

CITY COUNCIL AGENDA REPORT SPECIAL MEETING

August 29, 2017
Community Development
Planning Division

TITLE: INTRODUCE POLICY DISCUSSION RELATED TO THE PROPOSED JOHNSON DRIVE ECONOMIC DEVELOPMENT ZONE (JDEDZ) REGARDING THE TRAFFIC AND TRANSPORTATION MITIGATION IMPROVEMENTS PHASING AND FINANCING PLAN OPTIONS

SUMMARY

This item is intended to facilitate policy discussion about the timing of future development and financing of the required traffic and transportation mitigation improvements for the JDEDZ. The JDEDZ involves a proposed change to existing land use policies and regulations (amendments to the General Plan land use designations and zoning) designed to spur investment in 40 acres of mostly underutilized land primarily fronting Johnson Drive near Interstate 680 (I-680) and Stoneridge Drive (Figure 1). Costco (defined as a “club retail” land use), as well as business-class hotel operators have expressed interest in properties within the proposed JDEDZ; however, no development applications have been submitted at this time. A Final Supplemental Environmental Impact Report (FSEIR) was prepared in March 2016, which evaluates the potential environmental impacts of the project and identifies mitigation measures to reduce or eliminate these impacts. A major component of the mitigation required for the JDEDZ involves transportation system improvements in the vicinity of Interstate 680 (I-680), Stoneridge Drive interchange, and Johnson Drive.

BACKGROUND

Economic Development Zone Concept & Johnson Drive Effort

Consistent with several General Plan policies, the Economic Development Zone (EDZ) concept was endorsed by the City Council in April 2014. At that time, Council also initiated the evaluation of a pilot EDZ along Johnson Drive. Property in the area has long been used for industrial and limited office purposes, and was occupied by the Clorox Corporation, and the area continues to house AT&T, FedEx, and several other businesses. Over 20 acres of the JDEDZ area are currently vacant because of Clorox’s departure.

Key goals of the JDEDZ include:

- Transforming the area into a thriving commercial corridor that capitalizes on its location at the intersection of the I-580 and I-680 freeways;
- Creating opportunities for new land uses and services in the community to broaden the City’s economic base, thereby generating new tax revenue to support City services and programs; and

- Streamlining the development review process for new land uses through completed California Environmental Quality Act (CEQA) documentation and in most cases staff-level review processes.

As envisioned, the allowed land uses in the area would be greatly expanded to include a wider range of commercial uses. Existing uses would be permitted, conditionally permitted, or otherwise protected by “grandfather” provisions, meaning existing businesses in the JDEDZ will be allowed to operate, undertake modest expansions, and potentially relocate within the JDEDZ.

To evaluate the potential environmental effects of changes to the General Plan land uses and zoning districts in the area, a Draft Supplemental Environmental Impact Report (DSEIR) and Responses to Comments Document, comprising a Final Supplemental Environmental Impact Report (FSEIR), were completed pursuant to the California Environmental Quality Act (CEQA) and distributed to the public between September 2015 and March 2016, respectively. The City also held two Community Meetings, a Planning Commission work session, and a joint Planning Commission/City Council work session on the JDEDZ to provide information about the effort and to solicit public input. Information about the project was also posted on the City’s website and distributed via social media.

