

History of Transit Center Project and Cost Increases

Following the Loma Prieta Earthquake in October 1989 and the destruction of the 16th Street Amtrak station in West Oakland, the City of Emeryville and Wareham Development moved quickly to build a new Amtrak Station in Emeryville, which opened in 1990. Subsequently, during the 1990s, Wareham received approval to build three new structures around the new train station, dubbed the “EmeryStation” campus. These were “The Terraces”, a residential building immediately south of the station; “EmeryStation 1”, a lab/office building across Horton Street to the east of the station, and “EmeryStation North”, a lab/office building to the northeast of the station across Horton and 59th Streets. These buildings were completed and opened in the early 2000s. The “Mound Site” to the north of the station, so-called because of the mound-shaped asphalt cap that encapsulated contaminated soil, served as a surface parking lot for the train station, and provided some parking for the EmeryStation complex.

The Emeryville Amtrak station quickly became a major transit hub, served by numerous cross-country and local commuter trains, and was the transfer point for train passengers boarding Amtrak buses to San Francisco. Soon it was the sixth busiest Amtrak station in California. In 2002, the City began planning for a “Transit Center” on the Mound Site to provide structured parking and facilities for Amtrak, AC Transit, and Emery Go-Round buses. A preliminary design for such a structure was reviewed by the Planning Commission in May 2003, and was rejected as not being intense enough for this urban infill location. The Commission felt that the Transit Center should be a mixed use project, involving more than just parking and a bus station.

In 2003, staff undertook feasibility studies to include housing above a parking structure on the Mound Site, and study sessions were held on this concept by the Planning Commission and City Council. In September 2004, the City Council, sitting as the Redevelopment Agency, selected Wareham to develop a mixed-use project on the site, and in September 2005, the Agency entered into an Exclusive Negotiating Agreement with Wareham. Initially, Wareham’s concept was to build a 160-unit, 175-foot tall condominium tower on top of a parking structure. In 2007, the concept was revised to be a 250,000 square foot lab/office building over a 6-level parking structure. In 2008, the concept was revised again to be a 250,000 square foot lab/office building over a 2-level parking podium (called EmeryStation West/Transit Center), plus a 675-space, 7-level parking structure diagonally across Horton Street on the Heritage Square parking lot site, (called Heritage Square Garage). This became the project that ultimately went forward for planning entitlements. A CEQA environmental review document, called an Initial Study/Mitigated Negative Declaration (IS/MND), was published in late 2009. The IS/MND was certified and the project was approved by the City Council on February 16, 2010.

The EmeryStation West/Transit Center project experienced numerous delays over the next few years related to funding for the project and site remediation. There were ongoing discussions and amended agreements about site remediation between Wareham, the City/Redevelopment Agency, and CBS (successor to Viacom, which in turn was the successor to Westinghouse, the original property owner). In 2012, the state abolished Redevelopment, and lengthy litigation ensued over the funds that the Redevelopment

Agency had pledged to the site clean-up. Ultimately, this case was decided in the City's favor and the funding was restored. On February 7, 2012, the City Council granted a two-year extension of the project's planning entitlements, and, on January 21, 2014, the Council approved a Development Agreement with Wareham, which, among other things, extended the planning entitlements for an additional five years. Site remediation finally began in May 2015. A building permit application for the EmeryStation West/Transit Center building was submitted in November 2015, and a building permit application for the Heritage Square Garage was submitted in March 2016. The building permit for the garage was issued in September 2016, and the building permit for the EmeryStation West/Transit Center building was issued in November 2016. Both are now under construction.

In addition to the increases in the cost of site remediation mentioned under "Options and Recommendation" in the staff report, the fees associated with the project have also increased dramatically since it was approved in 2010. At that time, the estimated Traffic Impact Fee for the project was \$194,667.20, based on \$0.784 per square foot of research and development space; there was no Parks and Recreation Facility Impact Fee nor Affordable Housing Impact Fee. In 2014, the City Council adopted an updated Transportation Facility Impact Fee, as well as a new Parks and Recreation Facility Impact Fee and a new Affordable Housing Impact Fee. These new fees were subject to annual increases based on the Construction Cost Index; this increase was 2.46% in 2015 and 3.55% in 2016. By the time the building permit was issued in November 2016, the Transportation Impact Fee for research and development space had increased to \$2.85 per square foot, a 264% increase from the 2010 rate of \$0.784. In addition, the new Parks and Recreation and Affordable Housing impact fees brought the total rate to \$9.77 per square foot, and the total impact fees to \$2,497,805.51, a 1,183% increase from the impact fee of \$194,667.20 estimated in 2010.