commercial and residential uses. A parking structure could accommodate the Park and Ride and Amtrak station allowing for a seamless and integrated experience upon arriving or departing from this new mixed-use district.

New public streets would be created to provide access from Main Street and Vintage Parkway. Ground floor retail would add vibrancy and create a truly mixed-use district. Higher density uses would be concentrated to the corner of Main and Vintage while low-density residences would compliment the existing neighborhoods on the western edge. In the center a new central park creates a high-quality open space destination.

Conceptual Massing Study- Alterternaive A, Transit Village

Opportunity Sites and Circulation



Test-Fit Scenario

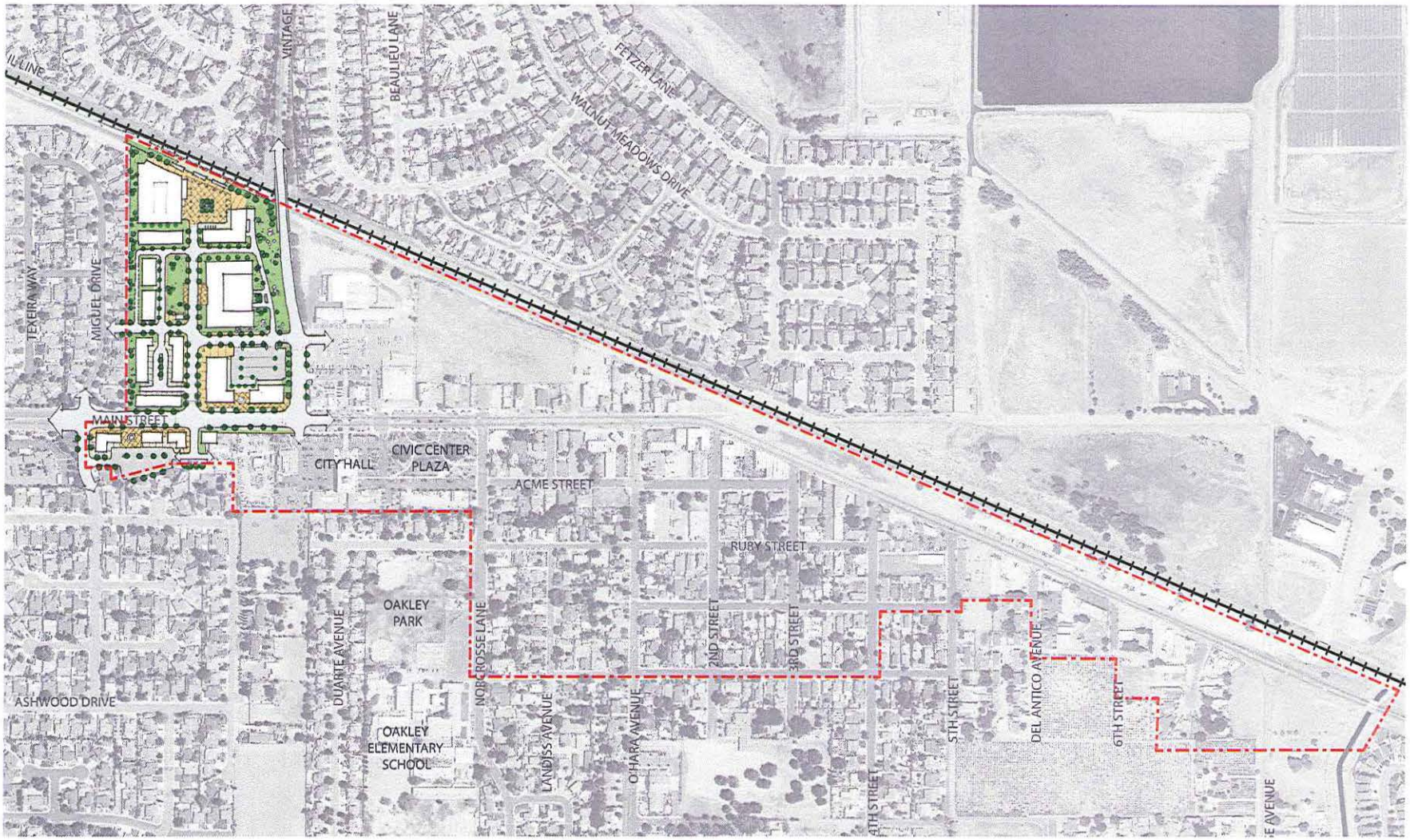


FIG 2.3 Alternative A, Transit Village

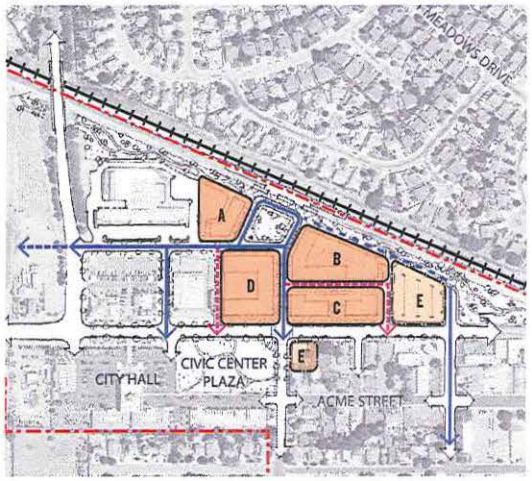
2.3 ALTERNATIVE B - CIVIC HEART

Alternative B proposes a tactical balance of new commercial and residential development near the already thriving core of downtown. Building off the success of recent projects such as City Hall, Main Street landscape improvements, new restaurants, cafes, grocery and a hardware store, this station concentrates more energy closer to where people already want to be.

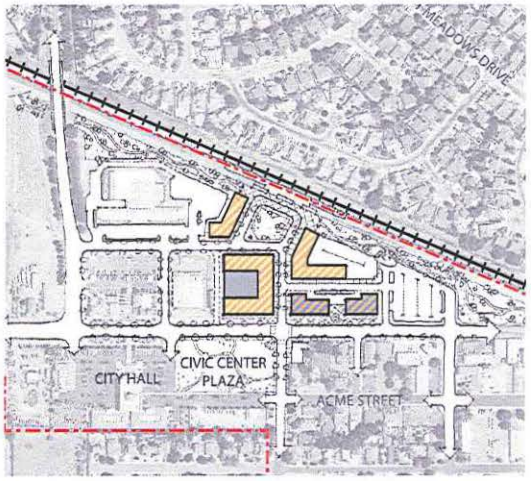
The station is positioned to receive visitors from a new minor road extension off of Main Street that connects back to Vintage Parkway. The necessary parking for the station users and park/ride users is decentralized and tucked into 2-3 separate lots on either side of the station.

Residential uses are provided in Market-rate multi-family (apartment style) buildings that frame an public open space in front of the Station. A green way amenity (similar to a hike/ bike trail) is suggested along the edge of the rail easement that could be extended in the future to create larger green network that ties neighborhoods into downtown.

Conceptual Massing Study



Opportunity Sites and Circulation



Test-Fit Scenario

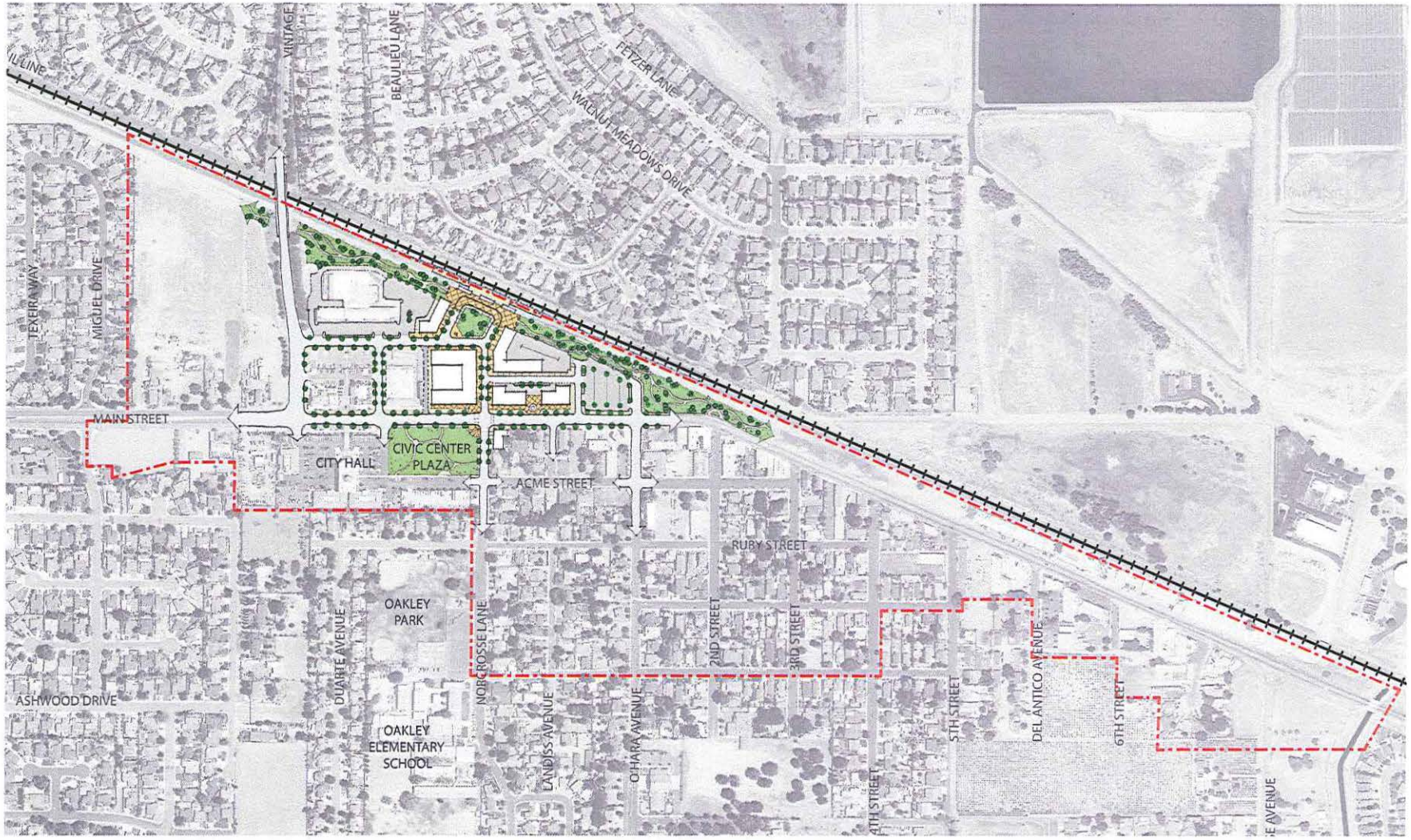


FIG 2.4 Alternative B, Civic Heart

2.4 ALTERNATIVE C - MAIN STREET GATEWAY

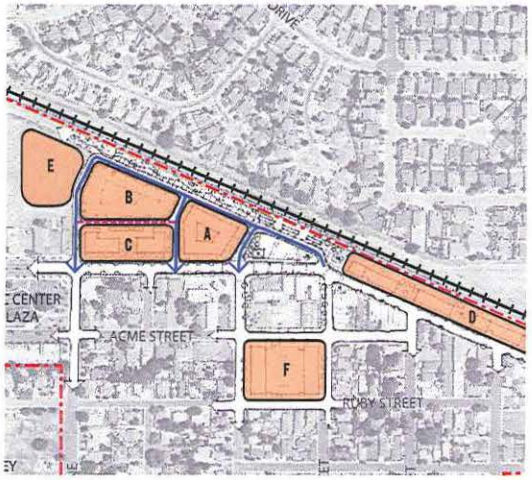
Alternative C strategically locates the station platform near "the bend" on Main Street, celebrated with a new Main Street Plaza that could be used for civic events and markets. This location is not only the most visible and publicly accessible location, it also serves as catalyst for continuing and extending the great character and commercial vibrancy of Main Street eastward to 2nd street and beyond.

Responding to trends that show increased desire to live close to public transit and retail and employment uses within walking distance, this alternative expands lifestyle options for existing and new Oakley residents. Underutilized city-owned land is leveraged just 1-block from the proposed station and revived with market rate townhomes.

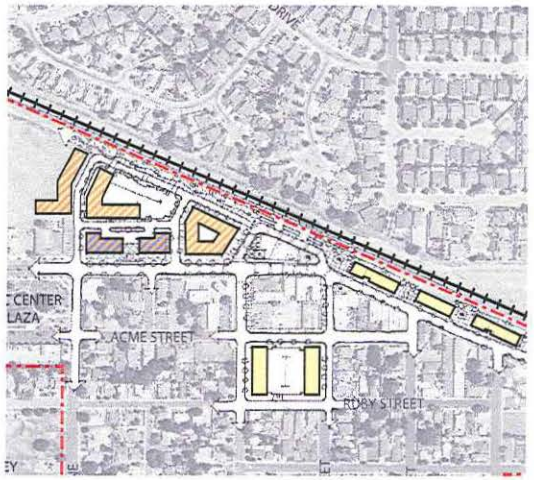
A new mixed-use residential building and a small amount of new commercial office space east of 2nd Street have new opportunity to thrive and embrace the frontage on Main Street.

Parking for the transit station and park/ride is tucked behind Main Street commercial uses and connected to the platform by way of a pedestrian greenway.

