South Fremont/Warm Springs Area Studies

CITY COUNCIL PRESENTATION

February 21, 2012

Tonight's Presentation

- Introductions
- Background and Purpose
- Summary Findings
- Land Use Alternatives
- Transportation and Utility Improvements
- Financial Assessment and Fiscal/Economic Analysis
- Conclusions
- Next Steps

Background and Purpose

Funding and Purpose

- Economic Development Administration (EDA) Grant of $333,000
- Purpose:
  - Develop economic development strategy for 850-acre study area
  - Support the creation of new jobs
  - Four Studies:
    - Economic and Market Analysis Strategic Plan (completed September 2011)
    - Land Use Alternatives Study (completed September 2011)
    - Infrastructure and Cost Analysis (completed December 2011)
    - Fiscal and Financial Assessments (completed January 2012)

Community Outreach

- Community Preferences Survey, Spring 2010
- Website Comments
- Stakeholder Interviews
- Monthly City Council Updates
- School Board Presentations
- Planning Commission Updates
- EDA Updates
- Community Workshops

Study Area

- Total 850 Acres
  - Primarily Industrial
  - Vacant: 380 Acres
  - Underutilized: 73 Acres
- Tesla Factory and Adjacent Parcels
- Planned BART Station
- Transportation Available
  - Good Freeway Access
  - Good Rail Access

Goals and Objectives

- Community Quality of Life
- Connections
- Economic Sustainability
- Environmental Sustainability
- Future BART Station
- Job Retention and Creation

Summary Findings

Summary Findings – 21st Century Community

- **21st Century Community for innovation, job creation, and transit-oriented development**
- Employment-oriented, mixed use district integrated with BART
- Build on:
  - City's role in advanced manufacturing
  - Highly-skilled East Bay workforce
  - Tesla Factory
  - Transit connectivity
  - Quality of life and business-friendly environment

Summary Findings – Three Viable Alternatives

- **Flexible** to capture range of businesses, workspaces and uses in a mixed-use environment with a high quality public realm
- **Feasible** from a market and fiscal perspective
- **No Fatal Flaws** and no impediments to moving forward with more detailed planning

Summary Findings – Moving Forward

- **Move forward expeditiously**, to take advantage of current market forces, and **strategically**, due to the long-term nature of the project
- **Council to set direction** for next set of studies, including Community Plan
- **City to formulate strategy** for ongoing planning and economic development efforts

Economic and Market Strategic Plan

Economic and Market Strategic Plan - 1

- Fremont has Distinct Competitive Advantages For Capturing Future Employment Growth
  - Educated work force; family friendly; innovative industries; existing buildings and vacant land; BART; freeway access and rail; Tesla.
- There is Long-Term Demand for a Range of Uses Within the Study Area
  - Although realization will be slow and incremental
- Robust Growth in “Innovation Industries” will Continue
  - Fremont is well positioned to compete regionally, nationally, and globally

Economic and Market Strategic Plan - 2

- The Plan must include “Infrastructure for Innovation”
  - Focus on up-front investments in place-making and improving bike, pedestrian, and vehicular connectivity within the Study Area

- If Housing is allowed in the area, plan for a Critical Mass of 2,500 Units, which should be located within ½-mile of the future BART Station
  - Existing industrial characteristics may impact viability or timing for residential uses

Economic and Market Strategic Plan - 3

- City should continue to develop its marketing and messaging strategy for the Study Area, which will be key to attracting appropriate users and uses

- In Near-Term, City should
  - Build on BART as the major differentiator for this area over other comparable employment locations
  - Leverage Tesla's image to help attract similar innovation driven businesses to Warm Springs

Land Use Considerations

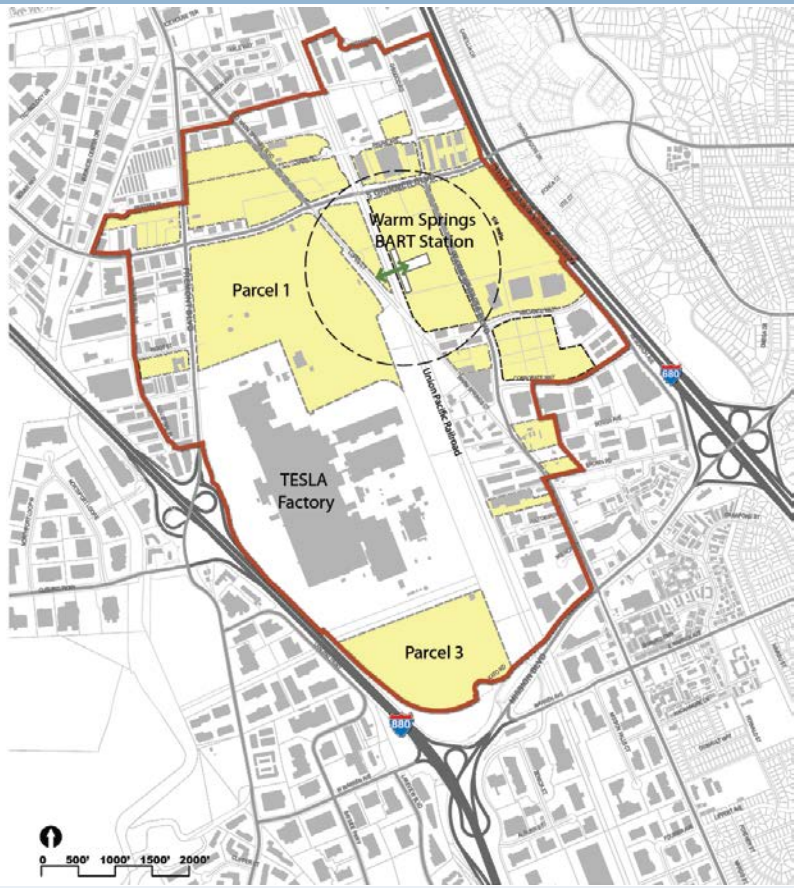
Land Use Considerations

1. Intensive Industrial
   - One of the last large and contiguous industrial areas in the Bay Area
2. Compatibilities and Adjacencies
3. Land Use Buffers for Residential Uses
   - Buffers from: intensive industrial, railroad, freeway
4. Transit Oriented Development ("TOD") at BART
   - ¼ to ½ mile from station
   - Jobs focused with potential for critical mass of housing