2016 Initiative Measure

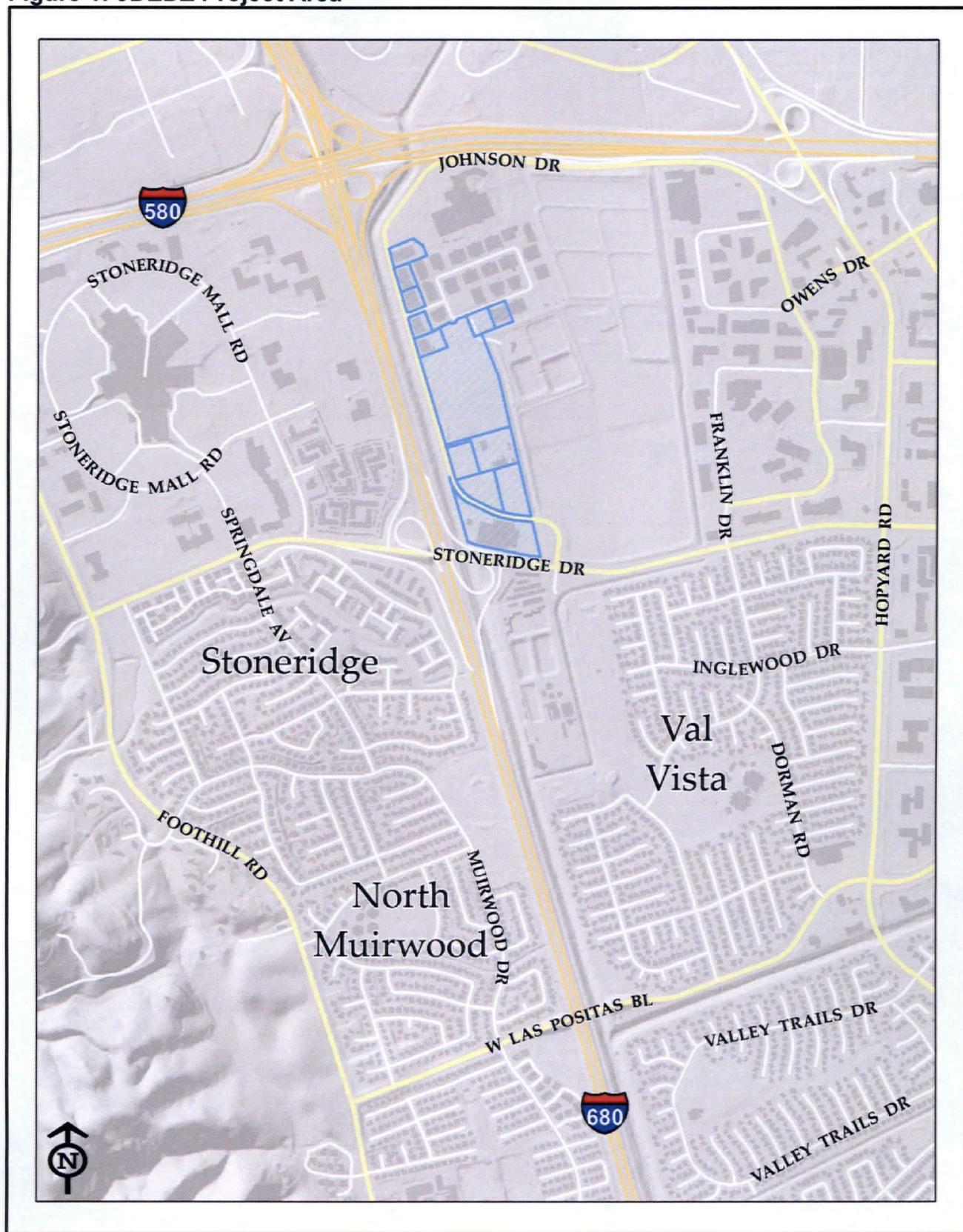
In June 2016, a group known as “Citizens for Planned Growth” submitted an initiative measure that would prohibit retail uses of 50,000 square feet or greater within the JDEDZ, effectively precluding the establishment of club retail uses. On July 12, 2016, the Alameda County Registrar of Voters certified that the measure contained the necessary signatures to qualify for the November 2016 ballot. On July 19, 2016, the City Council voted to accept the Alameda County Registrar of Voters Certification of Sufficiency regarding the signatures and decided to put the matter on the November ballot. At that time the City also undertook a Comparative Analysis (published in August 2016) comparing the environmental, fiscal and economic effects of the JDEDZ to the program that would be implemented as part of the initiative measure. The measure was ultimately defeated by voters (approximately 63 percent of voters voted to reject the measure) on November 8, 2016, potentially allowing the JDEDZ to move forward if supported by Council.

Transportation Network Mitigations

As part of the CEQA process, several transportation impacts were identified and mitigation measures were developed to ensure levels of service, vehicle queue spillback, and freeway ramp operations would continue to operate at acceptable levels with implementation of the JDEDZ. These traffic and transportation impacts and mitigation measures are summarized below. Additionally, staff has provided a phasing and financing plan within this report for Council consideration and comment, which is the focus of this workshop. Full details on each transportation impact and mitigation measure can be found in the previously distributed DSEIR, which is also available using this link:

www.cityofpleasantonca.gov/JDEDZ

Figure 1: JDEDZ Project Area



TRAFFIC AND TRANSPORTATION MITIGATION MEASURES

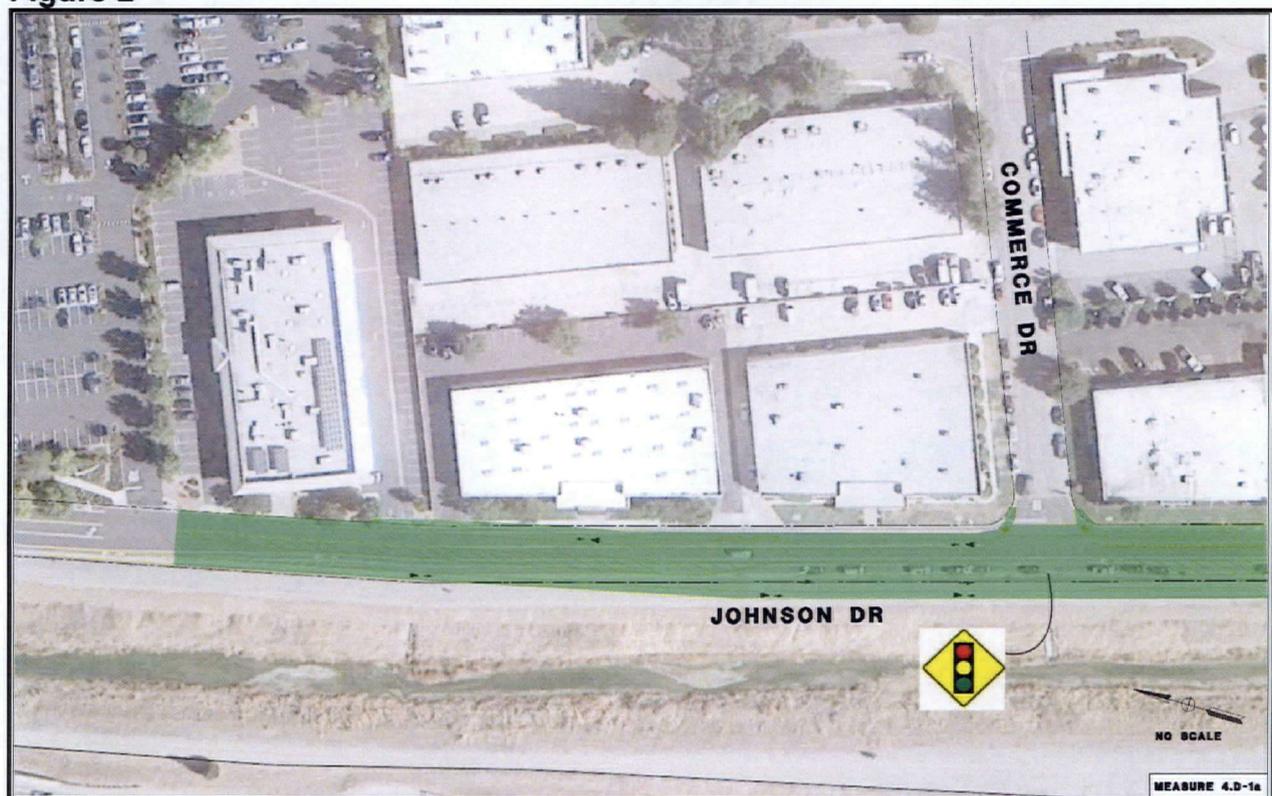
The JDEDZ will generate increased traffic, affecting the levels of service and vehicle queue length spillback in and around the project area. It should be noted that proposed mitigations in the FSEIR would result in acceptable levels of service (i.e., duration of delay in traveling through an intersection), acceptable vehicle queue spillback (i.e., backed-up traffic potentially affecting operation of an upstream intersection), and acceptable freeway ramp operations. For more detailed information related to project impacts and proposed mitigations, please refer to Chapter 4.D of the DSEIR.

The transportation improvements described below are the most substantial of the proposed mitigation measures to be implemented as part of the JDEDZ. Please refer to Chapter 4.D of the DSEIR for a complete list of the mitigation measures. Also see Figures 2 through 6 below for a graphical depiction of each proposed mitigation measure described below:

New Traffic Signals

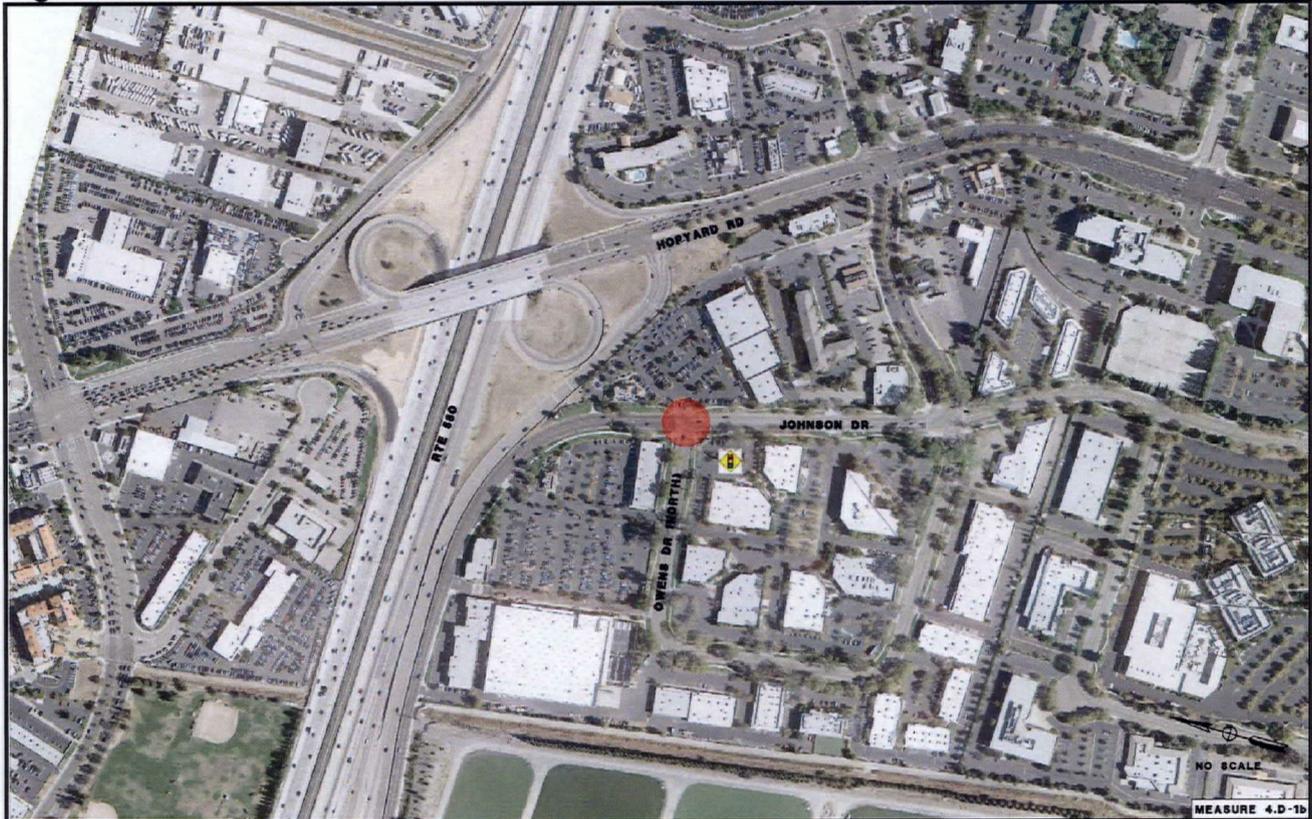
1. Commerce Drive at Johnson Drive Signal (includes construction of a new southbound left turn lane) (see Figure 2).