Conceptual Massing Study



Opportunity Sites and Circulation



Test-Fit Scenario

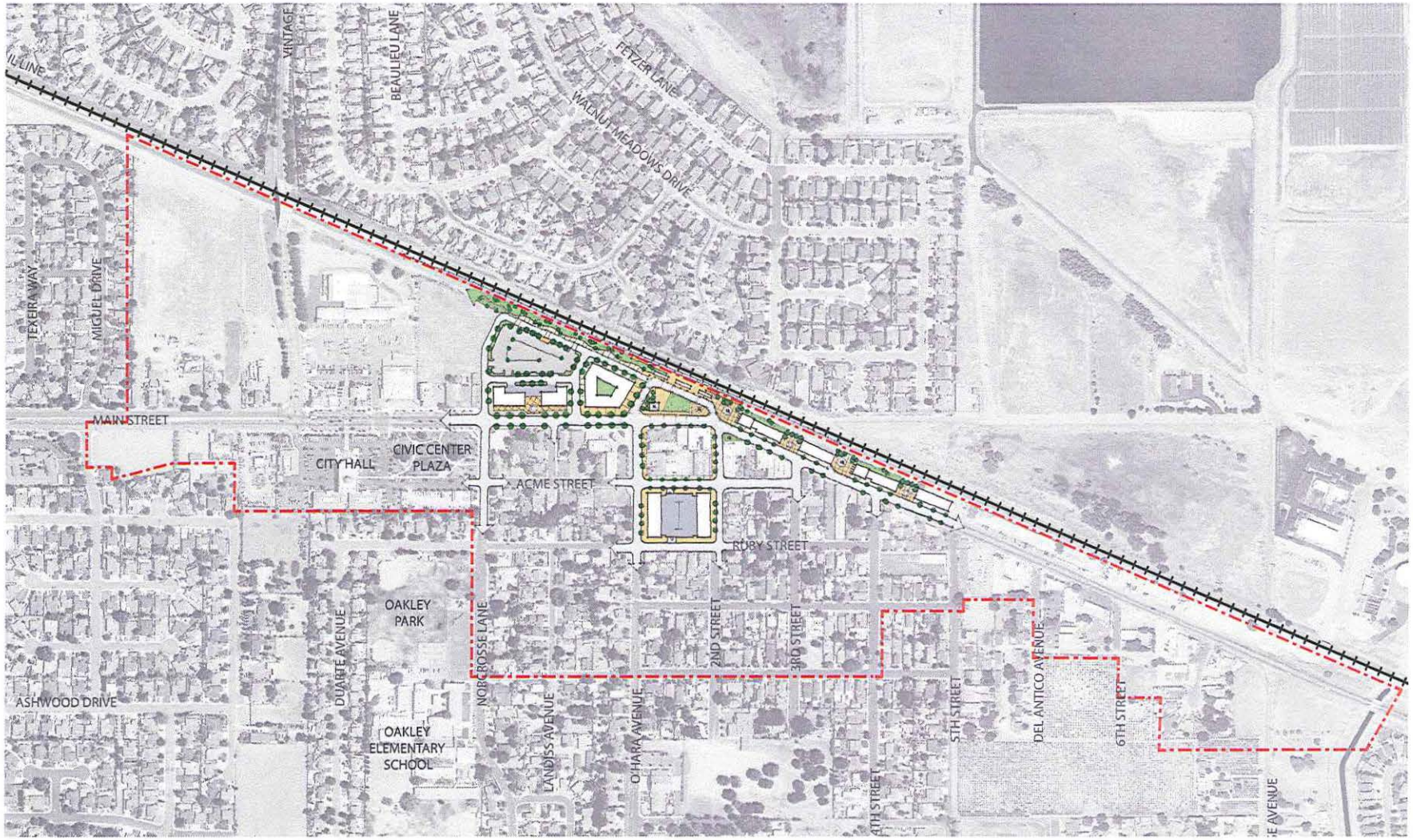


FIG 2.5 Alternative C, Main Street Gateway

03

EVALUATION PROCESS

03 Evalulation Process

3.1 SUMMARY

Three station platform alternative locations, along with their impact and influence on potential growth in the downtown core were developed with City Staff input and presented to City Council for feedback and guidance.

To assist in the comparative evaluation of the three schemes, an draft evaluation matrix, listing criteria which were considered important to the success of the project, related to the overarching goals of the study, was developed with input from City Staff.

Based on the feedback from all five members of City Council on 26 May 2015 and City Staff's understanding of how well each of the three alternatives met the criteria listed in the matrix, the three alternatives were scored comparatively using a range of 0 to 10 points in each category, 0 being the worst and 10 the best possible score.

The three schemes were independently evaluated five times; by four members of City Staff and once by the Design Team. These scores were tabulated and summarized in the following table.

Based on the results of the evaluation process, City Staff directed the Design Team to move forward into the Preferred Plan phase of the project by developing Alternative C, which scored highest across the five evaluators, possibly with some components of Alternative B, which was ranked second, to the extent that these are compatible with Alternative C.

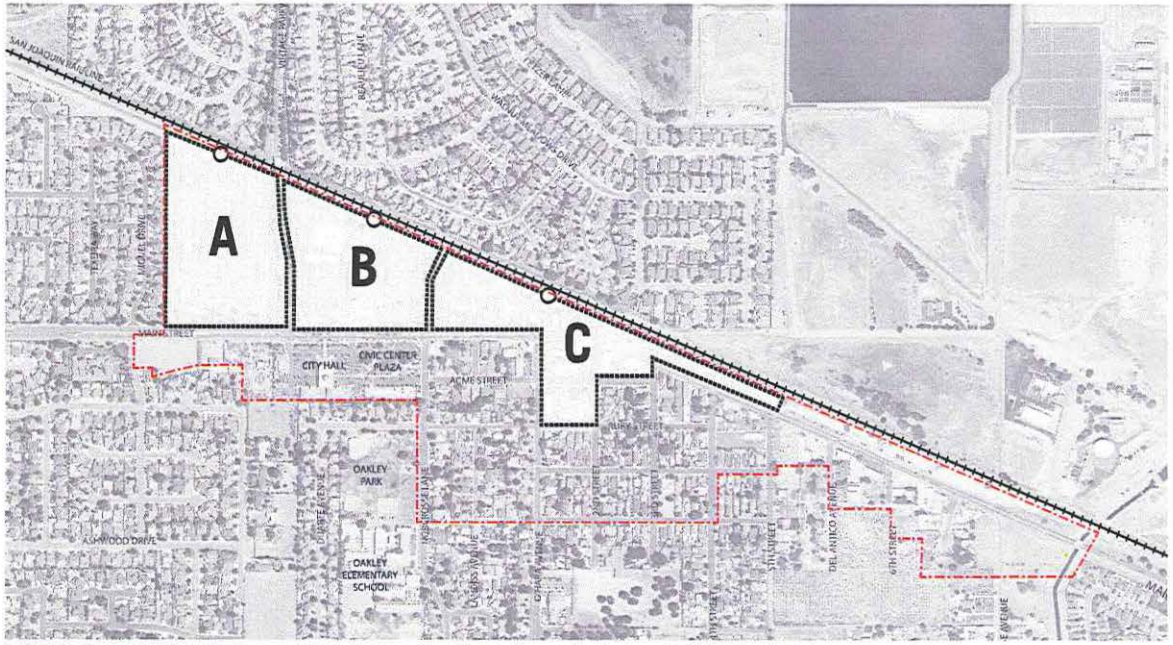


FIG 3.1 Plan showing the three station platform locations along with their potential growth areas

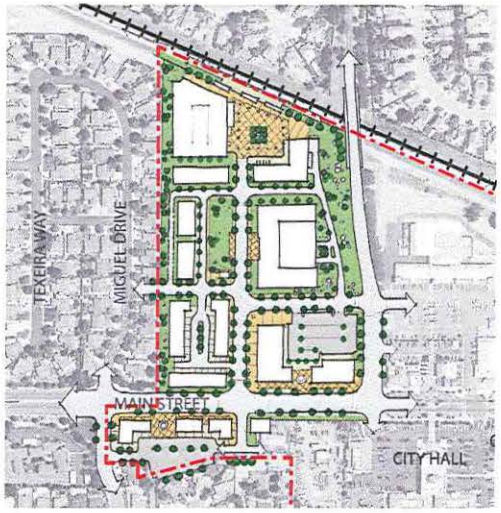


FIG 3.2 Alternative A

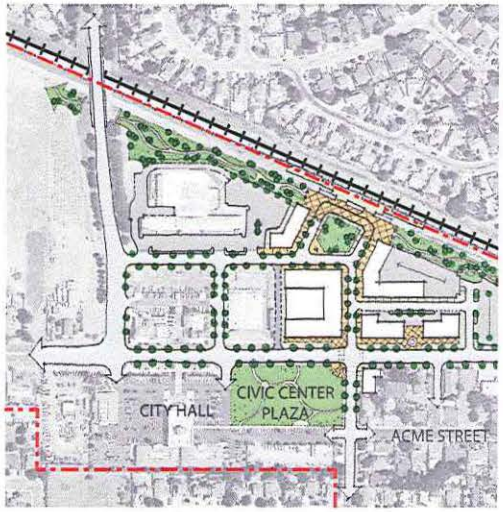


FIG 3.3 Alternative B

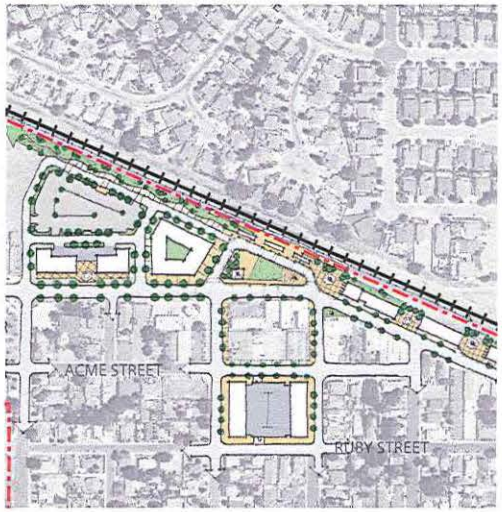
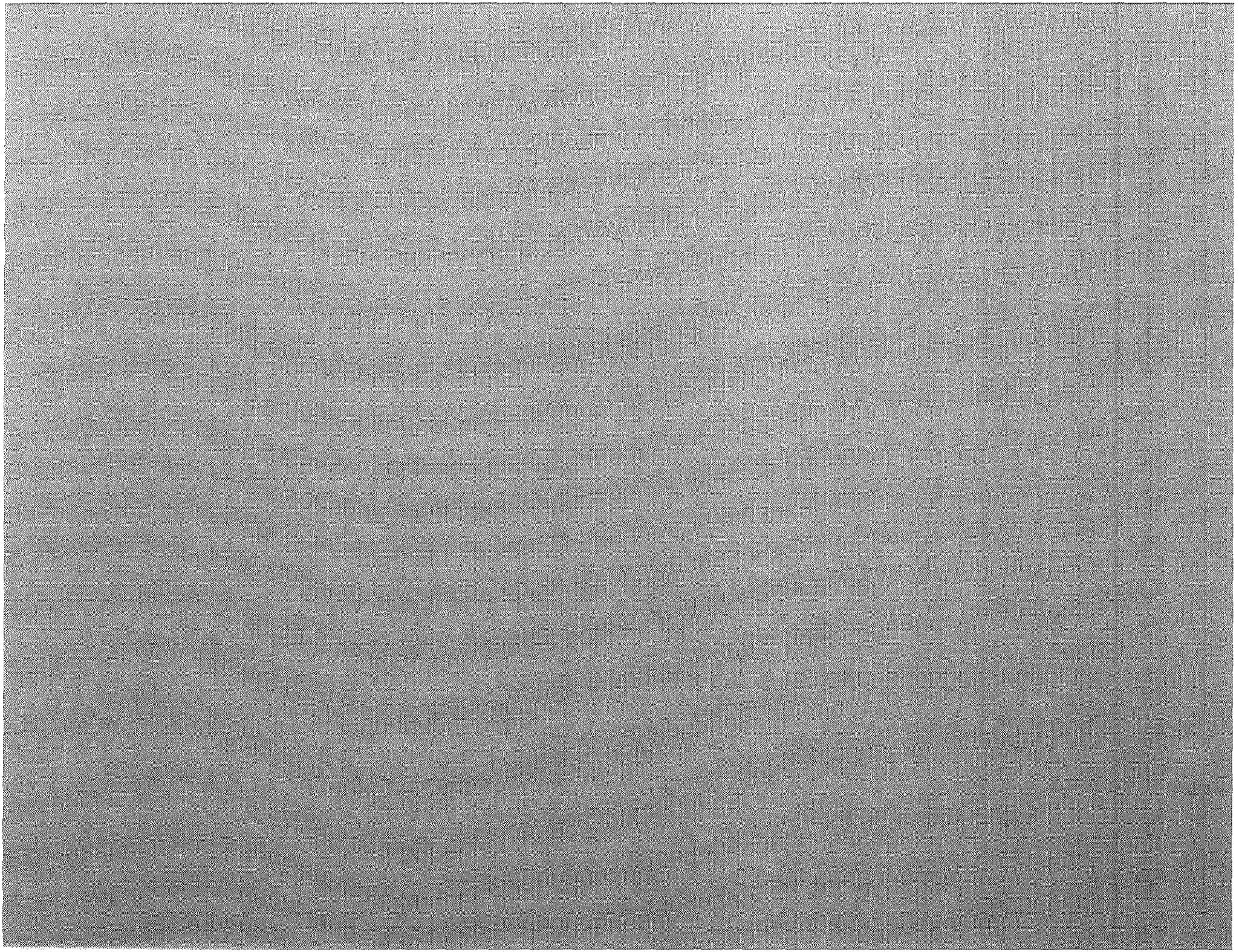


FIG 3.4 Alternative C

3.2 EVALUATION MATRIX

Evaluation criteria	ALTERNATIVE A					ALTERNATIVE B					ALTERNATIVE C				
	Score 1	Score 2	Score 3	Score 4	Score 5	Score 1	Score 2	Score 3	Score 4	Score 5	Score 1	Score 2	Score 3	Score 4	Score 5
GOAL: TRANSPORTATION IMPROVEMENTS															
The new station is readily visible and identifiable from Main Street	0	6	4	2	2	5	8	7	2	5	10	9	10	9	10
The additional traffic generated by this layout is likely to have minimal impact on existing traffic conditions in the Civic Center core	10	8	9	2	7	0	6	8	8	9	5	8	9	9	7
The plan allows for a successful co-location of station and park'n'ride with good connectivity between the two and their parking supply	0	6	10	8	10	10	6	10	7	10	5	6	9	8	10
GOAL: ENCOURAGE GROWTH															
The layout and extent of roads necessary to service the plan minimizes the extent of public investment required for new infrastructure	5	7	8	2	8	5	7	8	3	8	10	8	9	6	8
The plan can be easily implemented without needing complex negotiations with multiple land ownerships	10	3	9	4	8	5	6	7	4	6	5	7	7	4	6
The layout maximizes the potential for development on the identified opportunity sites which were identified within the study area	10	9	9	3	9	5	9	9	4	9	0	8	9	5	9
The plan includes a mix of land uses, density and scale of development which is complimentary to the existing character of the downtown core	10	8	9	5	10	10	8	9	5	10	5	7	9	5	10
GOAL: ENHANCE DOWNTOWN ENVIRONMENT															
The study area includes some awkwardly shaped parcels around the bend in Main Street and alongside the railroad tracks. The layout in this alternative utilizes these parcels effectively	0	6	7	8	7	5	8	9	5	8	10	9	9	7	9
The plan increases the amount of development fronting onto Main Street to help create a more urban downtown character	0	8	8	0	7	5	7	9	0	8	10	8	9	9	9
The distribution of buildings, streets and parking areas allows for the inclusion of a linear green space and pedestrian/bike trail alongside the railroad tracks	0	7	8	3	8	10	9	8	9	8	10	9	10	9	10
The plan allows for development opportunities which are complimentary to recent investments in the downtown core	0	9	9	4	9	10	9	10	5	9	5	7	9	6	9
The layout includes a new public plaza in a location which is likely to be embraced and well-used by the community	5	9	9	1	10	5	9	9	1	10	5	9	10	1	10
Sub total	50	86	99	42	95	75	92	103	53	100	80	95	109	78	107
Total	372					423					469				