Land Use Considerations

5. Vacant/Underutilized Land

- Locations subject to change where future development is likely occur



Opportunity Site (Vacant/Under-utilized Parcels and those subject to land use change)

Land Use Considerations

6. If Residential, Critical Mass Essential
   - 2,500 units to create a neighborhood
   - Ideal density of 20 Du/Acre to 70 Du/Acre (i.e. townhomes to 5-story stacked flats)
   - Variety of unit types to respond to market segments
- Challenges for Residential Development
   - Limited suitable land for residential development
   - Proximity to hazardous materials and air quality issues (buffer and/or mitigation required; a hazardous materials study is underway)
   - Isolation from other residential neighborhoods

Land Use Alternatives

Elements in Each Alternative

- Intensification/integration with the future **BART Station**
- **Employment focus** while allowing for other uses
- Addition of a **blended office, commercial and industrial** land use category
- **Buffers** to residential uses
- **Place-making** and high-quality public realm
- Accommodation of **special uses** such as entertainment, community facility, convention facility, education and hotel

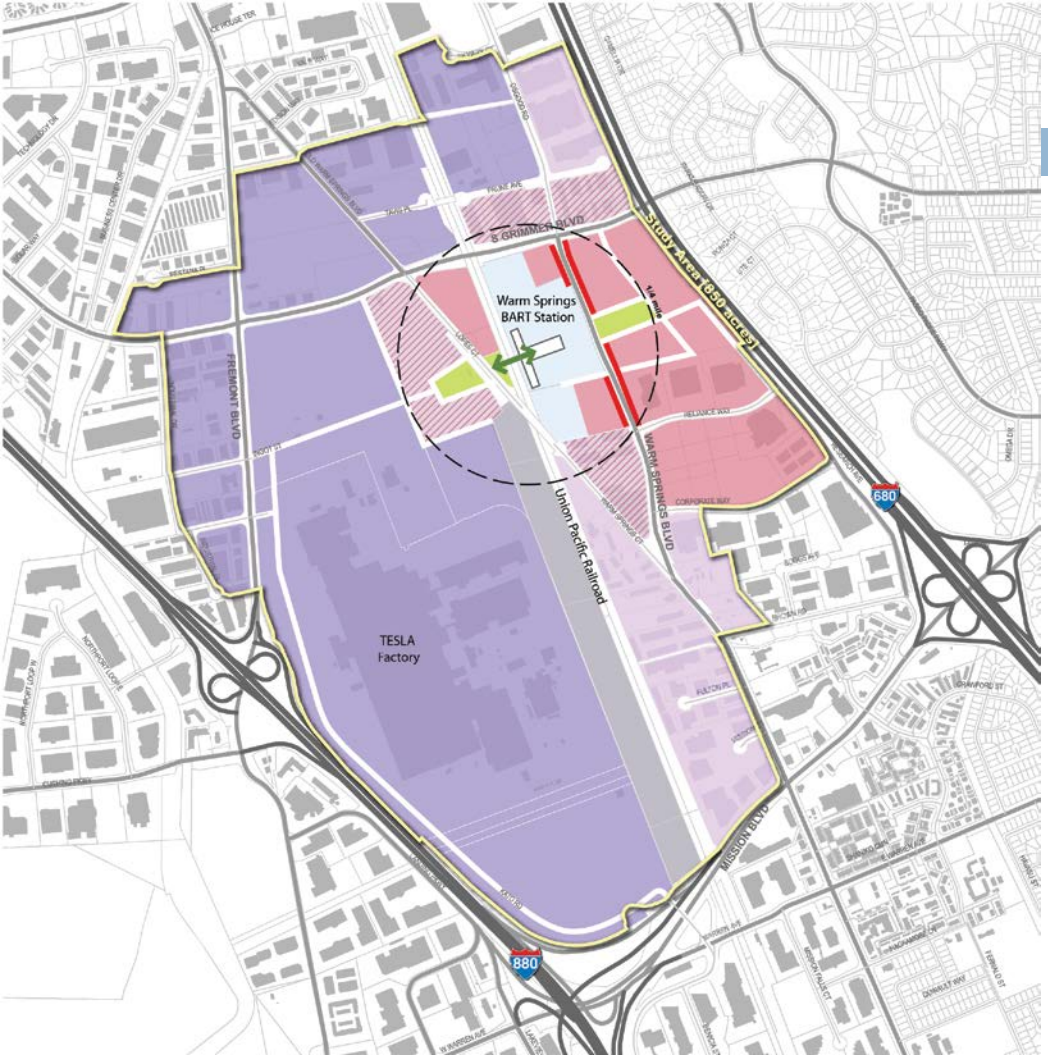
Three Land Use Alternatives

The Land Use Alternatives have been completed, following community and City Council input:

- **Alt. 1- Innovation Center/Manufacturing**
  - Retains area for industrial and commercial uses, with a jobs-focused TOD at the future BART station
- **Alt. 2 - Innovation Campus/Residential TOD**
  - Establishes large innovation campus west of, and a high density residential neighborhood east of, BART station
- **Alt. 3: Innovation District/Residential Mixed-use TOD**
  - Provides the most housing with two high-density residential neighborhoods east and west of BART station

Alternative 1:

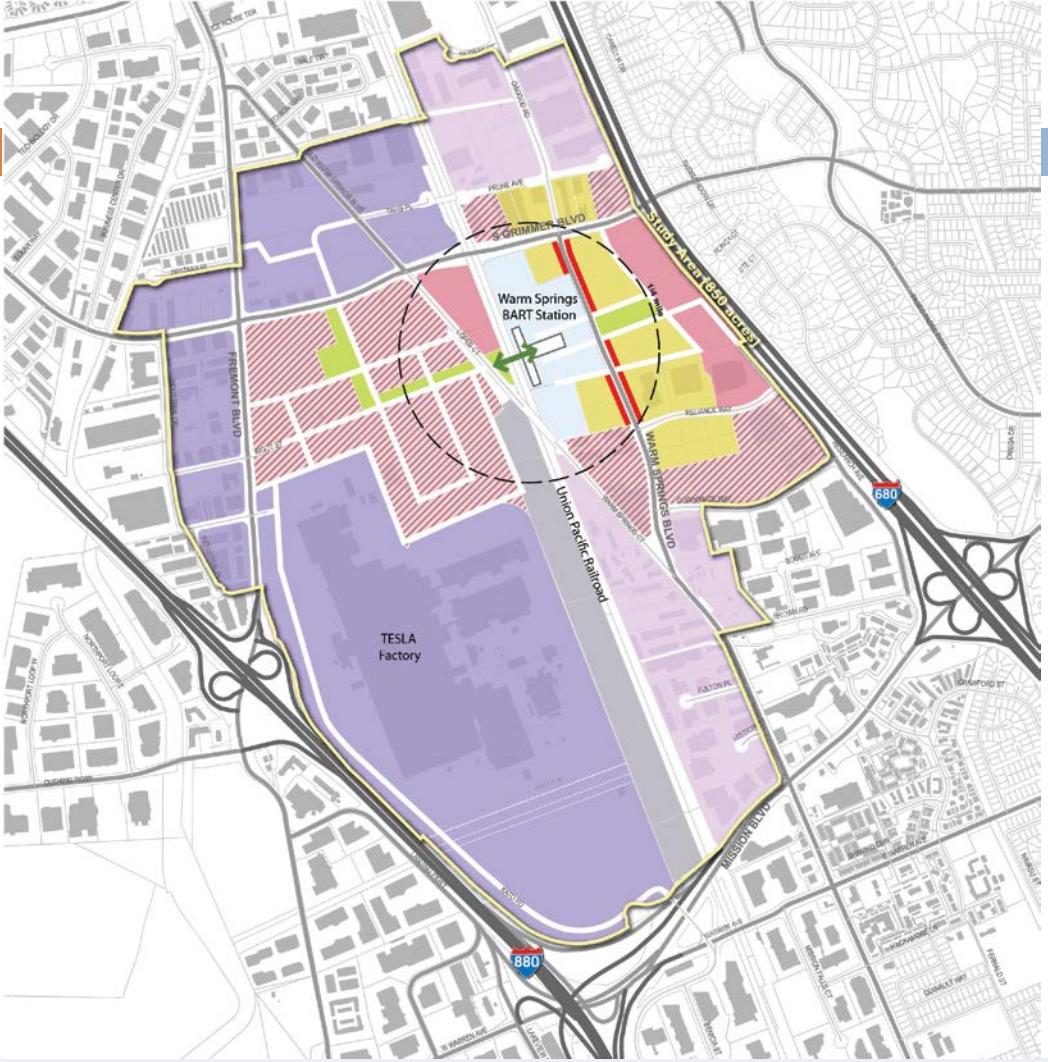
Innovation Center / Manufacturing



- Industrial - General Industrial/Manufacturing
- Industrial - Technology/Research & Development
- Commercial/Industrial - Office/Research & Development (Could include Special Uses such as entertainment, community facilities, and hotels)
- Commercial High Tech Office (Could include Special Uses such as entertainment, community facilities, and hotels)
- Commercial - Retail Center
- Residential - High Density (includes support services such as retail, schools, and parks)
- Open Space
- Retail Frontage

Alternative 2:

Innovation Campus / Residential TOD



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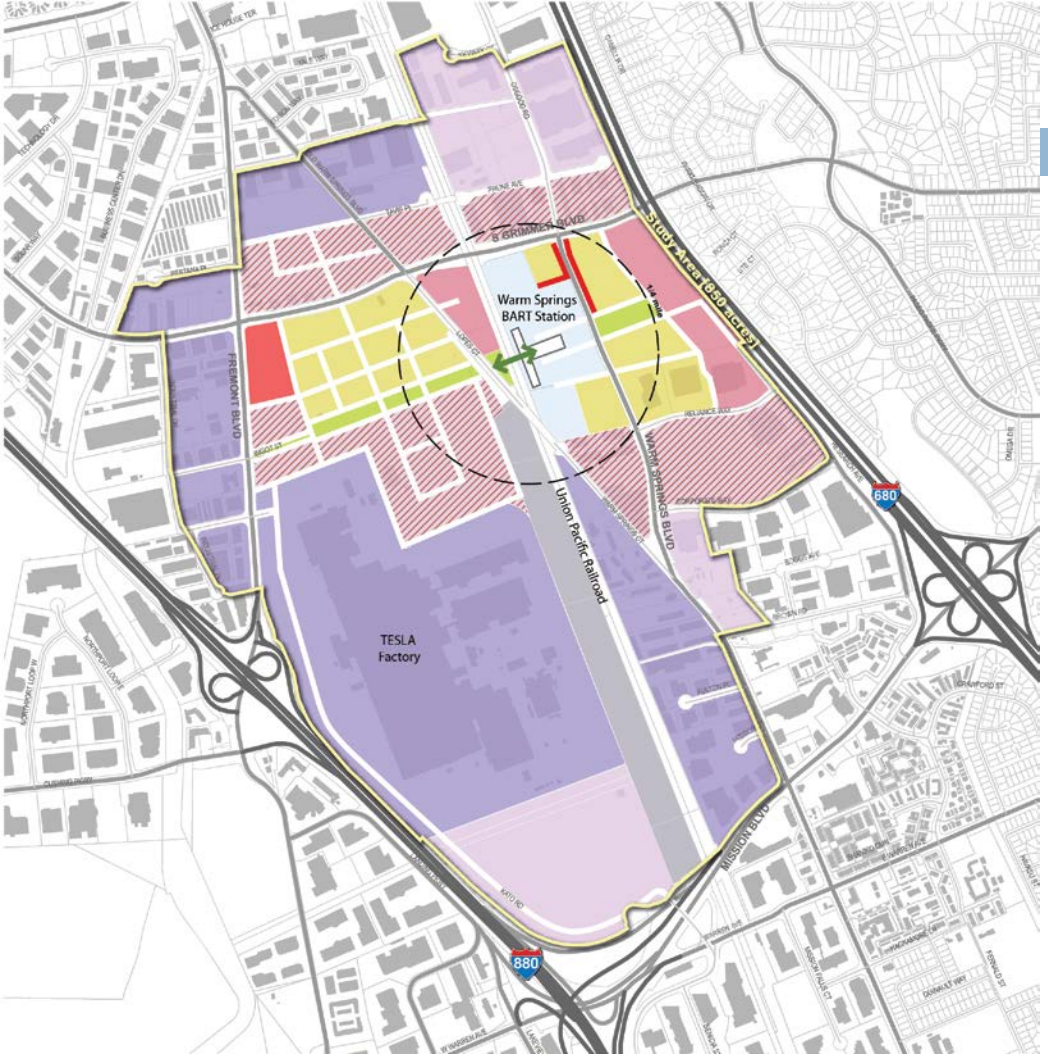
Alternative 3:

Innovation District / Residential Mixed-Use TOD



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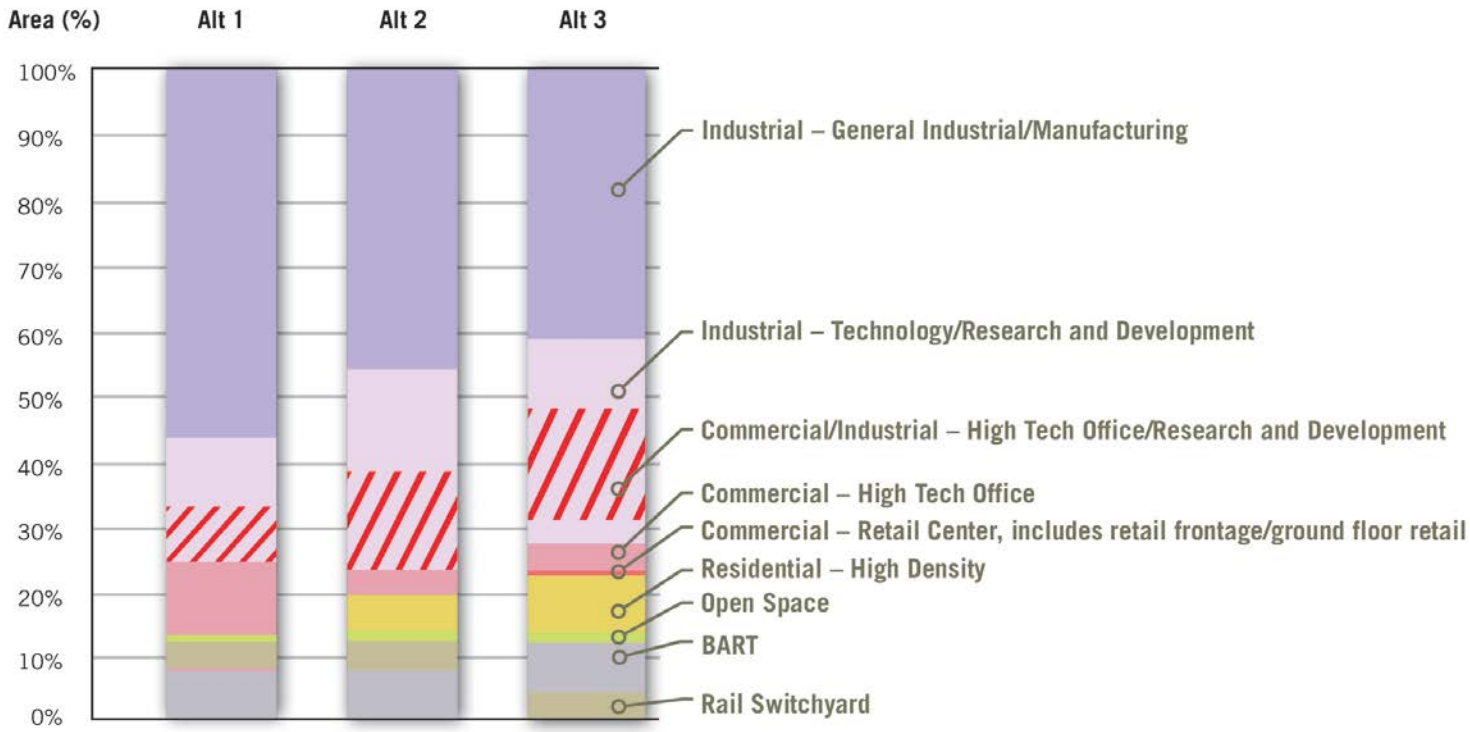
Land Use Allocation by Alternative



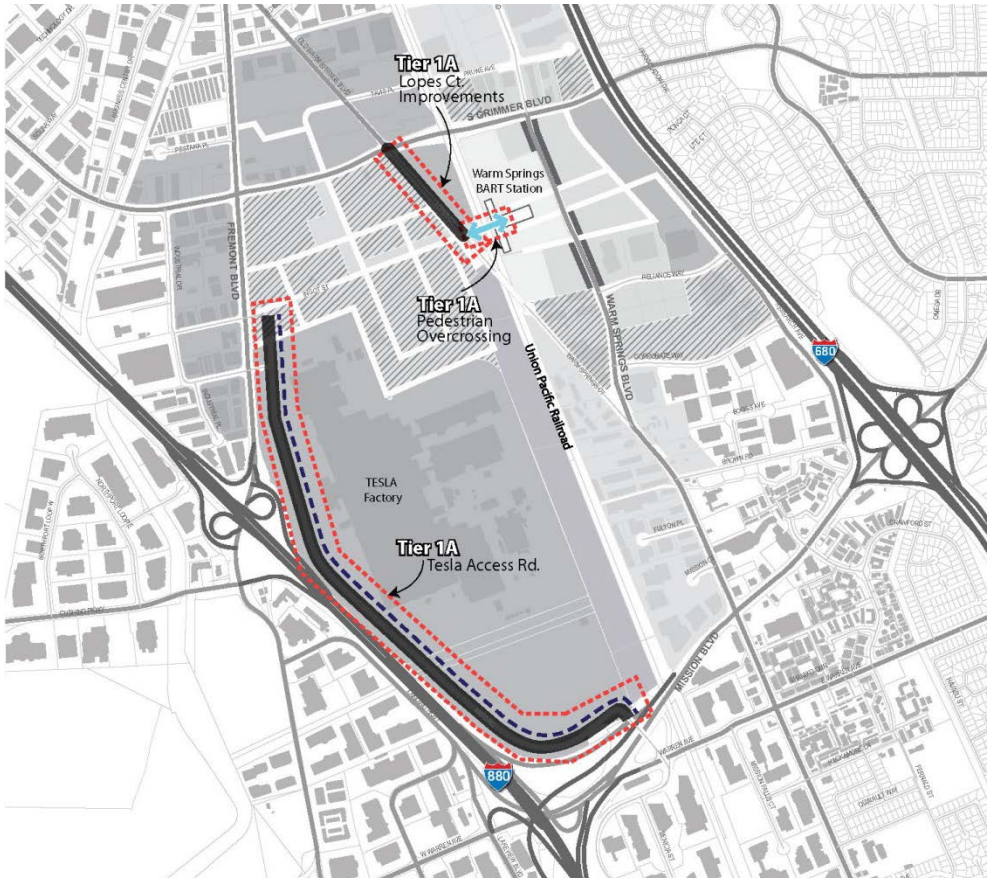
Note: Each color in the bar represents the percent of the total 850 acre study area allocated to that particular land use type.