Figure 2



2. Johnson Drive at Owens Drive (North) Signal (see Figure 3).

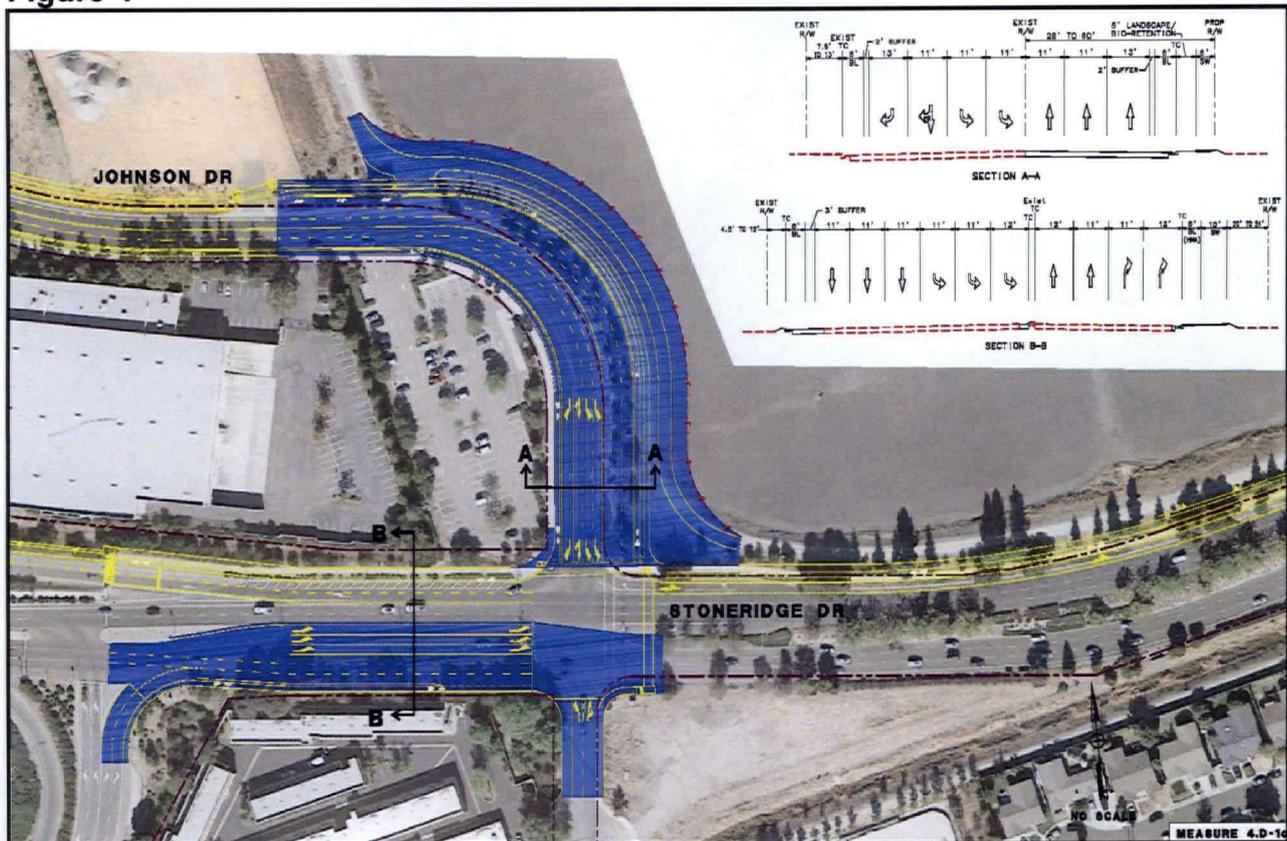
Figure 3



Johnson Drive at Stoneridge Drive Intersection:

1. Construct a third eastbound left-turn lane from Stoneridge Drive to Johnson Drive in conjunction with an additional northbound receiving lane on Johnson Drive.
2. Construct an additional southbound right-turn lane on Johnson Drive.
3. Construct a second southbound left-turn lane from Johnson Drive to Stoneridge Drive.
4. Rebuild Johnson Drive as a seven-lane road with four southbound lanes and three northbound receiving lanes. These seven lanes should be constructed for a minimum of 700 feet north of Stoneridge Drive. This improvement would require widening of Johnson Drive north of Stoneridge Drive by up to 36 feet and widening of Johnson Drive south of Stoneridge Drive a commensurate amount to align travel movements through the intersection. (See Figure 4.)