04

PREFERRED PLAN

04 Preferred Plan

4.1 PREFERRED PLAN

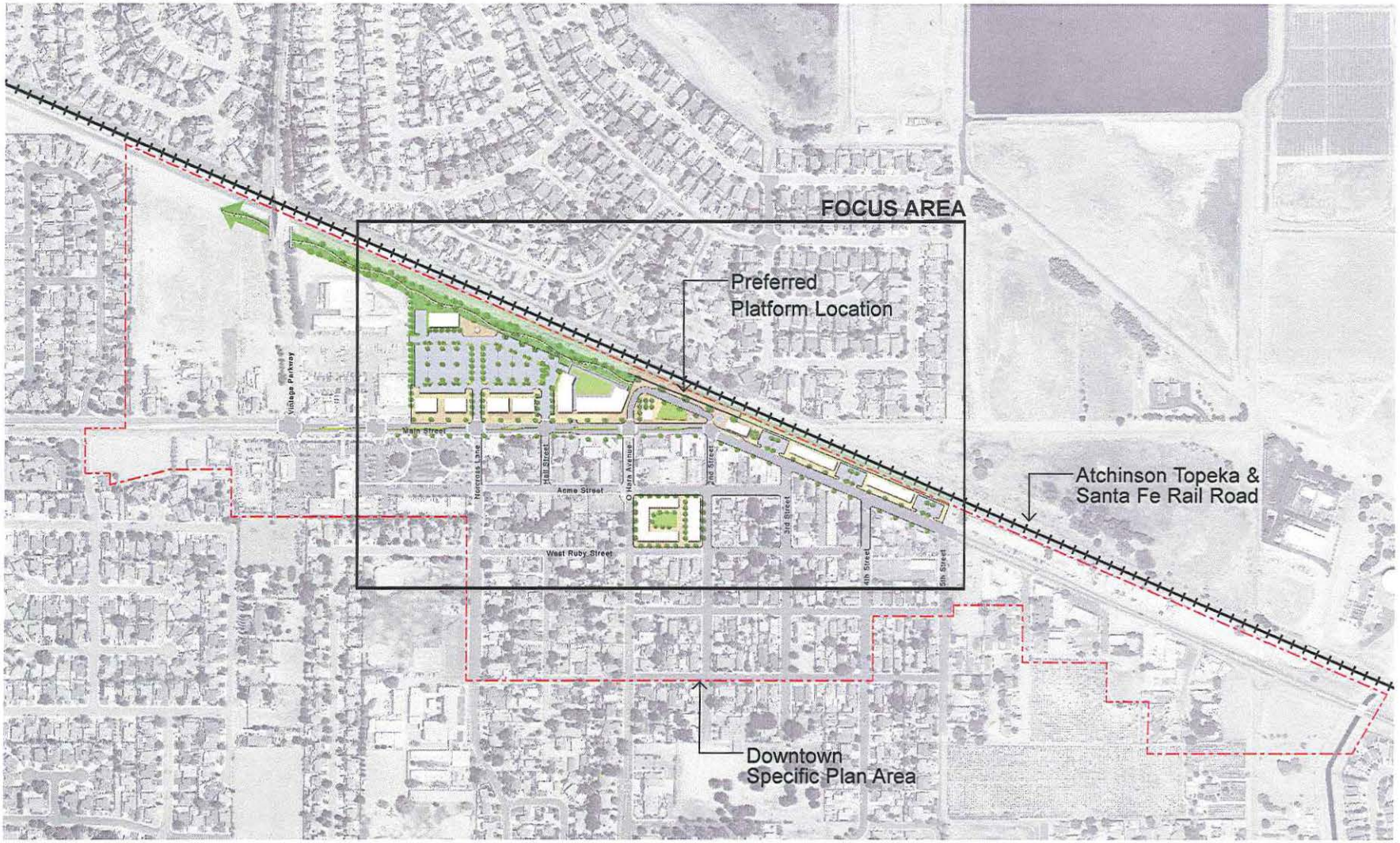


FIG 4.1 Preferred Plan Station Platform and Growth Area within the Downtown core

4.2 FOCUS AREA

FIG 4.2 Illustrative Plan with Key Elements

4.3 STREET NETWORK & OPPORTUNITY SITES

OPPORTUNITY SITES	ESTIMATED AREA (SQ. FT)
A	40,000
B	47,000
C	50,000
D	75,000
E	40,000
F	83,000
G	53,000
H	62,000
I	70,000
Minor Road	**25,000**
FOCUS AREA	545,000 (12.5 Acres)

FIG 4.3 Street Network and Opportunity Sites

4.4 TRANSIT & MOBILITY

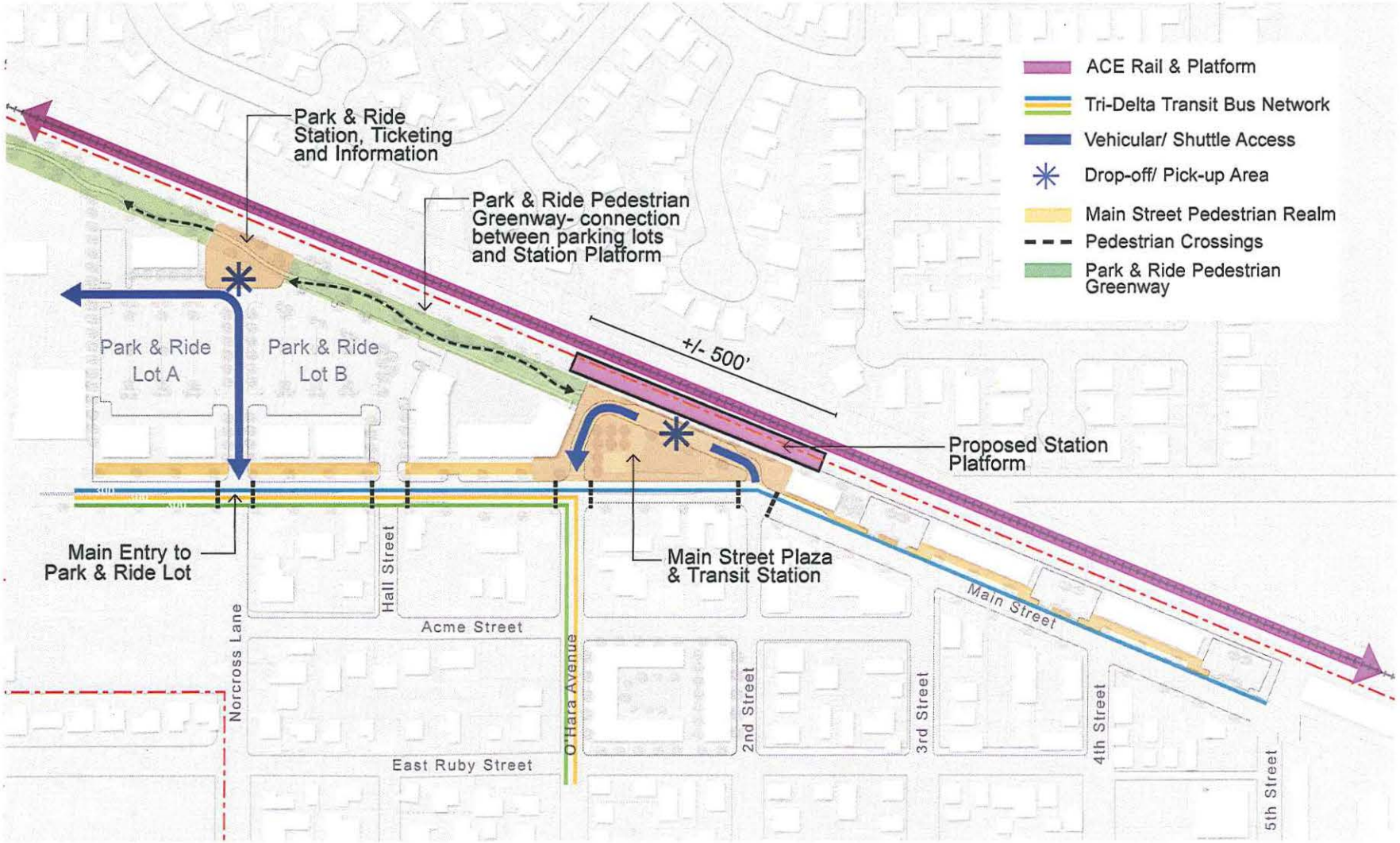


FIG 4.4 Transit and Mobility

4.5 TEST-FIT SCENARIO

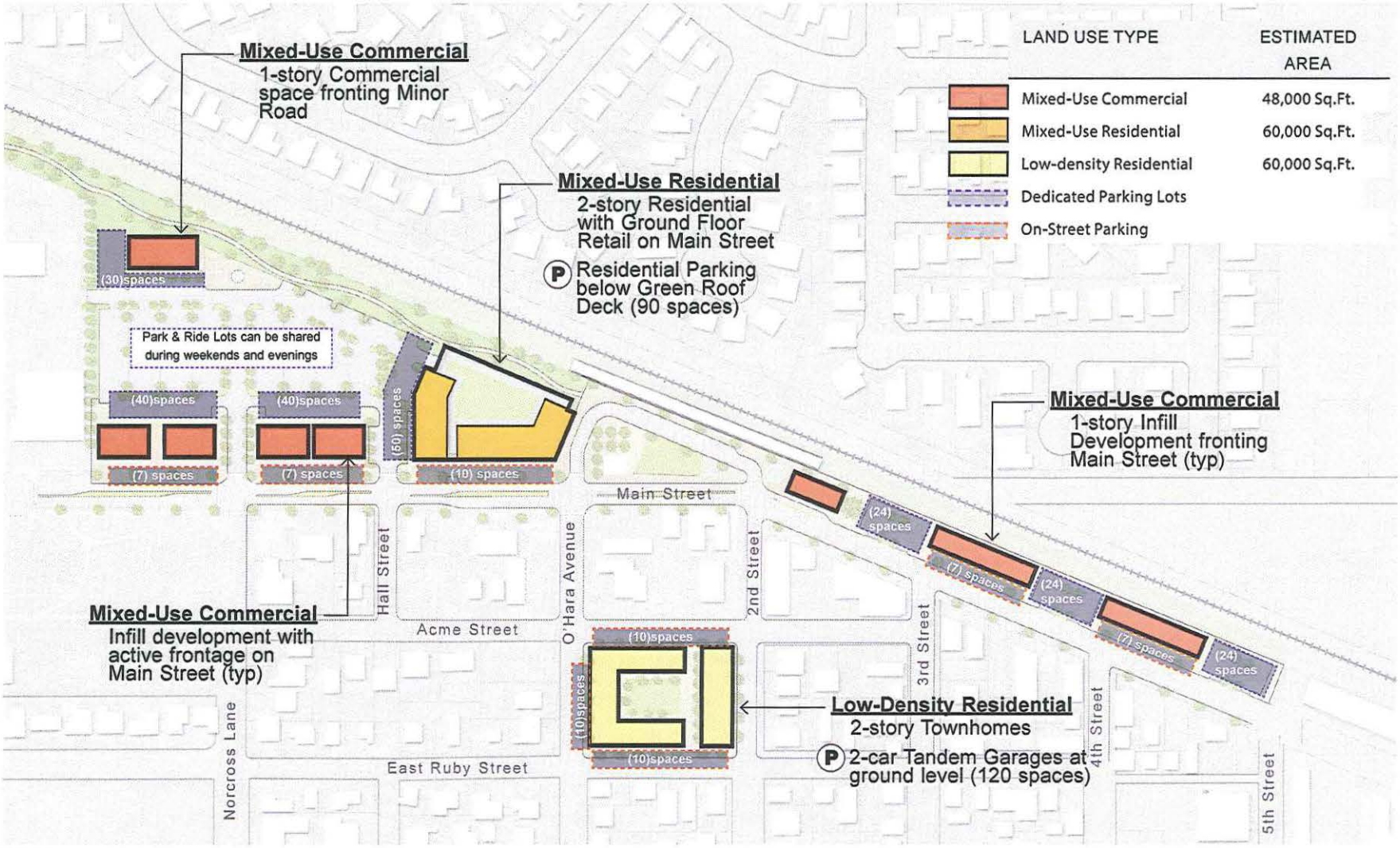


FIG 4.5 Test-Fit Scenario

4.6 MASSING STUDY

FIG 4.6 Aerial View of Proposed Massing from Southeast

4.7 LAND USES

FIG 4.7 Aerial Wiew of Proposed Uses from Southeast

4.8 PROGRAM SUMMARY

FIG 4.8 Parcel Map

RESIDENTIAL	
Parcels F, H	100 units
Parking	240

COMMERCIAL	
Parcels A, C, E, F, I	+/- 60,000 sf
Parking	245 spaces

PARK AND RIDE	
Shared lots (parcels B,D)	300 spaces

PARCEL A	
(2) Mixed-Use Commercial Buildings	+/- 10,000 sf
Parking	45 spaces

PARCEL B	
Shared Park and Ride Lot	52,000 sf
	+/- 150 spaces

PARCEL C	
Commercial Building	+/- 8000 sf
Parking	30 spaces

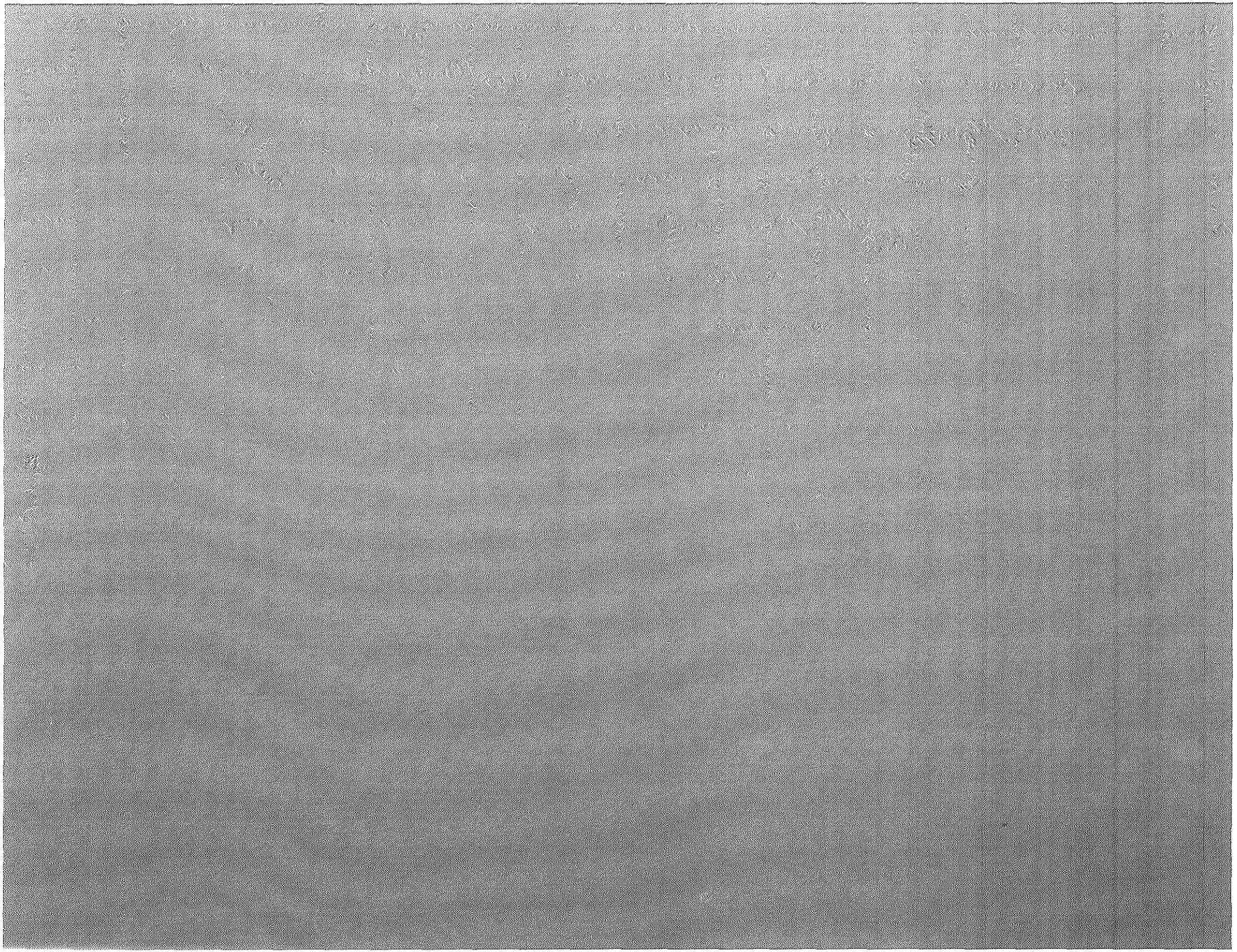
PARCEL D	
Shared Park and Ride Lot	52,000 sf
	+/- 150 spaces

PARCEL E	
(2) Mixed-Use Commercial Buildings	+/- 10,000 sf
Parking	45 spaces

PARCEL F	
Mixed-Use Residential Building	+/- 54,000 sf
-Ground Floor Retail	10,000 sf
-Residential (40 units)	44,000 sf
Parking	+/-90 spaces

PARCEL H	
Residential Townhomes (60 units)	+/- 66,000 sf
	+/- 150 spaces

PARCEL I	
(3) Commercial buildings	+/- 20,000 sf
Parking	+/- 85 spaces



05

TRANSPORTATION

05 Transportation

5.1 PROJECT DESCRIPTION

The preferred project alternative is centered on a new train platform that would be located north of Main Street between 2nd Street and O'Hara Avenue, as shown on Figure 4.2. A transit center would provide connecting transit service to the train station as well as serve a proposed Park & Ride lot. Based on information provided by TriDelta transit, routes in Oakley and surrounding communities would be adjusted to better serve on-going transportation infrastructure investments in the area, including the eBART extension to Hillcrest and the proposed train station in Oakley.