Transportation + Infrastructure Improvements

Intro to Transportation Improvements

- **Tier 1A** improvements are the **highest priority** Tier 1 improvements which would facilitate and attract the first round of development in the Study Area and support TOD in proximity to the planned Warm Springs BART Station
- **Tier 1**, or “backbone”, improvements are higher priority improvements **anticipated to facilitate development** in the Study Area
- **Tier 2** improvements are less critical and can occur as the Study Area becomes more fully developed

Tier 1A Transportation Improvements

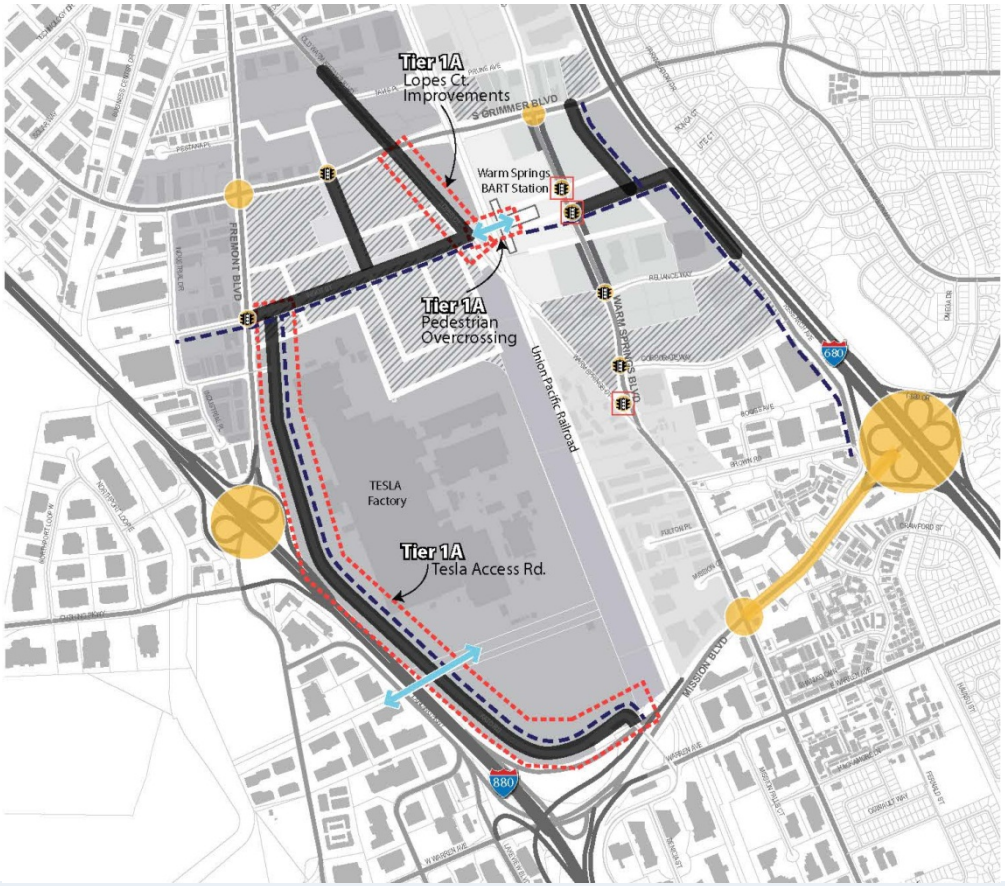


- Convert the Tesla Factory access road to a public access road
- Widen and add streetscape features to Lopes Court
- Undertake BART west-side pedestrian access bridge improvement

Transportation Improvements Legend

- Pedestrian Improvements
- Traffic Improvements
- Tier 1: Backbone Street Network
- Tier 1: Bicycle Network
- Tier 1A Improvements
- Funded Signalization Project
- Proposed Signalization

Tier 1 Transportation Improvements



- Interchange Improvements
- Local Streets and Intersections Improvements
- New Traffic Signals
- Local Street Connections and New Streets
- Transit, Bicycle and Pedestrian Improvements

Transportation Improvements Legend

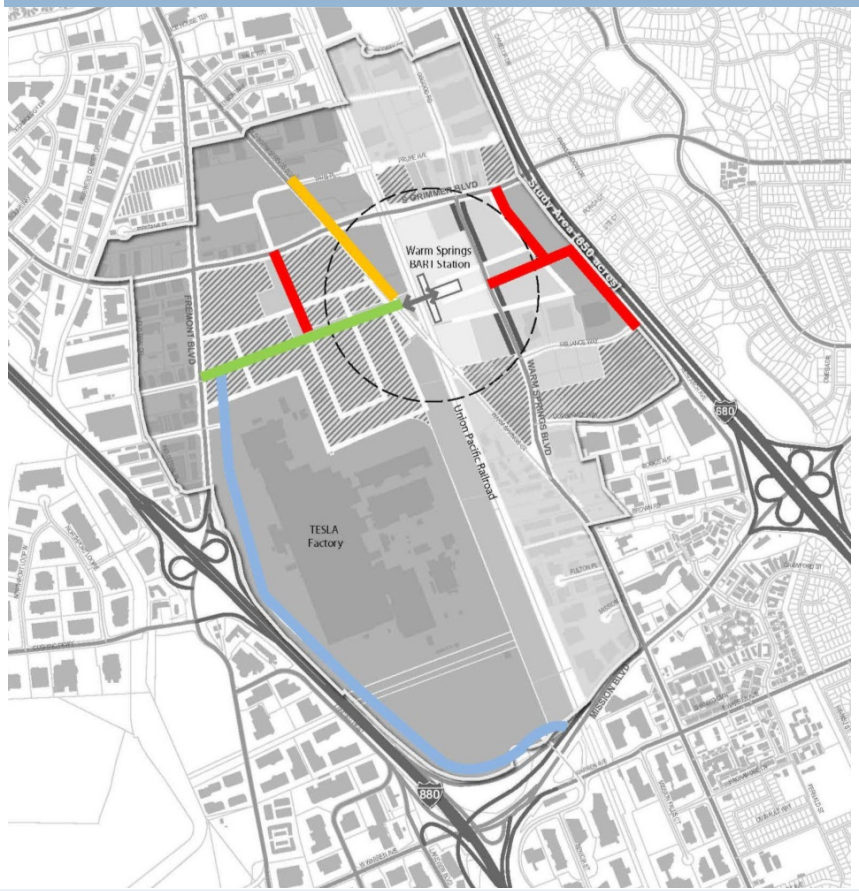
- Pedestrian Improvements
- Traffic Improvements
- Tier 1: Backbone Street Network
- Tier 1: Bicycle Network
- Tier 1A Improvements
- Funded Signalization Project
- Proposed Signalization