Figure 4

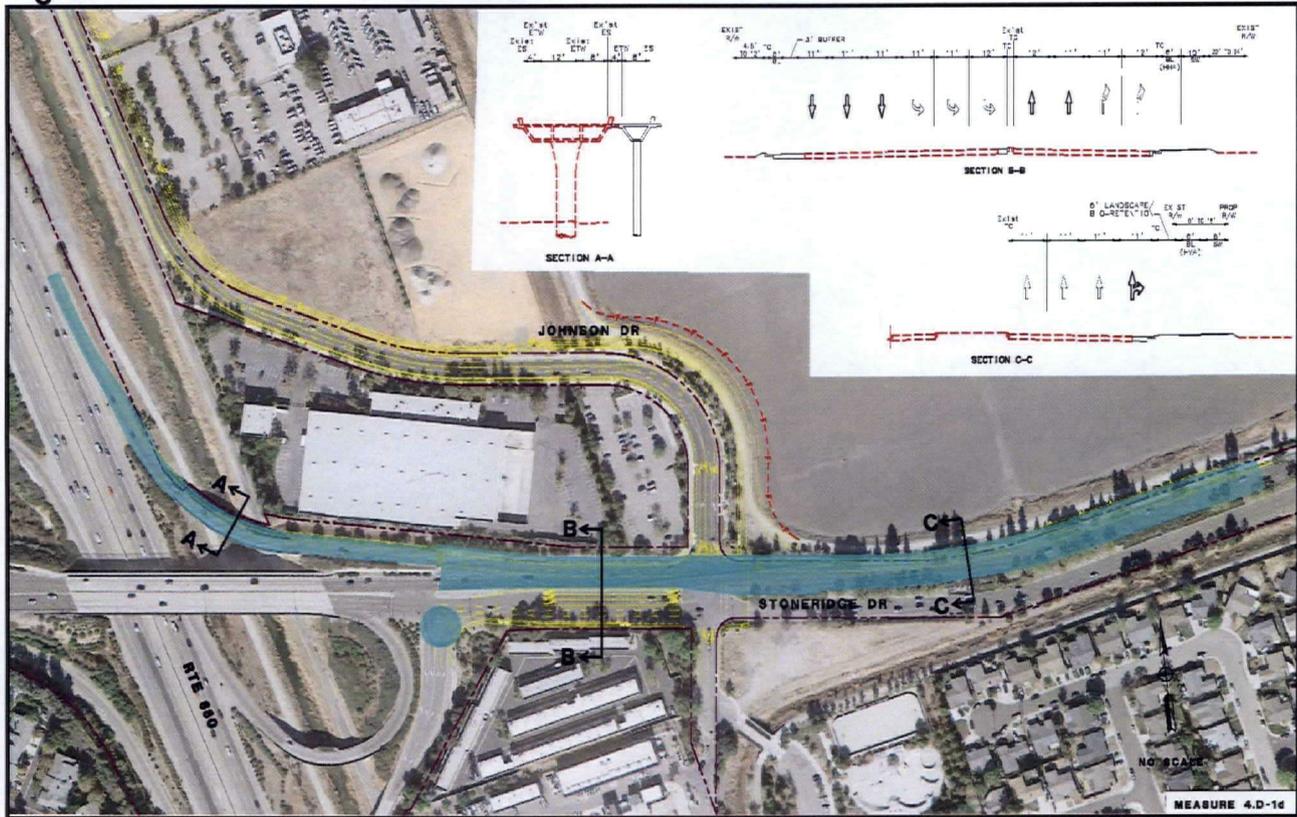


Stoneridge Drive and I-680 Onramp Improvements:

1. Modify the Stoneridge Drive at Northbound I-680 signal programming to provide additional northbound right-turn time.
2. Extend the existing westbound right-turn pocket at the Johnson Drive and Stoneridge Drive intersection approximately 800 feet east by widening Stoneridge Drive and convert the resulting lane into a through-right-shared lane.
3. Construct a second on-ramp lane to northbound I-680 from the westbound Stoneridge Drive approach. (See Figure 5.)

The Stoneridge Drive and I-680 onramp improvements is the only project that is included in the City of Pleasanton Traffic Impact Fee (TIF) (identified in the 2009 TIF update).

Figure 5



Johnson Drive Widening:

1. If a club retail use is proposed for Parcel 6, signalize one or more entrances at Parcel 6 and widen Johnson Drive at this location to accommodate a southbound left-turn pocket and a northbound right-turn pocket.
2. Widen Johnson Drive to provide up to two vehicle travel lanes in each direction from Stoneridge Drive to the main entries of sites with traffic-intensive uses.
3. Implement other improvements as needed at major driveways (signal control, provision of left-turn or right-turn pockets) to provide additional capacity.
4. Final design of all improvements along Johnson Drive shall maintain or enhance existing bicycle, transit, and pedestrian facilities, and shall ensure bicycle and pedestrian facilities and access to the Alamo Canal Trail at the signalized crossing at Commerce Circle and any other signalized locations on Johnson Drive. (See Figure 6.)

Figure 6



COST ESTIMATES FOR TRANSPORTATION MITIGATION MEASURES

The estimated cost of the transportation mitigations described above will total approximately \$21.5 million, including design, construction and right-of-way acquisition. The cost estimation for these mitigations identified in the DSEIR does not include the Tri-Valley Transportation Fee payment, which is necessary to mitigate the impact to I-680.

While the estimates contain costs for right-of-way acquisition, these estimates will need to be refined once detailed plans for the transportation improvements are identified. For a detailed itemization of the costs for design, roadway construction, structure/bridge construction, and right-of-way acquisition, please refer to Attachment 1 of this report.

	Design/Admin	Roadway	Structure	Right of Way	TOTAL
Commerce Dr at Johnson Signal	\$ 330,000	\$ 1,210,000	\$ -	\$ 210,000	\$ 1,750,000
Johnson Dr at Owens Dr (North) Signal	\$ 140,000	\$ 490,000	\$ -	\$ -	\$ 630,000
Johnson Dr at Stoneridge Dr Intersection	\$ 1,180,000	\$ 4,340,000	\$ -	\$ 640,000	\$ 6,160,000
Stoneridge Dr and I-680 onramp*	\$ 1,480,000	\$ 4,100,000	\$ 1,350,000	\$ 180,000	\$ 7,110,000
Johnson Drive widening	\$ 1,100,000	\$ 4,070,000	\$ -	\$ 650,000	\$ 5,820,000
				Grand total	\$ 21,470,000

*2009 TIF estimated \$6.3 million project cost - revised estimate is \$7.11 million

As mentioned above, of these five projects, only the Stoneridge Drive and I-680 onramp project is identified in the City's TIF. The Stoneridge Drive overcrossing improvements were identified in the 2009 TIF update and the project was estimated to cost \$6.4 million (shown in the table above with the revised estimated cost of \$7.11 million).

PROPOSED PHASING OF TRANSPORTATION MITIGATION MEASURES

The Transportation Assessment in the FSEIR was based on the assumption that future construction in the JDEDZ would occur in phases, with the first phase consisting of construction of the following uses on vacant parcels:

- 5,000 square feet of general retail uses
- 132,000 square foot hotel (231 rooms)
- 148,000 square feet of club retail uses
- 20 fueling position gas station

Given the traffic expected to be generated by the first phase, the Transportation Assessment identified the need to construct all of the transportation mitigations prior to occupancy of the first phase.