As part of the preferred project, approximately 300 surface parking spaces would be provided to support Park & Ride activities as well as future train riders. Development on existing vacant parcels and redevelopment of other parcels could also occur. For the purposes of this assessment, development of approximately 100 townhomes and 70,000 square feet of commercial uses could be constructed. Considering existing uses that would be redeveloped, there could be a net-increase of approximately 90 dwelling units and approximately 50,000 square feet of commercial uses in the plan area. New roadways would also be constructed providing local access and circulation, including a one-way transit/drop-off loop.

5.2 TRIP GENERATING POTENTIAL

Trip generation refers to the process of estimating the amount of vehicular traffic a project might add to the local roadway network. Given the programmatic nature of the project, estimates of daily traffic were developed as details that could affect peak hour trip generation, such as transit schedules, are not available.

The traditional methods commonly used by traffic engineers to calculate the trip generating potential of mixed-use developments (MXDs) in urban areas with a variety of travel options can overestimate their traffic impacts because the methods do not accurately reflect the amount of internal trip linking or the level of trips made by transit, biking, and/or walking. This results in increased development costs due to oversized infrastructure, skewed public perception of the likely impacts of development, and resistance to approving smart growth.

The most common method used by traffic engineers is outlined in the Institute of Transportation Engineers (ITE) Trip Generation Manual (9th Edition). This method contains data primarily collected at suburban, single-use, freestanding sites. This limits the applicability of the data to MXDs, such the project, which would be located in a walkable setting with the potential for a mix of land uses and with nearby local and regional transit service. This method does not adequately account for key variables that influence travel such as development density and scale, location efficiency, land use mix, urban design and transit orientation.

Two significant new research studies provide the opportunity to improve the state of practice. One study sponsored by the US EPA[1] and another by the Transportation Research Board[2] have developed means to improve trip generation estimation for MXDs. The two studies examined over 260 MXD sites throughout the U.S. and, using different approaches, developed new quantification methods. Fehr & Peers has reviewed the two methods, including the basis, capabilities, and appropriate uses of each, to produce a new method (MXD+) that combines the strengths of the two individual advances to best practice. MXD+ recognizes that traffic generation by mixed-use and other forms of sustainable development relate closely to the density, diversity, design, destination accessibility, transit proximity, and scale of development. MXD+ improves the accuracy of vehicle trip estimation and gives planners a tool to rationally balance land use mix and to incorporate urban design, context compatibility, and transit orientation to create lower impact development.

The MXD+ methodology starts with ITE trip generation estimates but then adjusts those estimates to account for the mixed-use and environment characteristics mentioned above.

Use of the MXD+ methodology requires more input data than a traditional trip generation application. Data detailing the geographic layout of the site, land

PROJECT COMPONENT	DAILY TRAFFIC	NOTES
Residential	520	Based on a net-increase of approximately 90 dwelling units in the downtown area, assumed attached townhome style units.
Commercial	1,280	Assumes a net increase of approximately 51,000 square feet of commercial uses. For the purposes of this assessment, a mix of 28,500 square feet of general office and 22,500 square feet of general retail was assumed.
Less Transit/Bike/Walk	-360	Of the net-new trips generated by potential future uses, it was assumed that approximately 20 percent would be a non-auto mode based on the MXD+ model results.
Train Riders Park + Ride	300	It is expected that approximately 150 train riders would drive to the station and park all day, generating one inbound morning trip and one outbound afternoon/evening trip.
Park + Ride (non-Train)	540	It is expected that approximately 150 vehicles would be park at the Park & Ride lot and use other transit or be part of a carpool. Approximately 60 carpools were assumed, with one part of the car pool leaving their car all day, and the other arriving and departing the lot during both the morning and evening peak hour
Transit Passenger Drop-off	180	Based on the projected train and transit ridership, it is expected that 90 passengers would be dropped-off or picked-up by someone. This is likely not a new trip on a regional level, but would reflect a new trip in the immediate area.
Increased Transit Service	120	Approximately 120 buses per day travel through the area. Assumed with increased transit service and route adjustment, number of buses per day could increase to 240, a net increase of 120 transit trips.
Total Daily Vehicle Trips to Downtown Oakley	2,580	This level of increased vehicle activity to the area does not reflect travel pattern changes from existing residents in the immediate area that may alter their travel patterns with increased transit in the area, or future residents of existing housing units that self-select to live in this area given future transit availability. The potential net decrease in area vehicle trips is estimated to be approximately 500 daily vehicle trips.
Potential vehicle trip reduction from existing traffic	-500	See discussion above
Net-new vehicle traffic to Downtown	2080	This level of new vehicle traffic would be spread out over a 24-hour period on several roadways, including Main Street, both to the east and west of the station area, and O'Hara Avenue.

TABLE 5.1 Estimated new trip generation

use in the surrounding area, and socioeconomic data of both the site and the surrounding area were collected to inform the MXD+ methodology. Sources used to collect this data include the Contra Costa Transportation Authority travel demand model, Census and American Community Survey (ACS), the Bay Area Travel Survey (BATS), and the Project site plan.

The MXD+ model has been approved for use by the EPA[3]. It has also been peer-reviewed in the ASCE Journal of Urban Planning and Development[4], peer-reviewed in a 2012 TRB paper evaluating various smart growth trip generation methodologies[5], recommended by SANDAG for use on mixed-use smart growth developments[6], and has been used successfully in multiple certified EIRs in California.

For 27 mixed-use sites that were surveyed in California and across the country, the ITE methodology overestimated daily traffic generation by 24 percent and peak hour traffic by 35 percent to 37 percent. The MXD+ method explains 97 percent of the variation in trip generation among MXDs, compared to 65 percent for the methods previously recommended by ITE. While remaining slightly (2 percent to 4 percent) conservative to avoid systematically understating impacts, MXD+ substantially reduces the 35 percent - 37 percent average overestimate of traffic generation produced by conventional ITE methods. The MXD+ method has been locally validated to dozens of transit oriented development (TOD) sites in California and across the country. Outputs of this tool include external vehicle trip generation, internal trips, and external walking/bicycling/transit trips.

For the purposes of this analysis, the potential vehicle trip generation was calculated using the approach outlined above for the potential net-change in residential and commercial development, considering proximity to future transit. Potential vehicle trips to the Park & Ride lot as well as passenger drop-off/pick-up activities and increased transit activity in the area was also estimated based on information presented in the May 8th memorandum. Table 5.1 shows the estimated trip generation for the Project, reflective of 2030 conditions when transit ridership levels are expected to stabilize. Assumptions related to the trip generation estimates of each project component are further described in Table 5.1, which indicates that the project could increase daily vehicle traffic in the area by approximately 2,080 trips.

[1]Traffic Generated by Mixed-Use Developments—A Six-Region Study Using Consistent Built Environmental Measures (Ewing et al, ASCE UP0146, Sept 2011).

[2]National Cooperative Highway Research Program (NCHRP) Report 684 Enhancing Internal Trip Capture Estimation for Mixed-Use Developments (Bochner et al, March 2011).

[3]Trip Generation Tool for Mixed-Use Developments (2012). www.epa.gov/dced/mxd_tripgeneration.html

[4]"Traffic Generated by Mixed-Use Developments—Six-Region Study Using Consistent Built Environmental Measures." Journal of Urban Planning and Development, 137(3), 248–261.

[5]Shafizadeh, Kevan, Richard Lee et al. "Evaluation of the Operation and Accuracy of Available Smart Growth Trip Generation Methodologies for Use in California". Presented at 91st Annual Meeting of the Transportation Research Board, Washington, D.C., 2012.

[6]SANDAG Smart Growth Trip Generation and Parking Study.

5.3 FUTURE TRANSPORTATION CONDITIONS

The projected level of net-new vehicle trip generation was added to the existing traffic volumes presented in the Existing Conditions Report, based on the expected directions of approach and departure to the plan area. As shown in Table 5.2, the net-change in vehicle trips is not expected to worsen the overall level of service within the area, although it would contribute to congested conditions on Main Street between 2nd Street and Vintage Parkway.

Transportation network enhancements would also need to occur to support the development potential in the area. Specific items that should be considered include:

- Signalization of the Norcross Lane at Main Street intersection to provide protected pedestrian crossings at 700 foot intervals along the corridor, as well as to facilitate peak traffic flows into and out of the Park & Ride lots.
- Modification of the traffic signal at the O'Hara Avenue at Main Street to accommodate a southbound-only north leg of the intersection. The intersection design would need to accommodate the turning radius of transit vehicles.
- Provision of an eastbound left-turn only lane on Main Street at the one-way transit loop entrance opposite 2nd Street. As 2nd Street is one-way southbound at this location, signalization or other traffic control is not expected to be necessary.

In addition to physical changes, the following policy adjustments should be considered:

- Exempting downtown intersections from the peak hour LOS D policy for vehicles
- Reducing parking requirements for new development

It is expected that as station, Park & Ride, and development plans are finalized, additional transportation analysis may be necessary to determine turn pocket lengths, traffic signal adjustments, crosswalk placement, and other circulation elements.

	AVERAGE WEEKDAY				
ROADWAY	EXISTING DAILY TRAFFIC[1]	EXISTING LEVEL OF SERVICE	NET-INCREASE WITH PROJECT[2]	FUTURE VOLUME WITH PROJECT	PROJECTED LEVEL OF SERVICE
A. Vintage Parkway, north of Main Street	6,200	A	105	6,305	A
B. Main Street, west of Vintage Parkway	20,150	C	730	20,880	C
C. Main Street, east of 2nd Street	18,440	E	730	19,170	E[3]

Table 5.2: Existing Daily Traffic Volumes
Notes:
1. Average daily two-way traffic measured over three days.
2. Approximately 5 percent of daily traffic is expected to travel on Vintage Parkway, 35% on Main Street west of Vintage Parkway, 35% on Main Street east of 2nd Street, with 25% on O'Hara Avenue and other north/south streets connecting to plan area.
3. Threshold for LOS F conditions is 20,600 vehicles.
Source: Fehr & Peers, 2015.

06

MARKET ANALYSIS

06 Market Analysis

6.1 OVERVIEW

The preferred plan program includes 100 residential units with about 20,000 square feet of ground-floor retail, 18,000 square feet of stand-alone retail, and 20,000 square feet of office (see Figures 4.8 and 6.1).

This program illustrates development types which would complement and build on recent investments in new retail uses and streetscape improvements Downtown. The ultimate type and timing of development Downtown will be determined by the disposition of City-owned land and market forces responding to existing and future land use regulations and incentives Downtown. This section documents the analysis and findings related to the financial feasibility of the various uses included.

PROGRAM	UNITS OR SQ.FT.
Townhomes	60
Apartments	40
Ground Floor Retail	20,000
Other Retail/ Commercial	18,000
Commercial/ Office	20,000
Park and Ride Spaces	300

FIG 6.1 Comparison of Median Listed Rent and Median Home-Price Monthly Mortgage
Source: Zillow; Economic & Planning Systems, Inc.

6.2 KEY FINDINGS

1.Convenient access to commuter rail services has been shown to positively impact real estate prices.

Residential home value studies of locations near BART, light rail in Phoenix, and rail in New Jersey have shown home value premiums (relative to similar, non-transit accessible homes) ranging from 5 to 20 percent. Studies of commercial value premiums are less well-documented, but also tend to show value premiums of a few percent.

2.Compact product types, centered largely along a short stretch of Main Street comprise new, untested types of development for Oakley.

These market types seek to efficiently use Downtown land through more intensive development and thoughtful parking solutions like shared spaces and using on- and off-street parking to meet demand. Efficient land use promotes a more lively pedestrian experience and human-oriented spaces. These types of gathering spaces are very attractive in Bay Area markets but are relatively scarce in the East County area.

3.Townhome development in particular is the most promising development type to occur in the near term, assuming a continued positive residential market environment and the completion of public space and transit improvements Downtown.

Residential values and new construction permits are up significantly in Oakley, since the depths of the Recession. Over the long term, median home values have increased from about $145,000 in 1997 to $365,000 today (down from about $500,000 during the peak of the market in 2005), achieving an annual, compound appreciation of about 5.5 percent. Through review of the positive indicators in the single-family market and discussion with active developers in the area, there is potentially demand for townhome development in the Downtown Oakley area and there may be sufficient demand for an apartment building located near transit, though the multifamily development prototype faces financial feasibility challenges (see finding in #5 below).

4.The potential market for new residential development in Downtown Oakley is likely to be drawn from worker-households seeking a transit-commute option or older households seeking to downsize from a larger home.

The existing stock and continued development and sales of single-family homes in Oakley clearly shows the attractiveness of the location for detached-home products. While attached, townhome products and apartment flats or condominiums have not yet been a proven product in the City, potential buyers/renters of these products are likely to be comprised of first-time homebuyers and retirees, residing in small households, without children. A significant portion of existing residences in Oakley—more than 40 percent—are occupied by households with one or two people (about 4,300 households).