Utility Improvements

Intro to Utilities Improvements

- The Study Area has **sufficient capacity to accommodate the proposed land uses and densities**
- New utility infrastructure **improvements are substantially limited to extending facilities** to the various development parcels
- Tier 1 improvements in all three **Land Use Alternatives are similar**

Location of Utility Improvements



UTILITY IMPROVEMENTS			
Sewer Main	Water Main	Storm Drain	Joint Trench
FULL	FULL	FULL	FULL
FULL	FULL	FULL	FULL
650 LF	FULL	FULL	FULL
N/A	HALF	HALF	FULL

Notes:

"FULL" represents improvements required over full length of street

"HALF" represents improvements required over half length of street

"X LF" represents improvements required over a specific distance

"N/A" represents no improvements required

- New 2-Lane Road
- New 4-Lane Road
- 3-Lane Tesla Frontage Road Conversion
- 2-Lane Lopes Court Widening

Estimated Costs for Infrastructure Improvements

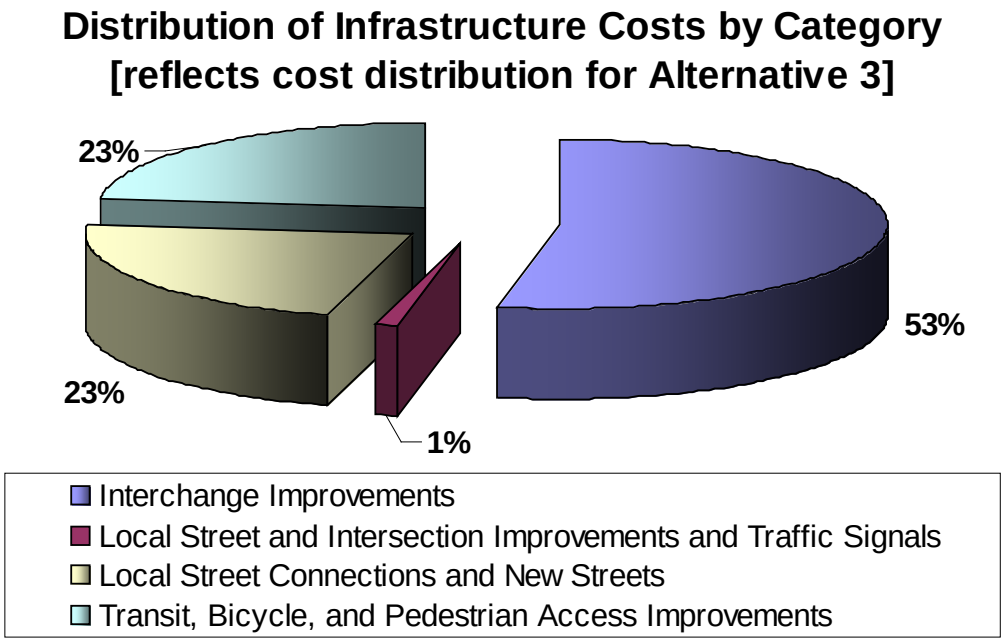
For Transportation and Utility Improvements:

- Tier 1A Estimated Costs is $30.6 Million
- Tier 1 Estimated Costs is $126.3 Million
- Tier 2 Estimated Costs is $2.8 Million

Financial Assessment

Infrastructure Cost: Study Area

- Majority of new infrastructure costs are investments associated with:
  - interchange improvements
  - local street connections and new streets
  - transit, pedestrian, and bicycle improvements



Financial Assessment Findings – 1a

1a. State, federal, and regional funding is critical to financing Project Area-serving infrastructure costs

Land Use	Total Cost	Cost Allocation Assumptions		
		Project	Regional	State/Federal
Total Infrastructure Cost (millions)	$159.7	$27.3	$70.0	$62.4
Allocation	*100%*	*17%*	*44%*	*39%*

Sources: Perkins + Will; BKF Engineers, and Economic & Planning Systems, Inc.

Financial Assessment Findings – 1b

1b. State, federal, and regional funding is critical to financing Project Area-serving infrastructure costs

- Federal and State funding critical to interchange improvements and transit, bicycle, and pedestrian improvements
- Regional funding (through passage of Measure B sales tax increase and extension) critical to funding interchange improvements, street improvements, and transit, bicycle, and pedestrian improvements
- Remaining $27.3 million funding need primarily for new streets and local connections

Financial Assessment Findings – 2

2. City should carefully consider its application of development impact fees

- Cost obligations under existing development fee schedule are substantial
- City fee schedule should be reviewed/ revised based on the planned new improvements and land uses in Study Area
- Credits, reimbursements, and discounts should also be explored to reduce overall cost burden
- General Plan update will rebalance fees in the City and may result in significant reinvestment of fee revenues in the Study Area

Financial Assessment Findings – 3

3. Infrastructure financing capabilities depend on value of new uses attracted

- Timing of new uses/ development will depend on pace of the market recovery
- Attracting blend of innovation/ technology businesses will require building off existing and new strengths
- Financing challenges greater if new development and land values are at lower end of potential range
- Each of the alternatives will require different financing strategies