The 148,000 square feet of club retail generates approximately 78% of the first phase traffic volume. While not specifically studied in the Transportation Assessment, allowance of just the hotel prior to completion of the mitigation measure may be possible without triggering unacceptable traffic congestion.

Intersection	Control ¹	Peak Hour	Existing Conditions	
			Delay ^{2,3}	LOS ³
4. Stoneridge Drive at I-680 Southbound Ramps	Signal	AM	18	B
		PM	11	B
		Sat	10	A
5. Stoneridge Drive at I-680 Northbound Ramps	Signal	AM	16	B
		PM	13	B
		Sat	9	A
6. Stoneridge Drive at Johnson Drive	Signal	AM	12	B
		PM	23	C
		Sat	11	B

The hotel would generate 1,230 daily trips, with 80 trips in the AM peak hour and 90 trips in the PM peak hour. This equates to 10-15% of the first phase's total traffic volumes. The Transportation Assessment identifies the existing LOS at Stoneridge Drive and Johnson Drive as LOS B in the AM peak hour and LOS C in the PM peak hour. Given this level of service, the additional hotel trip generation (3-4 vehicles per signal cycle) could be accommodated prior to mitigation measure completion without reducing the intersection level of service to an unacceptable level. Similarly, the hotel trips would contribute to the vehicle queues at the intersection, but the volume would not be sufficient to exceed the existing available storage capacity. Allowing occupancy of other new uses in the JDEDZ area is not recommended prior to full construction of the five major transportation mitigation measures.

POLICY QUESTION #1: If the JDEDZ is adopted, should the City allow hotels (up to 231 rooms) to operate within the EDZ prior to the construction of all transportation network improvements? Or, if the JDEDZ is adopted, should all transportation network mitigation measures be in place before any new use can operate?

FINANCING PLAN OPTIONS FOR TRAFFIC AND TRANSPORTATION MITIGATION MEASURES

As described above, the total cost of the transportation mitigation measures is approximately \$21.5 million. Of this amount, \$1.5 million is the estimated cost to acquire the right-of-way required to accommodate some of the mitigation measures such as the widening of Johnson Drive. As previously noted, the actual right-of-way required will be determined during the project design phase. Thus, the exact cost of the right-of-way is not yet known. As a result, the funding scenarios discussed below for the transportation mitigation measures address the design and construction costs separately from the right-of-way costs.

Developers' Ability to Fund \$21.5 Million in Transportation Improvements

The City contracted with Century Urban, a real estate and development economics consulting firm, to determine the extent to which Nearon Enterprises (Nearon), the current primary landowner in the JDEDZ, would be able to absorb the costs to construct the transportation improvements required to redevelop the property in the JDEDZ. Century Urban reviewed Nearon Enterprises' financial pro forma for the JDEDZ projects and concluded that Nearon Enterprises will require an outside financial contribution to construct the necessary transportation improvements in order to make development of Nearon Enterprises' parcels financially feasible. Without such assistance, Nearon Enterprises would not be able to develop their parcels in the JDEDZ as proposed.

At this time, Costco is expected to purchase Parcel 6 within the JDEDZ project area, currently owned by Nearon, and would be the club retail land use identified in the DSEIR. Costco is expected to generate much of the JDEDZ's traffic impacts. As such, staff also asked Century Urban to assess Costco's ability to fund the transportation improvements identified in the DSEIR. Century Urban concluded that Costco will require partial reimbursement of an upfront contribution to construct the transportation improvements identified in the DSEIR, in order to ensure the Costco project is financially feasible.

Proposal to Fund \$21.5 Million in Transportation Improvements

Before discussing the alternatives, it is important to note that in all funding scenarios the City is benefitting financially (the Fiscal Impact Analysis prepared for the JDEDZ indicates that the JDEDZ is anticipated to generate net revenues of approximately \$2.1 million to \$2.3 million annually at full buildout¹). Therefore, it is in the City's interest to participate in funding the necessary transportation improvements.