5.5. Assuming a bump in home values near the new transit center, townhome development is the most likely type to achieve financial feasibility in the near term, depending on size and parking provision; apartments and new retail development would need to achieve 10+ percent rental rate increases to achieve feasibility, while office development would likely need to be a build-to-suit product.

Financial feasibility pro forma analyses have been prepared to compare market values with construction costs and "soft" costs (planning, entitlement, fees, and professional services costs, among others) to estimate the residual land value of development sites for different product types. The results of the analysis for townhomes (parcel H), apartments (parcel F), and office/commercial (parcels A, C, E, and I) are shown in Figure 2 and Table 2 (see Appendix tables for details). None of the uses meet the feasibility test under current rental rates and sales prices. However, continued improvements to the market—including transit premiums for residential uses—could foreseeably improve sales prices and rental rates for residential units by 10 percent in the near term which would allow townhomes to exceed financial feasibility (from a current sales price of about $300,000 per unit to $330,000). Apartment flats would exceed feasibility with a 13 percent increase in rental rates (from about $1,900 per month to $2,200 per month) while retail lease rates would need to increase from about $1.80 to almost $2.07 per square foot per month to reach feasibility. Office lease rates would need to increase by almost 40 percent, from about $1.80 to $2.50 per square foot per month to reach feasibility, an unlikely increase within the planning horizon. However, new office development could occur under a build-to-suit model, in which an end user (or end-user's selected developer) buys land and construct offices for the company to occupy. Additional transit options and continued investments in public spaces and placemaking will continue to improve the environment for potential investors and is the best strategy for the City to undertake in supporting retail and services downtown.

6.3 METHODOLOGY

EPS has developed pro forma financial models that simulate the economic performance of various development prototypes envisioned in Downtown to evaluate the financial feasibility of desired prototypes in the preferred alternative. These financial cash-flow models provide a "static" snapshot view based on today's real estate development values and construction costs. Specifically, the analysis estimates "residual land value" for each housing prototype and identifies the "feasibility gap" where values are insufficient to support costs.

The financial assumptions utilized in the EPS financial models are based on available market data as well as interviews with developers active in the Oakley and nearby market-areas. In addition, EPS cross-checked data provided by local developers with information reported by RSMeans, a national publication that provides information on construction costs for various building types throughout the United States. Standardized data on local development costs is difficult to obtain as costs can vary significantly from project to project and developers are not required to disclose this information. Development costs include direct vertical construction, indirect costs (i.e., architecture and engineering, project administration, professional fees, marketing, financing), contingency, and developer and builder return.

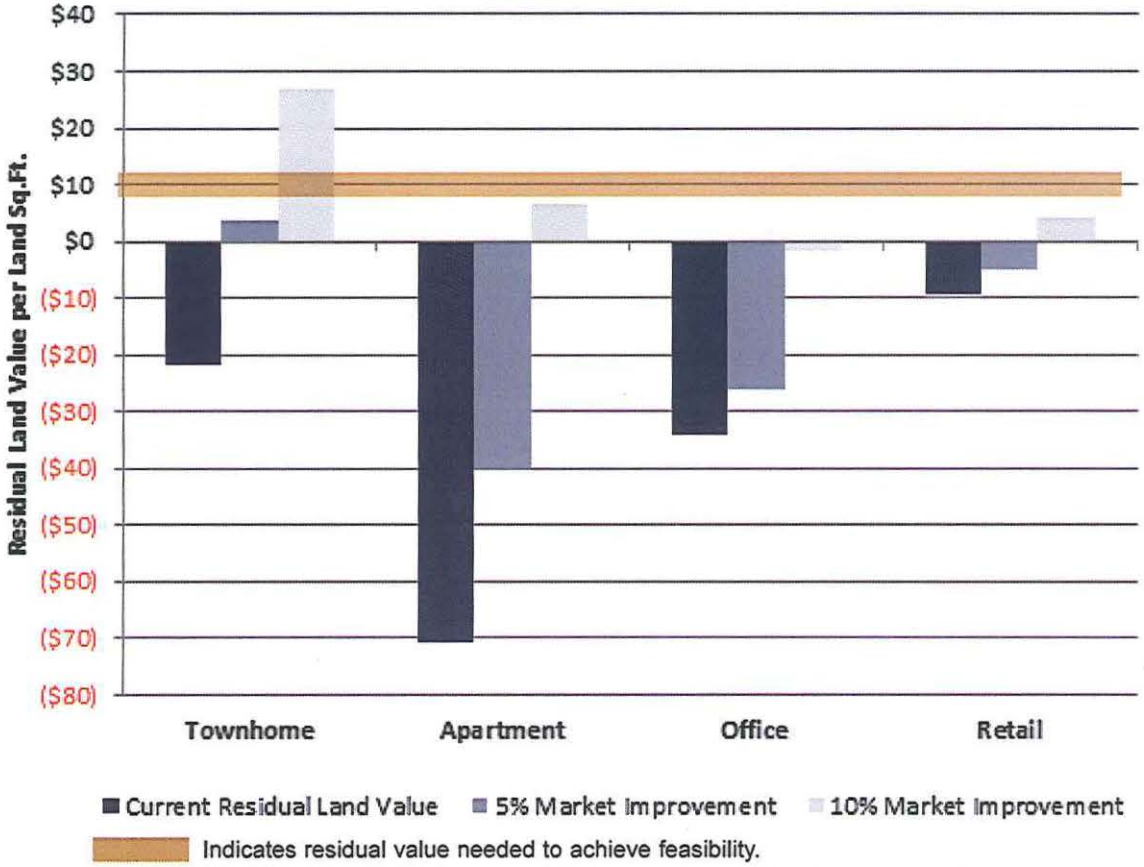


FIG 6.2 Estimated Residual Land Value Findings: Current and Improved Market

The revenues are based on observable sale prices and capitalized rents of existing product types, adjusted for the prototypes evaluated (i.e., more compact and new development) and to account for the continuation of planned public investments Downtown (i.e., City investments in street improvements now underway, a Tri-Delta park and ride lot, and Joint Powers Authority train platform). It is important to note that the financial feasibility analysis presented herein is designed to reflect prototypical cases and may not necessarily reflect the performance of any particular project.

Land Use	Residual Land Value	Required Market Improvement to Achieve Feasibility
Townhome	($22)	~7%
Apartment	($71)	~13%
Office	($34)	~40%
Retail	($10)	~15%

Source: Economic & Planning Systems, Inc.

FIG 6.3 Required market improvement to achieve financial feasibility

6.4 KEY MARKET FACTORS

Monthly Spending on Housing and New Home Sale Prices

Oakley residents typically spend $1,500 to $2,000 per month on either a mortgage or rent. Those living in newly built homes spend $2,300 to $2,500 on a traditional 30-year fixed mortgage. Sales prices in three new single-family detached home developments selling in Oakley—including Shoreline, Tide Pointe, and The Reserve—range from $126 to $181 per square foot and $350,000 to $535,000 per home (see Tables 6.1 to 6.4).

ITEM	OAKLEY	ANTIOCH	BRENTWOOD
Median Rent List Price (All Homes)	$1,950	$1,750	$2,300
Estimated Month Home Costs for Median-Valued Home			
4.5% down payment	$1,670	$1,423	$1,989
20% down payment	$1,399	$1,192	$1,666

TABLE 6.1 Comparison of Median Listed Rent and Median Home-Price Monthly Mortgage
Source: Zillow; Economic & Planning Systems, Inc.

PLAN	HOME SIZE	NET PRICE	NET PRICE/ SQ.FT.	BED	BATH	MONTHLY PAYMENT (4.5% DOWN)	MONTHLY PAYMENT (20% DOWN)
1	2,607	$415,000	$159	4	4	$1,892	$1,585
2	2,618	$471,000	$180	3	2.5	$2,147	$1,799
3	2,701	$465,000	$172	4	3.5	$2,120	$1,776
4	3,124	$487,000	$156	4	3.5	$2,220	$1,860
5	4,196	$535,000	$128	6	4.5	$2,439	$2,043

TABLE 6.2 Oakley New Home Profile Shoreline by Shea Homes
Source: Gregory Group
Note: Shoreline includes 3 to 6 bedroom detached homes centered around Summer Lake. Each home has a 3 car garage on 9,945 square foot lots. To date, Shoreline has sold all of its 33 offered units out of 65 total planned units.

PLAN	HOME SIZE	NET PRICE	NET PRICE/ SQ.FT.	BED	BATH	MONTHLY PAYMENT (4.5% DOWN)	MONTHLY PAYMENT (20% DOWN)
1	2,278	$353,990	$155	3	2	$1,614	$1,352
2	2,551	$359,990	$141	3	2.5	$1,641	$1,375
3	2,791	$377,990	$135	4	3.5	$1,723	$1,444
4	2,927	$385,990	$132	4	3.5	$1,760	$1,474
5	3,222	$403,990	$125	4	3.5	$1,842	$1,543

TABLE 6.3 Oakley New Home Profile- Tide Pointe by Meritage Homes
Source: Gregory Group
Note: Tide Pointe by Meritage Homes has 3 to 4 bedroom detached homes on 6,050 square foot lots. All of Tide Pointe's planned 74 units have been sold.

PLAN	HOME SIZE	NET PRICE	NET PRICE/ SQ.FT.	BED	BATH	MONTHLY PAYMENT (4.5% DOWN)	MONTHLY PAYMENT (20% DOWN)
1	2,352	$424,950	$181	3	2.5	$1,937	$1,623
2	2,990	$449,950	$150	4	3.5	$2,051	$1,719
3	3,342	$485,950	$145	4	2.5	$2,216	$1,856
4	3,468	$482,950	$139	4	4.5	$2,202	$1,845

TABLE 6.4 Oakley New Home Profile- The Reserve by Richmond American Homes
Source: Gregory Group
Note: The Reserve by Richmond American Homes offers 3 to 4 bedroom detached homes on 6,175 square foot lots. The Reserve began selling units in the first quarter of 2015, selling one unit out of 6 offered and 108 total units planned.

POTENTIAL TRANSIT- ACCESS MARKET PREMIUM

Literature suggests that a value premium is afforded to home prices with transit access, relative to non-transit accessible locations. Premiums vary based on land use type, area income, station area walkability, and distance to local job centers. A study of experiences in the San Francisco Bay Area in the mid-1990s found that on average, rents for one- and two-bedroom units within a quarter-mile of the Pleasant Hill Bart Station were 10 to 16 percent higher than otherwise comparable units further away from the station. Union City and Fremont stations mirrored this experience, but the communities of Pittsburg, Albany, and El Cerrito showed no significant difference in rents between TOD and non-TOD apartment units.

A 1979 study found that single-family homes within 500 feet of a BART station have a 17 percent price premium over those further away from the station. However, Workman and Broad's 1997 study of rail serving Oakland suburbs found that residential property values within a couple of blocks of rail stops were lower than those five to six blocks away. A Phoenix light rail study found that amenity rich mixed-use neighborhoods (walk-and-ride communities) experienced residential price premiums of 6% for single-family and 20 percent for condominiums, but residential neighborhoods within a short drive (park-and-ride communities) experienced no price premium capitalization.

A 2010 study used hedonic price modeling to measure the impact on nearby home values from transit improvement projects on the NJ Transit rail system in 1996, 2002, and 2003 that reduced average commuter travel times.

In the New Jersey case study train service already existed but service enhancements including speed and frequency had the effect of reducing traveler's commute time. The study found that the average increase in home sales price, for a 12 minute average reduction in travel time to midtown Manhattan, was approximately $23,000 for all homes within two miles of the stations. Homes nearest their local station had the highest gains in value, with homes within a half mile of the station increasing in value by 0.6 percent for every minute reduction in trip time.

Transit access also affects commercial property values, though perhaps to a lesser degree than residential prices. A 1995 study by John Landis found that there was no premium for office or retail property located within one-half mile of BART stations in the Bay Area. A 1978 study found that retail within 500 feet of a BART station commanded 1 percent higher rents. However, a range of other studies have found significant premiums for office uses, ranging from 9 to 14 percent in Washington DC within 300 feet of a station to 120 percent within 1,320 feet of VTA light trail stations in Downtown San Jose. Other studies have found retail premiums ranging from 30 percent within 1,320 feet of Dallas DART stations to 167 percent within 200 feet of San Diego Trolley Stations.

According to the data revealed in these studies, potential transit improvements may increase the value of the surrounding land. An SJJPA station would increase land values to a higher degree than a park and ride lot, and residential property would most likely command a higher transit premium than office or retail uses.

HOUSEHOLDS	OAKLEY		EAST CONTRA COSTA REGION	
	2013 HHS	% OF TOTAL	2013 HHS	% OF TOTAL
1 Person Households	1,760	16%	17,693	18%
2 Person Households	2,774	26%	26,312	27%
Family	2,233	21%	22,276	23%
Non Family	541	5%	4,036	4%
Subtotal 1 and 2 person HHs	4,534	42%	44,005	46%
All Households	10,867	100%	95,843	100%

TABLE 6.5 Small Households in Oakley and East County
Source: US Census 5-year ACS surveys 2009-2013: Economic & Planning Systems, Inc.
Note: East Contra Costa Region includes Antioch, Bay Point, Bethel Island, Brentwood, Clayton, Discovery Bay, Knightsen, Oakley and Pitttsburg

HOUSEHOLDS	OAKLEY		EAST CONTRA COSTA REGION	
	2010 HHS	GROWTH 2000- 2010	2010 HHS	GROWTH 2000- 2010
1 Person Households	1,522	10%	15,720	1%
Family HHs w/ no children under 18	3,765	16%	35,702	11%
Non Family HHs	554	18%	5,317	12%
Subtotal	5,841	15%	56,739	8%
Total Households	10,727	37%	95,489	23%

TABLE 6.6 Growth Potential Multi-family Tenant Demographic Groups
Source: US Census 5-year ACS surveys 2009-2013: Economic & Planning Systems, Inc.

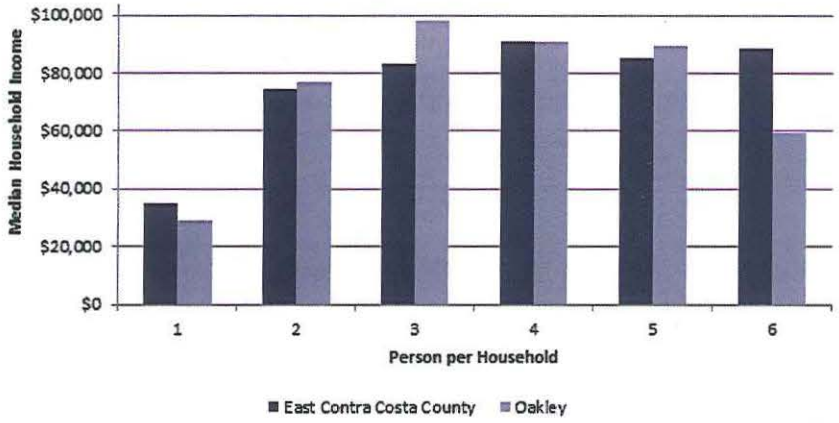


FIG 6.4 Median HH Income by Household size

MARKET DEMAND

While Oakley has a large majority of its housing stock in single-family home developments, a large portion of all households in the City and in East County reside in one-and two-person households and households without children, providing a pool of potential multifamily tenants and buyers. In 2013, one- and two-person households made up approximately 42 percent of Oakley's population and 46 percent of the East Contra Costa region's population. Oakley's one-person households have increased 10 percent since 2000, while the number of households with no children under 18 has increased 16 percent and nonfamily households have increased 18 percent. The region has seen similar growth trends in non-children households and non-family households (see Tables 6.5 and 6.6). The household incomes of these smaller households—especially the two-person households—are sufficient for the sale prices and monthly rents suggested in the financial feasibility pro formas (see Figure 6.4).