Financial Assessment Findings – 4

4. Additional City financing mechanisms and comprehensive Study Area financing strategy required to support infrastructure financing

- Strong possibility of funding gaps even with significant outside funding
- Additional funding tools are available to help support infrastructure development, but require balancing with other objectives
- Explore formation of Infrastructure Financing District recognizing fiscal implications
- Pursue comprehensive Study Area-wide financing approach, recognizing potential for different tools in different subareas

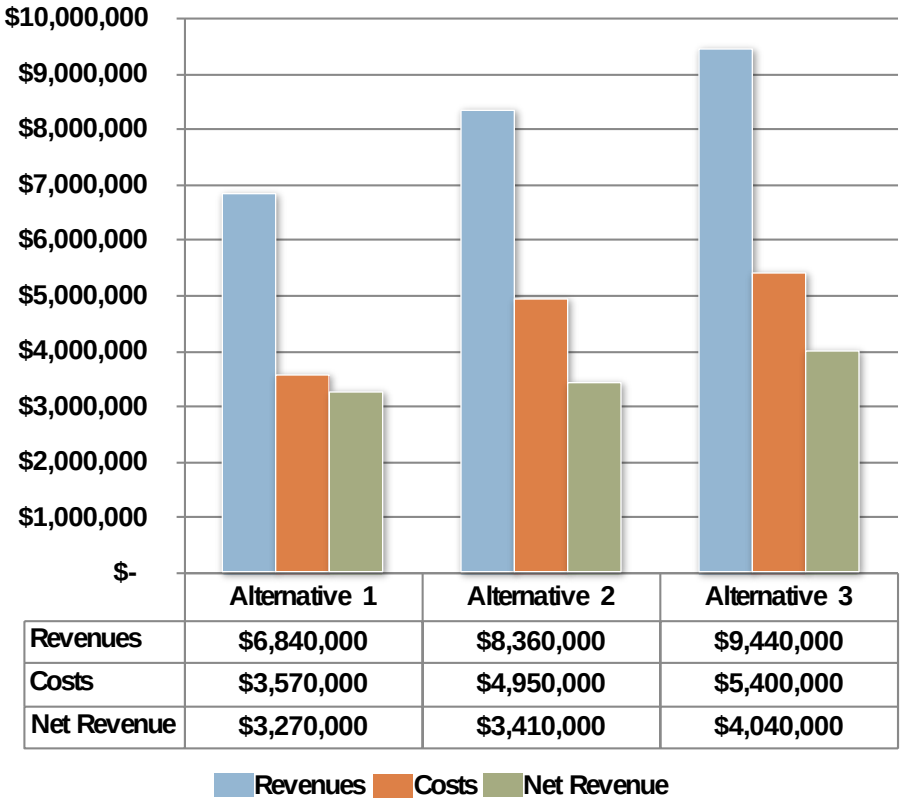
Fiscal and Economic Analysis

Fiscal and Economic Analysis

- Three Analyses:
  - Fiscal Impact Analysis – Impact to General Fund Only
  - Employment and Wage Profiles – For projected workers in the Study Area
  - Economic Impacts – For the broader region

Fiscal Impact Analysis Findings – Net Revenue (annual at build-out)

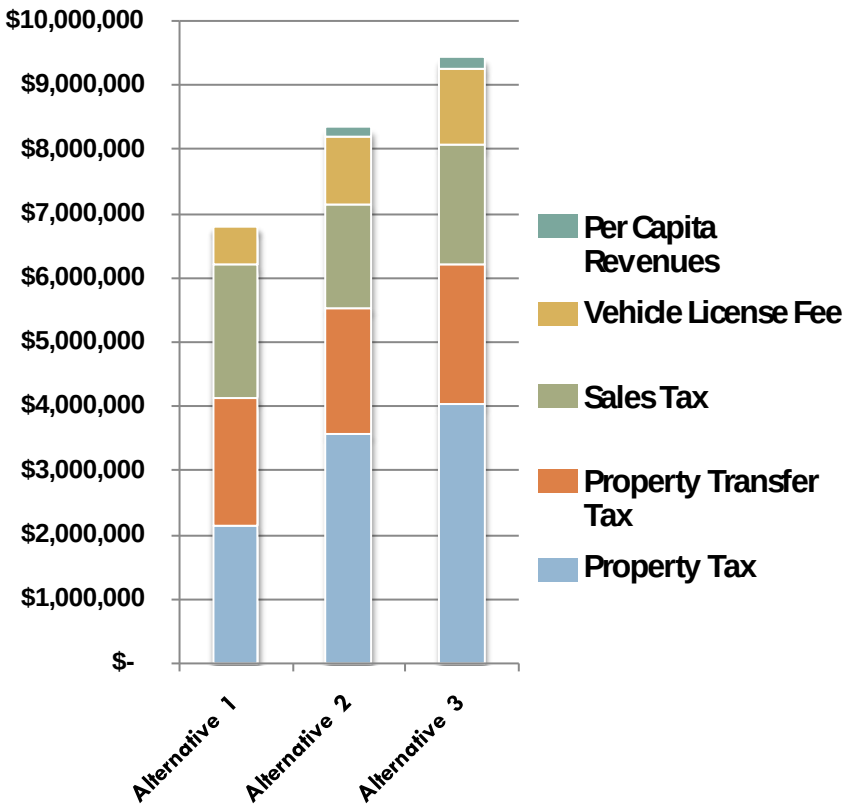
- Positive results from all alternatives
- Alternative 3 provides greatest total revenue
- Alternative 1 provides highest revenue relative to costs



	Alternative 1	Alternative 2	Alternative 3
Revenues	$6,840,000	$8,360,000	$9,440,000
Costs	$3,570,000	$4,950,000	$5,400,000
Net Revenue	$3,270,000	$3,410,000	$4,040,000