OFFICE AND RETAIL MARKET REVIEW

Demand for commercial land uses is driven by employment growth and retail sales. Oakley has a relatively small employment base, with about 3,800 jobs mostly in the public sector and in retail. More than 50 percent of jobs are in industry groups including education, health care, other public and non-public services, and accommodation and food services. Most jobs are clustered around Main Street and O'Hara Avenue (see Figure 6.5).

The City's licensing of new businesses has been steady with about 120 to 130 applications each year and at least one-half of those applications for home-based businesses. Currently, the City has almost 700 business licenses in Oakley and 355 of those are home-based businesses.

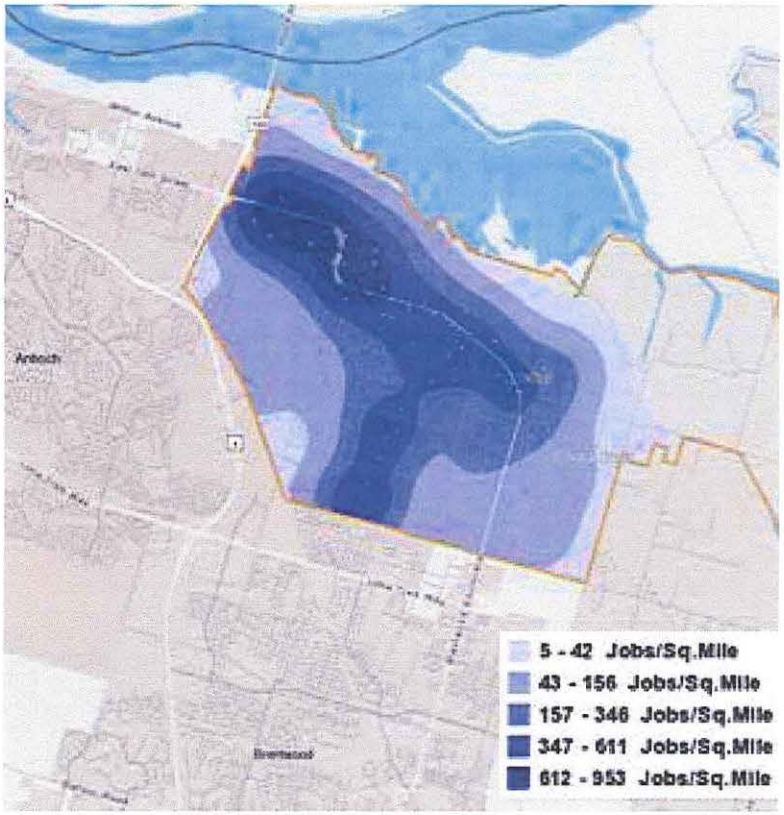


FIG 6.5 Distribution of Jobs in Oakley

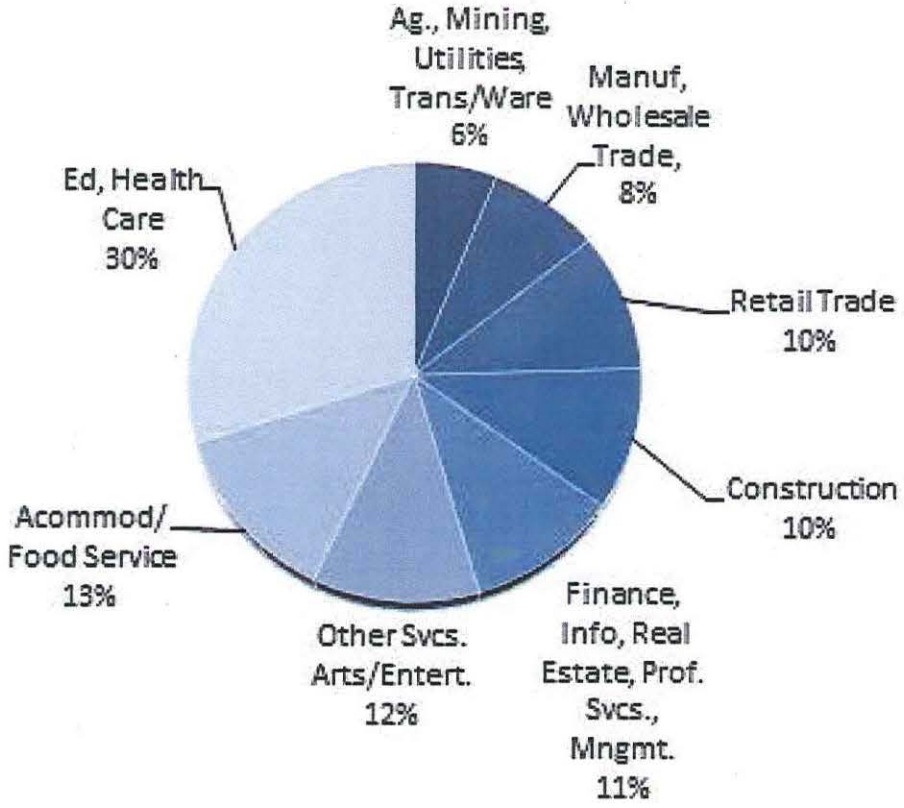


Figure 6.6 .Job Types in Oakley

Retail stores in Oakley are limited. Aside from grocery shopping, most of resident-shopping is done outside of the City, where typical general merchandise stores like Target and Walmart (in Antioch) or clothing and furnishing shores in Antioch or in Central County (Walnut Creek or Concord). Retail 'leakage' analyses—where total resident's expenditures are compared with total sales a geography—indicate leakage in almost all categories. In addition to auto-related spending, the highest leakage dollars in terms of spending are in general merchandise categories (e.g., Target, Walmart, etc.), grocery, health and personal care stories (e.g., pharmacy), clothing, and restaurants/bars.

The value (measured in lease rates) of commercial buildings declined sharply during the recession and has not yet reached prior levels. Figures 6.7 and 6.8 show the building stock tracked in Oakley, vacancy levels, and average asking lease rates. As shown, the vacancy rate is relatively low and did not spike during the recession. However, lease rates fell and are still in recovery.

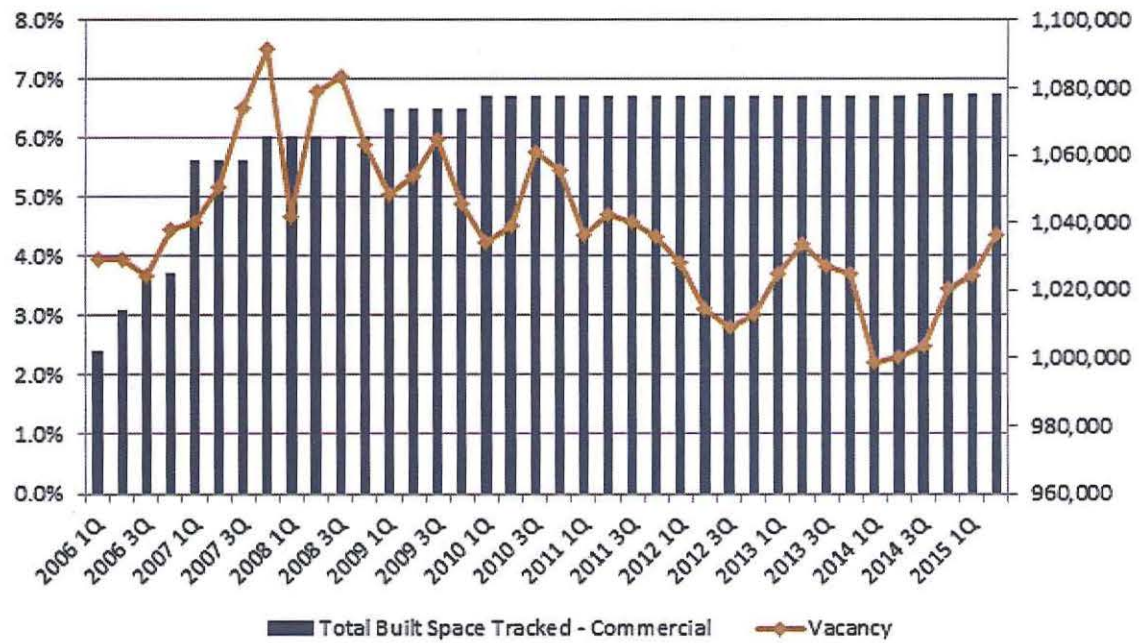


FIG 6.7 Commercial Space in Oakley – Total Built and Vacancy Rate

Source: CoStar

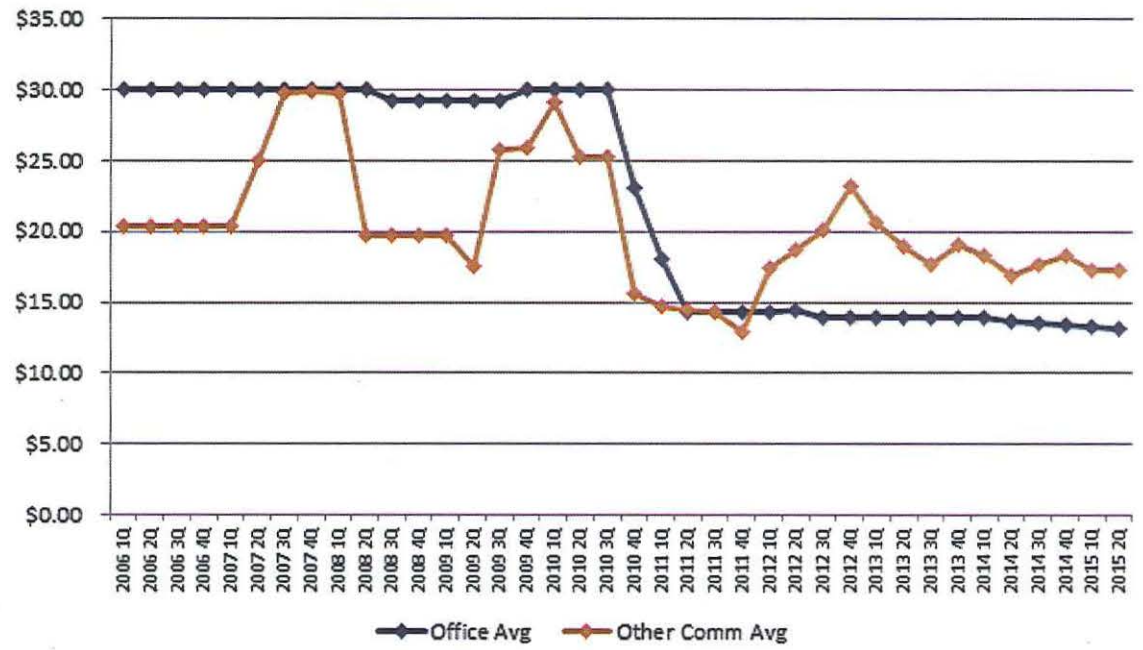


FIG 6.8 Average Lease Rates, Office and Non-Office Commercial

There are currently five listings in Oakley for office/ commercial uses (see Figure 6.9 for locations and pictures on subsequent pages). The listed lease rates for these sites are between $1.25 and $1.50 per square foot per month. These sites and the historic lease rates have been considered in inputting estimated least rates into the financial feasibility pro forma analyses for office and commercial/retail prototypes.

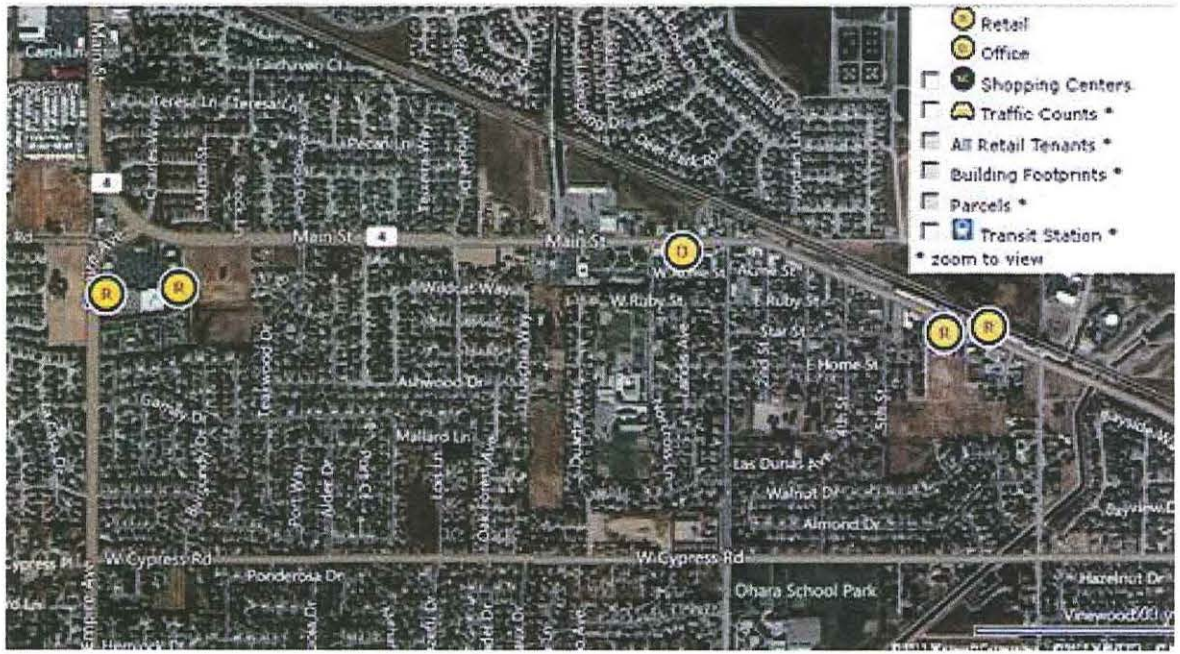


FIG 6.9 Commercial Properties for Lease in Downtown Vicinity

Images of for-lease properties in Downtown area.

6.5 FINANCIAL FEASIBILITY PRO FORMA ANALYSIS

The following tables illustrate the results of the financial feasibility pro forma analysis. Each pro forma is organized to show the development program for the site, the revenue generated by the use, and the estimated costs, including applicable fees and minimum developer profit, to develop the use. The difference between the revenues and costs is the "residual land value" or the price the developer could pay to purchase the land. The target price for the purposes of analysis is roughly $10 per land square foot or $435,600 per acre.

Following the pro forma tables are sensitivity tables. These tables indicate how variations in key estimates—lease rates, sales prices, capitalization rates, and construction costs—affect the residual land value.

Table 6.7 Parcel H: For-Sale Townhomes

ITEM	ASSUMPTIONS	PER GROSS BUILDING		TOTAL
		PER UNIT	SQUARE FEET	
DEVELOPMENT PROGRAM ASSUMPTIONS				
Site Area				30,000
Gross Building Sq.Ft.				70,588
Net Livable Sq.Ft.	85%			60,000
Dwelling Units				50
Livable Sq.Ft per Unit				1,200
Parking spaces per Unit	1.5			75
REVENUE ASSUMPTIONS				
Resid.- Sale Price per Sq.Ft. and per Unit (1)	$250	$300,000		$15,000,000
(less Marketing and Commissions)	3.0% of gross sales			($450,000)
Net Sales Revenue		$291,000	$206	$14,550,000
COST ASSUMPTIONS				
Direct Costs				
Basic Site Work	$10 per site sqft			$300,000
Resid.-Building Construction Costs (2)	$135 per gross sqft			$9,529,412
Total Direct Costs		$196,588	$139	$9,829,412
Indirect Costs				
Soft Costs				
Predevelopment	1.0% of direct costs			$98,294
A&E	4.0% of direct costs			$393,176
Pre-opening, marketing	1.5% of direct costs			$147,441
Legal	1.0% of direct costs			$98,294
Other Professinoal Services	1.0% of direct costs			$98,294
Hard + Soft Costs Contigency	5.0% of direct costs + soft costs above this item			$533,246
Real Estate Taxes	1.0% 12 months, construction + land value			$122,671
Permit Costs	1.1% of direct costs			$112,055

ITEM	ASSUMPTIONS	PER GROSS BUILDING		TOTAL
		PER UNIT	SQUARE FEET	
Impact Fees (3)	$32,439 /unit			$1,621,974
Development Fee	3.0% of direct + soft costs			$391,646
Total Indirect Costs		$72,342	$51	$3,617,092
Financing				
Interest	4.5% interest rate and 65% LTC			$196,655
Financing Fees	2.0%			$174,805
Total Financing Costs			$5	$371,460
Gross Costs, before Land and Profit		$276,359	$196	$13,817,963
Project Profit	10.00%	$27,636	$20	$1,381,796
Total Costs & Profit		$303,995	$215	$15,199,759
Land Value				
Total Residual Land Value		($12,995)	($11)	($649,759)
Residual Value per Site Sq. Ft.				($22)

Note: Many assumptions above are based on EPS's standard assumptions for pro formas based on our review developer pro formas over the years. Sources for selected assumptions are below.

(1) Townhome for-sale prices are based on Zillow recent sales prices for new(er) construction and adjusted upward to account for new development, site, and transit premiums.
(2) Building direct costs estimated based on RS Means for zip code 94561. Hard costs include union labor and General Contractor's overhead and profit.
(3) Fee estimate is based on Oakley's current development impact fee schedule for multifamily units. Fee rate is based on fee schedule anticipated to be in place once current reductions in fees sunset, which include Oakley traffic fee, regional traffic fee, public facilities, school impact fee, and Contra Costa County drainage fees. Contra Costa County drainage area fees are based on Drainage Area 29 D and assumes 100% existing impervious surface on-site.

COST PER SQ. FT.	SALE PRICE PER SQ. FT.				
	$200	$215	$230	$263	$275
$125	($87)	($58)	($29)	$35	$59
$135	($119)	($90)	($60)	$4	$27
$145	($151)	($121)	($92)	($28)	($5)
$155	($182)	($153)	($124)	($60)	($37)
$165	($214)	($185)	($156)	($92)	($69)

Formatting indicates scenarios where residual land value achieves $10 or more

Formatting indicates construction costs used in the base pro forma

Table 6.8 Parcel H: For-Sale Townhomes Sensitivity (Multifamily City Fees Applied)

Table 6.9 Parcel F: Apartments (No Ground Floor Retail)

ITEM	ASSUMPTIONS	PER GROSS BUILDING		TOTAL
		PER UNIT	SQUARE FEET	
DEVELOPMENT PROGRAM ASSUMPTIONS				
Site Area				30,000
Units				60
Gross Building Sqft	1,167 gross sqft/unit			70,000
Net Leasable Area Sqft	85% of gross sqft to rental area			59,500
Parking Spaces	1.42 spaces per residential unit			85
REVENUE ASSUMPTIONS				
Base Rental Revenue (Market Rate) (1)	$1.95 NLA sqft/month			$1,392,300
(less) Operating Expenses (2)	$5,000 per unit			($300,000)
(less) Vacancy	5.0% of gross income			($69,615)
(less) Share of Real Estate Taxes	1.12% of capped value			($181,356)
Net Building Revenue Subtotal				$841,329
Capitalized Value (residential cap rates) (3)	6.00%	$233,702	$200	$14,022,148
COST ASSUMPTIONS				
Direct Costs				
Basic Site Work	$10 per site sqft			$300,000
Resid.-Building Construction Costs (4)	$140 per gross sqft			$9,800,00
Total Direct Costs		$168,333	$144	$10,100,000
Indirect Costs				
Soft Costs				
Predevelopment	1.0% of direct costs			$101,000
A&E	4.0% of direct costs			$404,000
Pre-opening, marketing	1.5% of direct costs			$151,500
Legal	1.0% of direct costs			$101,000
Other Professinoal Services	1.0% of direct costs			$101,000
Hard + Soft Costs Contigency	5.0% of direct costs + soft costs above this item			$547,925

ITEM	ASSUMPTIONS	PER GROSS BUILDING		TOTAL
		PER UNIT	SQUARE FEET	
Real Estate Taxes	1.1% 12 months, construction + land value			$141,174
Permit Costs	1.1% of direct costs			$115,140
Impact Fees (5)	$32, 361 per unit			$1,941,669
Development Fee	3.0% of direct + soft site costs			$411,132
Total Indirect Costs			$57	$4,015,540
Parking Constructoin Costs	$2,000 all in costs per space			$170,000
Financing				
Interest	4.5% interest rate and 65% LTC			$208,926
Financing Fees	2.0%			$185,712
Total Financing Costs			$6	$394,638
Gross Costs, before Land and Profit		$244,670	$210	$14,680,178
Project Profit	10%	$24,467	$21	$1,468,018
Total Costs & Profit		$269,137	$231	$16,148,196
Land Value				
Total Residual Land Value		($35,434)	($30)	($2,126,048)
Residual Value per Site Sq. Ft.				($71)

Notes: Many assumptions above are based on EPS's standard assumptions for pro formas based on our review developer pro formas over the years.
Sources for selected assumptions are below.
(1) Apartment rental rates are based Zillow median rental rates and adjusted upward to account for new development, site, and transit premiums.
(2) Based on review of 2013 survey of National Apartment Association Operating Income and Expenses report and EPS's review of other apartment pro formas in the Bay Area.
(3) Capitalization rates are based on reported rates in IRR Viewpoint for the nearest MSA and adjusted slightly to reflect attributes of the property.
(4) Building direct costs estimated based on RS Means for zip code 94561. Hard costs include union labor and General Contractor's overhead and profit. Note that parking is presumed to be provided in a covered surface lot; improvements costs are shown in a line item below.
(5) Based on Oakley's current development impact fee schedule for multifamily units. Fee is based on fee schedule anticipated to be in place once current reductions in fees sunset, which includes Oakley traffic fee, regional traffic fee, public facilities, school impact fee, and Contra Costa County drainage area fees. Contra Costa County drainage area fees are based on Drainage Area 29 D and assumes no existing impervious surface on-site.

RENTAL RATE OF PRIMARY USE	COST PER SQ. FT. $110	$120	$130	$140	$150
$1.85	($7)	($39)	($70)	($102)	($134)
$1.95	$24	($8)	($39)	($71)	($103)
$2.05	$55	$23	($8)	($40)	($72)
$2.10	$77	$39	$7	($24)	($56)
$2.10	$102	$70	$38	$7	($25)

Formatting indicates scenarios where residual land value achieves $10 or more

Formatting indicates construction costs used in the base pro forma

Table 6.10 Parcel F: Apartments (No Ground Floor Retail) – Sensitivity

Table 6.11 Parcel F: Apartments (With Ground Floor Retail)

ITEM	ASSUMPTIONS	PER GROSS BUILDING		TOTAL
		PER UNIT	SQUARE FEET	
DEVELOPMENT PROGRAM ASSUMPTIONS				
Site Area				30,000
Gross Building Sq.Ft.				80,000
Ground Floor Retail				20,000
Gross Residential Area				60,000
Net Retail Leasable Area Sqft	85% of gross sqft to rental area			51,000
Units	1,275 gross sqft/unit			40
Parking Spaces	1.75 spaces per 1,000 sqft			140
REVENUE ASSUMPTIONS				
Residential Rental Revenue (1)	$1.95 NLA sqft/month			$1,193,400
Retail Rental Revenue	$1.80 NLA sqft/month			$432,000
(less) Operating Expenses (2)	$5,000 per unit			($200,000)
(less) Vacancy	5.0% of gross income			($81,270)
(less) Share of Real Estate Taxes	1.12% of capped value			($238,359)
Net Building Revenue Subtotal				$1,105,771
Capitalized Value (residential/retail cap rate) (3)	6.00%	7.50%	$147	$11,752,962
COST ASSUMPTIONS				
Direct Costs				
Basic Site Work	$10 per site sqft			$300,000
Residential Building Construction Costs (4)	$140 per gross sqft			$8,400,000
Retail Constructoin Costs	$135 per gross sqft			$2,700,000
Total Direct Costs		$285,000	$143	$11,400,000
Indirect Costs				
Soft Costs				
Predevelopment	1.0% of direct costs			$114,000
A&E	4.0% of direct costs			$456,000
Pre-opening, marketing	1.5% of direct costs			$171,000

ITEM	ASSUMPTIONS	PER GROSS BUILDING		TOTAL
		PER UNIT	SQUARE FEET	
Legal	1.0% of direct costs			$114,000
Other Professinoal Services	1.0% of direct costs			$114,000
Hard + Soft Costs Contigency	5.0% of direct costs + soft costs above this item			$618,450
Real Estate Taxes	1.1% 12 months, construction + land value			$159,345
Permit Costs	1.1% of direct costs			$129,960
Impact Fees (5)	$36,616 per unit			$1,304,629
Development Fee	3.0% of direct + soft costs			$437,442
Total Indirect Costs			$45	$3,618,825
Parking Construction Cost	$2,000 all in costs per space			$280,000
Financing				
Interest	4.5% interest rate and 65% LTC			$223,745
Financing Fees	2.0%			$198,885
Total Financing Costs			$5	$442,630
Gross Costs, before Land and Profit		$393,036	$197	$15,721,455
Project Profit	10%	$39,304	$20	$1,572,146
Total Costs & Profit		$432,340	$216	$17,293,601
Land Value				
Total Residual Land Value		($138,516)	($69)	($5,540,639
Residual Value per Site Sq. Ft.				($185)

Notes: Many assumptions above are based on EPS's standard assumptions for pro formas based on our review developer pro formas over the years. Sources for selected assumptions are below.
(1) Retail rents based on CoStar data collected 7/23/2015
(2) Operating costs assume tripe net lease terms.
(3) Building direct costs estimated based on RS Means for zip code 94561. Hard costs include union labor and General Contractor's overhead and profit. Note that parking is presumed to be provided in a surface lot, the improvements to which are captured in the "basic site work" line item.
(4) Based on Oakley's current development impact fee schedule for commercial space. Fee is based on reduced fee schedule which includes Oakley traffic fee, regional traffic fee, public facilities, school impact fee, and Contra Costa County drainage area fees. Note that park and general plan fees are not part of the reduced fee schedule. Contra Costa County drainage area fees are based on Drainage Area 29 D and assumes no existing impervious surface on-site.

RENTAL RATE OF PRIMARY USE	COST PER SQ. FT.				
	$110	$120	$130	$140	$150
$1.85	($49)	($59)	($69)	($79)	($89)
$1.95	($39)	($49)	($59)	($69)	($79)
$2.05	($29)	($39)	($49)	($59)	($69)
$2.10	($24)	($34)	($44)	($54)	($65)
$2.10	($14)	($24)	($34)	($44)	($55)

Formatting indicates scenarios where residual land value achieves $10 or more

Formatting indicates construction costs used in the base pro forma

Table 6.12 Parcel F: Apartments (With Ground Floor Retail) - Sensitivity

Table 6.13 Standalone Retail Parcels (Parcel A, C, E)

ITEM	ASSUMPTIONS	PER GROSS BLDG SQUARE FEET	TOTAL
DEVELOPMENT PROGRAM ASSUMPTIONS			
Site Area			40,000
Gross Building Sqft			18,000
Net Leasable Sqft	90% of gross sqft to rental area		16,200
Parking Spaces	4.72 spaces per 1,000 sqft office		85
REVENUE ASSUMPTIONS			
Base Rental Revenue (1)	$1.80 NLA sqft/month		$349,920
(less) Vacancy	5.0% of gross income		($17,496)
Effective Gross Revenue			$332,424
(less) Operating Expenses (2)	5.0% of effective gross expenses		($16,621)
(less) Share of Real Estate Taxes	1.12% of capped value		($47,160)
Net Building Revenue Subtotal			$268,643
Capitalized Value	7.50%	$199	$3,581,906
COST ASSUMPTIONS			
Direct Costs			
Basic Site Work	$10 per site sqft		$400,000
Building Construction Costs (3)	$135 per gross sqft		$2,430,000
Total Direct Costs		$157	$2,830,000
Indirect Costs			
Soft Costs			
Predevelopment	1.0% of direct costs		$28,300
A&E	4.0% of direct costs		$113,200
Pre-opening, marketing	1.5% of direct costs		$42,450
Legal	1.0% of direct costs		$28,300
Other Professinoal Services	1.0% of direct costs		$28,300
Hard + Soft Costs Contigency	5.0% of direct costs + soft costs above this item		$153,528

ITEM	ASSUMPTIONS	PER GROSS BLDG SQUARE FEET	TOTAL
Real Estate Taxes	1.1% 12 months, construction + land value		$39,5557
Permit Costs	1.1% of direct costs		$32,262
Impact Fees (4)	$6,082 per 1,000 sqft		$109,474
Development Fee	3.0% of direct + soft costs		$102,161
Total Indirect Costs		$38	$677,531
Financing			
Interest	4.5% interest rate and 65% LTC		$51,298
Financing Fees	2.0%		$45,598
Total Financing Costs		$5	$96,896
Gross Costs, before Land and Profit		$200	$3,604,427
Project Profit	10%	$20	$360,443
Total Costs & Profit		$220	$3,964,869
Land Value			
Total Residual Land Value		($21)	($382,964)
Residual Value per Site Sq. Ft.			($10)

Notes: Many assumptions above are based on EPS's standard assumptions for pro formas based on our review developer pro formas over the years. Sources for selected assumptions are below.
(1) Retail rents based on CoStar data collected 7/23/2015
(2) Operating costs assume tripe net lease terms.
(3) Building direct costs estimated based on RS Means for zip code 94561. Hard costs include union labor and General Contractor's overhead and profit. Note that parking is presumed to be provided in a surface lot, the improvements to which are captured in the "basic site work" line item.
(4) Based on Oakley's current development impact fee schedule for commercial space. Fee is based on reduced fee schedule which includes Oakley traffic fee, regional traffic fee, public facilities, school impact fee, and Contra Costa County drainage area fees. Note that park and general plan fees are not part of the reduced fee schedule. Contra Costa County drainage area fees are based on Drainage Area 29 D and assumes no existing impervious surface on-site.