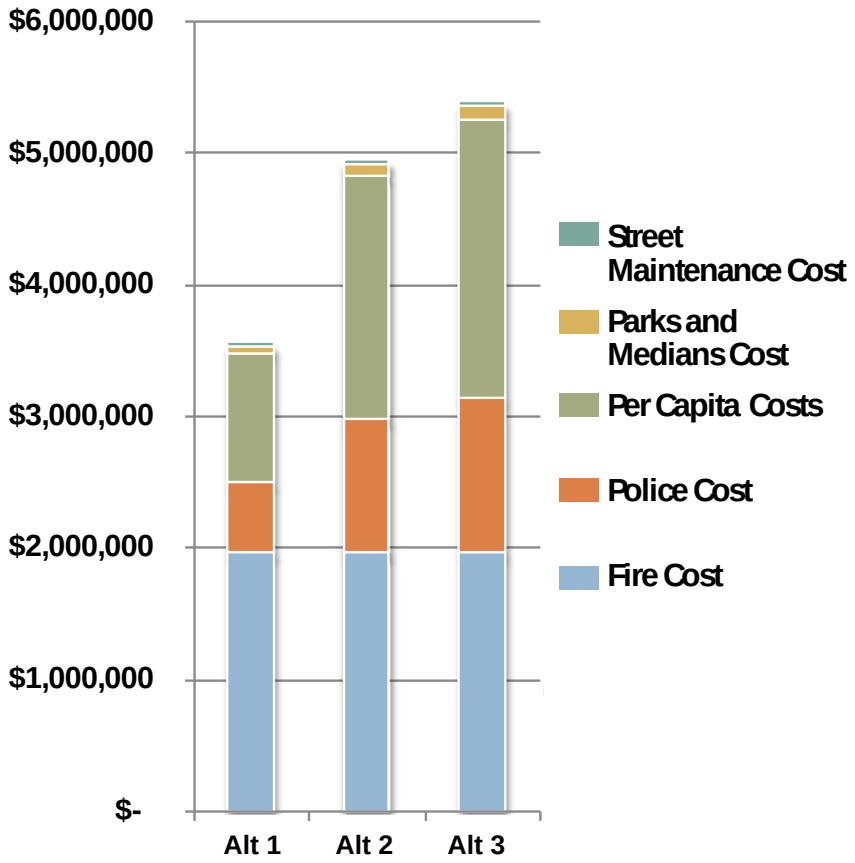
Fiscal Impact Analysis Findings – Revenue Components

- Property value increases drive tax revenue increases
  - Property Tax, Property Transfer Tax



Fiscal Impact Analysis Findings – Operating Costs

- Public safety drives largest operating cost increases
  - Police, Fire



Jobs and Wage Findings

- Jobs, occupations, and wages
  - Land uses were linked to likely industries and occupations
  - Alternative 1 provides highest share of production, maintenance, installation jobs
  - Alternatives 2 and 3 provide slightly higher shares of jobs in research and development, office uses than Alternative 1

Jobs and Wage Findings

- Jobs, occupations, and wages
  - Average compensation per job for all three alternatives is similar

Jobs and Earnings

Land Use Designation	Study Area Jobs	Average Compensation per Job
Alternative 1	23,200	$ 100,500
Alternative 2	17,700	$ 100,600
Alternative 3	18,800	$ 102,300

Source: BLS, 2010 and 2011; Strategic Economics, 2011..

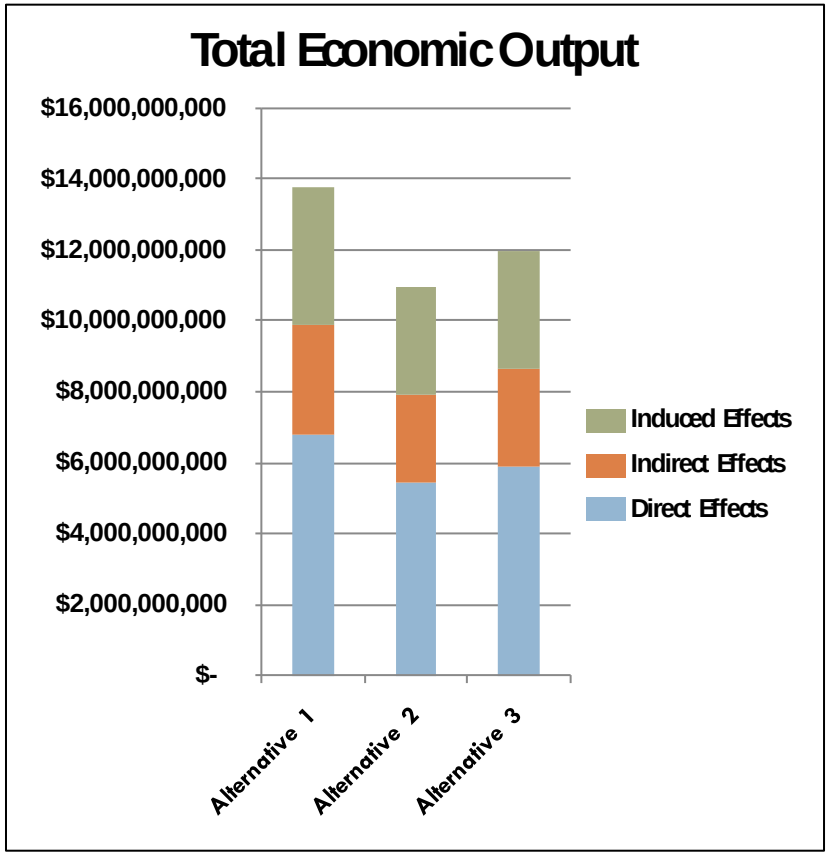
Economic Impact Analysis Findings

- Measures “ripple (multiplier) effect” of a dollar circulating through the regional economy
  - Measured at larger geographies due to regional nature of economies

- Estimates additional jobs, “output” (sales of goods/services/materials), and worker earnings from this ripple effect

Economic Impact Analysis Findings

- Alternative 1 provides highest overall benefits due to high number of jobs
- Alternatives 2 and 3 have a higher multiplier effect per job, but fewer jobs overall



Conclusions

Conclusions

- The EDA studies have identified the opportunity to create a new employment-based TOD – a 21st Century Community encompassing a broad range of business uses in a mixed-use environment with a high quality public realm

- The alternatives bracket a financially feasible and fiscally sustainable mix of land uses
  - There is no need to pick one alternative at this time

Next Steps

Next Steps

- Conclude Hazardous Materials Study

- Commence Community Plan Process:
  - Based on EDA studies and general direction from Council
  - Address parks, schools, and other needed facilities
  - Provide flexibility to incorporate other desirable uses
  - Apply for additional MTC funding to complete plan/EIR

- Hold Work Session on Jobs & Marketing/Messaging Strategies