RENTAL RATE OF PRIMARY USE	CAP RATE OF PRIMARY USE				
	6.00%	6.50%	7.00%	7.50%	8.00%
$1.50	($10)	($15)	($20)	($24)	($28)
$1.75	$5	($1)	($7)	($12)	($17)
$1.89	$13	$6	$0	($5)	($12)
$2.07	$24	$16	$10	$4	($2)
$2.11	$26	$19	$12	$6	$0

Formatting indicates scenarios where residual land value achieves $10 or more

Formatting indicates construction costs used in the base pro forma

Table 6.14 Standalone Retail Parcels (Parcel A, C, E) Sensitivity

Table 6.15 Office - Parcel I

ITEM	ASSUMPTIONS	PER GROSS BLDG SQUARE FEET	TOTAL
DEVELOPMENT PROGRAM ASSUMPTIONS			
Site Area			40,000
Gross Building Sqft			20,000
Net Leasable Sqft	90% of gross sqft to rental area		18,000
Parking Spaces	4.25 spaces per 1,000 sqft office		85
REVENUE ASSUMPTIONS			
Base Rental Revenue (1)	$1.80 NLA sqft/month		$388,800
(less) Vacancy	5.0% of gross income		($19,440)
Effective Gross Revenue			$369,360
(less) Operating Expenses (2)	25% of effective gross expenses		($92,340)
(less) Share of Real Estate Taxes	1.12% of capped value		($44,323)
Net Building Revenue Subtotal			$232,697
Capitalized Value	7.00%	$166	$3,200,000
COST ASSUMPTIONS			
Direct Costs			
Basic Site Work	$10 per site sqft		$400,000
Building Construction Costs (3)	$140 per gross sqft		$2,800,000
Total Direct Costs		$160	$3,200,000
Indirect Costs			
Soft Costs			
Predevelopment	1.0% of direct costs		$32,000
A&E	4.0% of direct costs		$128,000
Pre-opening, marketing	1.5% of direct costs		$48,000
Legal	1.0% of direct costs		$32,000
Other Professinoal Services	1.0% of direct costs		$32,000
Hard + Soft Costs Contigency	5.0% of direct costs + soft costs above this item		$182,600

ITEM	ASSUMPTIONS	PER GROSS BLDG SQUARE FEET	TOTAL
Real Estate Taxes	1.1% 12 months, construction + land value		$44,728
Permit Costs	1.1% of direct costs		$36,480
Impact Fees (4)	$6,082 per 1,000 sqft		$121,638
Development Fee	3.0% of direct + soft costs		$115,723
Total Indirect Costs		$48	$953,169
Financing			
Interest	4.5% interest rate and 65% LTC		$60,740
Financing Fees	2.0%		$53,991
Total Financing Costs		$6	$114,731
Gross Costs, before Land and Profit		$213	$4,267,901
Project Profit	10%	$21	$426,790
Total Costs & Profit		$235	$4,694,691
Land Value			
Total Residual Land Value		($69)	($1,370,451)
Residual Value per Site Sq. Ft.			($34)

Notes: Many assumptions above are based on EPS's standard assumptions for pro formas based on our review developer pro formas over the years. Sources for selected assumptions are below.
(1) Office rents based on CoStar data collected 7/23/2015
(2) Operating costs full service lease terms
(3) Building direct costs estimated based on RS Means for zip code 94561. Hard costs include union labor and General Contractor's overhead and profit. Note that parking is presumed to be provided in a surface lot, the improvements to which are captured in the "basic site work" line item.
(4) Based on Oakley's current development impact fee schedule for commercial space. Fee is based on reduced fee schedule which includes Oakley traffic fee, regional traffic fee, public facilities, school impact fee, and Contra Costa County drainage area fees. Note that park and general plan fees are not part of the reduced fee schedule. Contra Costa County drainage area fees are based on Drainage Area 29 D and assumes no existing impervious surface on-site.

		CAP RATE OF PRIMARY USE				
		6.00%	6.50%	7.00%	7.50%	8.00%
RENTAL RATE OF PRIMARY USE	$1.50	($39)	($44)	($48)	($52)	($55)
	$1.75	($26)	($32)	($37)	($41)	($45)
	$1.89	($19)	($25)	($30)	($35)	($39)
	$1.98	($14)	($20)	($26)	($31)	($35)
	$2.50	$13	$5	($2)	($8)	($14)

Formatting indicates scenarios where residual land value achieves $10 or more

Formatting indicates construction costs used in the base pro forma

Table 6.16 Office - Parcel I Sensitivity

6.6 APPENDIX TABLES AND FIGURES

The below charts contain background market information for the financial feasibility analysis.

Figure 6.10 Median Home Sale Price

Figure 6.11 Median Rent Index

Figure 6.12 Number of Homes for Rent

Figure 6.13 Homes Foreclosed (Number per 10,000 homes

Figure 6.14 Oakley New Residential Unit Permits

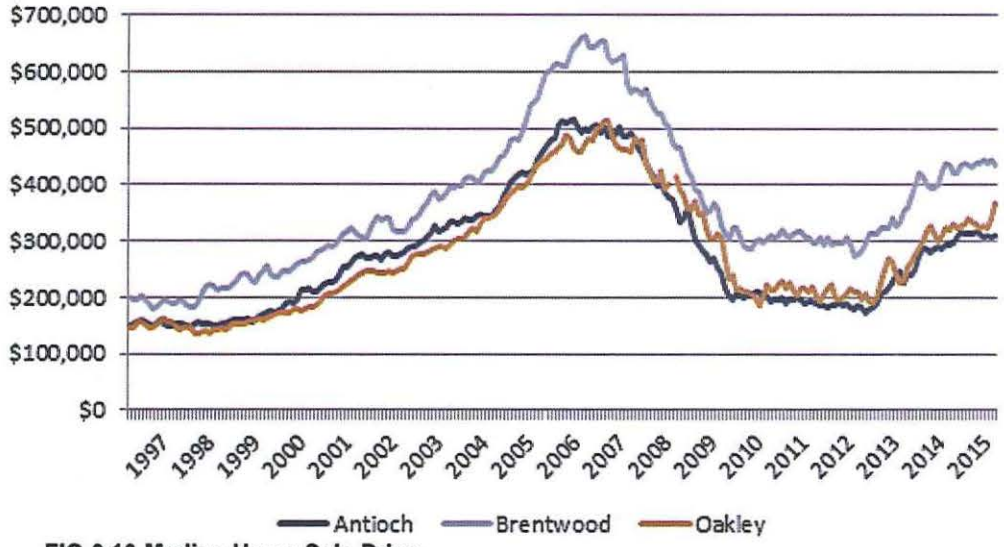


FIG 6.10 Median Home Sale Price

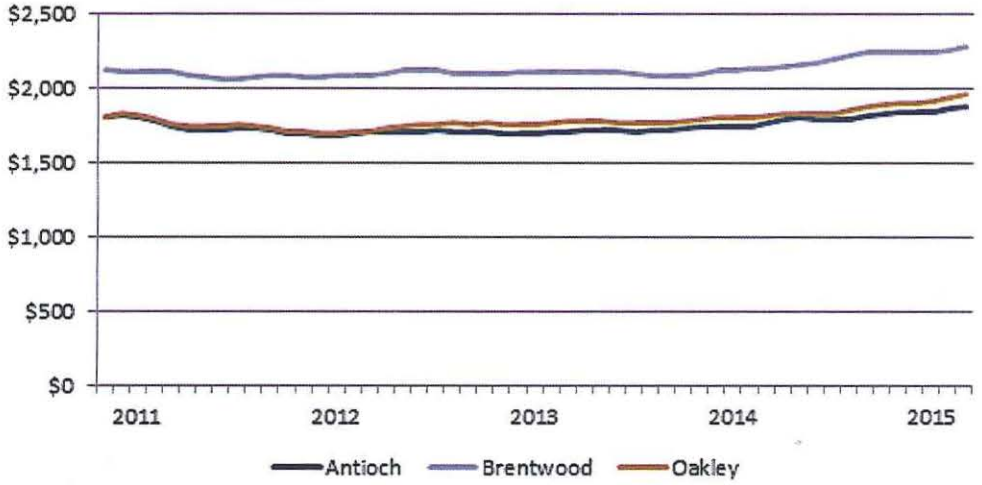


FIG 6.11 Median Rent Index

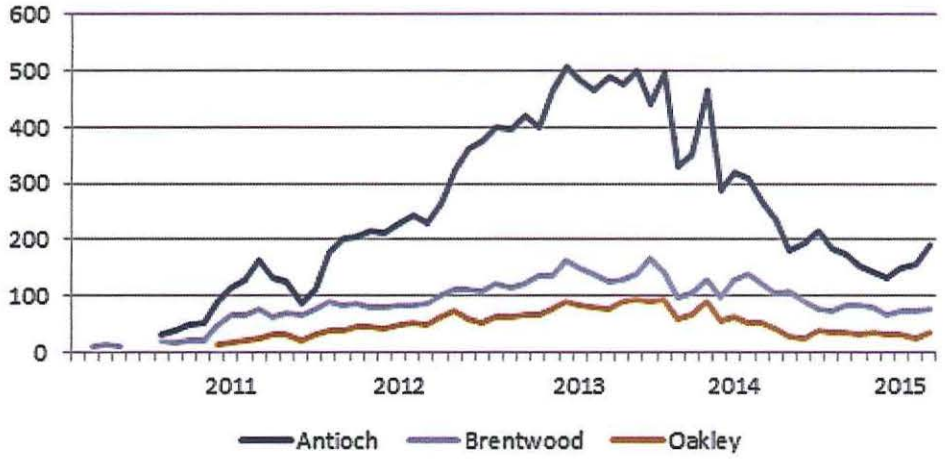


FIG 6.12 Number of Homes for Rent

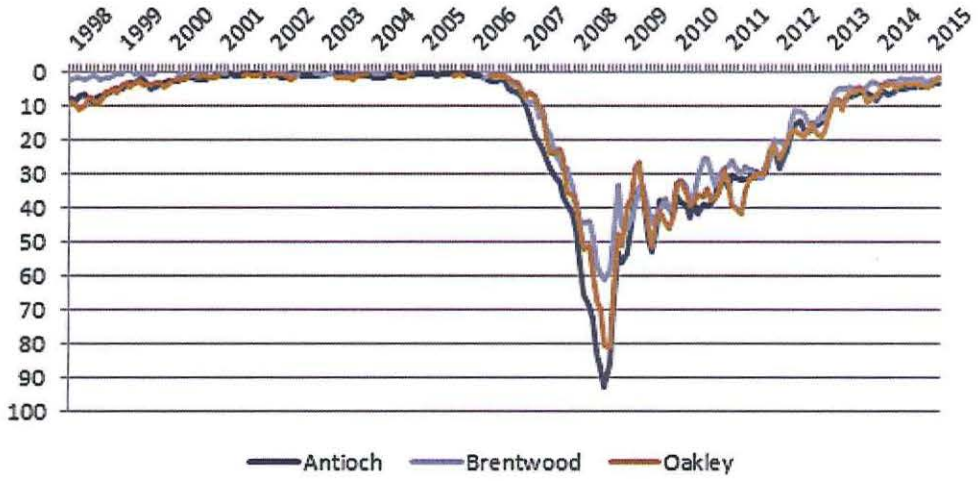


FIG 6.13 Homes Foreclosed (Number per 10,000 homes

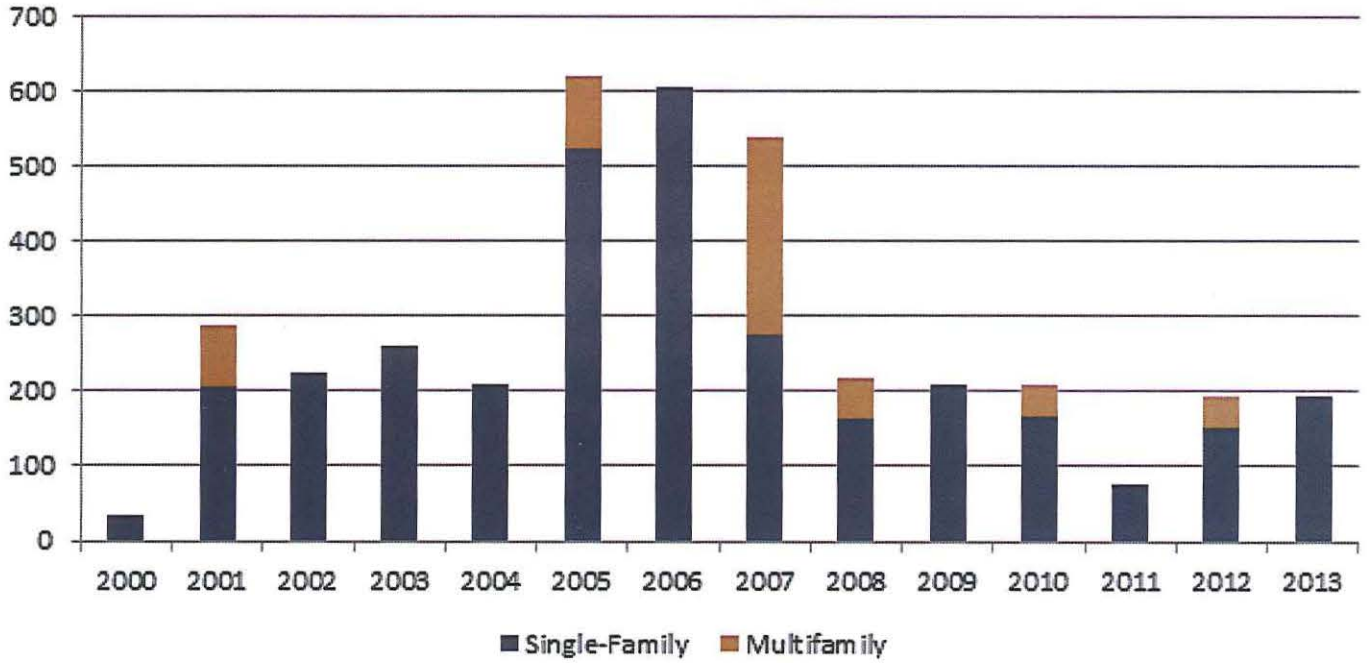


FIG 6.14 Oakley New Residential Unit Permits

07

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07 References and Acknowledgements

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7.2 ACKNOWLEDGEMENTS

CITY OF OAKLEY

Kevin Romick	Vice Mayor
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Joshua McMurray	Planning Manager
Dwayne Dalman	Economic Development Manager
Kevin Rohani	Public Works Director/ City Engineer

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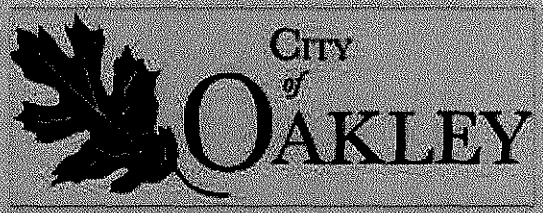

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