Since discussions began with Nearon Enterprises and Costco, Nearon has pulled back from the proposed JDEDZ and has offered Costco an option to purchase the larger of the two sites Nearon owns (Parcel 6). That leaves the City and Costco as partners to fund and

¹ In Fiscal Year 2015/2016 dollars.

construct the necessary traffic improvements. To that end, City staff negotiated with Costco to fund the JDEDZ transportation improvements that resulted in the following proposal to fund the \$21.5 million in necessary transportation improvements associated with the JDEDZ impacts:

Proposal to Fund JDEDZ Transportation Improvements		
Design & Construction Cost (Excluding ROW costs not Required for Stoneridge Dr & I- 680 Onramp Project)	\$19,970,000	
Right of Way (ROW) Estimate (Includes Costco ROW)	1,500,000	
Total Project Cost \$21,470,000		
Cost Sharing Design and Construction	Amount	Percent of Total
Transportation Impact Fee (TIF) (Stoneridge Drive & I-680 Onramp Project only)	\$6,400,000	30%
City Contribution through Sales Tax Share - 60% to City and 40% to Costco @ 1.5% interest	6,785,000	34%
Costco Cash Contribution*	6,785,000	34%
Total Funding Sources \$19,970,000		
Right of Way (ROW) Cost Sharing Proposal		
Costco Owned ROW	Contributed to project at no charge	
Remaining required ROW that is not contributed to the project at no charge	Shared 50/50 with the City but Costco's portion will be added to the \$6,785,000 sales tax sharing agreement at no interest.	
*Includes Costco \$3.7M required TIF contribution that would be converted to a direct cash contribution to the JDEDZ transportation improvements		
Other:		
1. Costco will issue and manage the construction contract for the transportation improvements.		
2. Costco is estimated to be responsible for 44% of total daily trips at full build out and 78% of the trips in Phase 1. The City proposes to establish a JDEDZ Transportation fee to charge subsequent JDEDZ development to reimburse the City for fronting their portion of the costs to implement transportation improvements.		

\$6.4 Million TIF Funding

As previously discussed, the Stoneridge Drive and I-680 onramp project has been included in the City's TIF since 1998 and is eligible to receive approximately \$6.4 million in TIF revenues. The City's FY 2017/18 through 2020/21 Capital Improvement Program (CIP) allocates \$6.4 million in TIF in FY 2018/19 for the Stoneridge Drive and I-680 onramp project.

Funding the Remaining \$13,570,000 of Estimated Design and Construction Costs

Of the remaining \$13.6 million in estimated design and construction costs to be funded, Costco would cover \$6,785,000 through a cash contribution. \$3.7 million of that is Costco's TIF contribution that would be converted to cash. The remaining \$6,785,000 could be funded by one of the following three ways: (1) sales tax sharing agreement with Costco, (2) City inter-fund loan, or (3) traditional debt through bond issuance or a bank loan. Of course, there is a fourth option to do nothing and not proceed with the JDEDZ transportation improvements. The three funding options are discussed below.

1. Sales Tax Sharing Agreement with Costco

Costco would front the \$6,785,000 and be repaid through sales tax sharing agreement not to exceed 25-years at 1.5% interest with Costco where Costco receives 40% of the sales tax generated by the Costco store and the City would receive 60%.

Analysis of Proposed Sales Tax Sharing Agreement with Costco

The proposed \$6.8 million² 25-year sales tax sharing agreement at 1.5% interest with Costco would result in total sales tax allocations to Costco of \$8.2 million assuming a full 25-year amortization period. The City would pay that amount to Costco through annual payments of up to 40% of the sales tax generated from the Costco on Johnson Drive. The City will receive at least 60% of the sales tax proceeds from the proposed Costco store on Johnson Drive.

Attachment 3 illustrates how the Costco sales tax sharing agreement would work. In this analysis, staff used the sales tax estimate prepared by ALH ECON for the starting year of \$926,709³ and assumed it would grow by 3% annually over the 25-year period. Under these assumptions, Costco would receive the \$7.8 million by 2035/36 or 17 years after the Costco store opened which will fulfill the City's sales tax sharing obligation and the City would receive 100% of the Sales Tax revenues thereafter. The 17 year amortization period will reduce the interest expenses by approximately \$400,000 (\$8.2 million with 25-year amortization vs. \$7.8 million with a 17-year amortization period). During that same period of time, the City would have received approximately \$12.4 million in sales tax revenues that it would have not otherwise received. Over the 25-year term of the agreement, the City would receive almost \$26 million in sales tax revenues.

2. City Inter-fund Loan

Another option to fund the \$6.8 million would be for the City to provide a loan from another City fund that would be repaid at approximately 1.0 to 1.5% interest with increased tax revenues. Under this scenario, the City would advance the \$6.8 million from another fund and repay that fund over time with a portion of increased tax revenues generated by the JDEDZ. The City fund with sufficient

² The \$6,785,000 is rounded up to \$6.8 million for this analysis.

³ ALH ECON's sales tax estimates take into account leakage from other stores in Pleasanton. In other words, the \$926,709 in estimated Sales Tax revenues in the first year of the Costco store being operational on Johnson Dive would be new revenues to the City.

current capacity to loan \$6.8 million is the City's Retiree Medical Reserve Fund with a balance of approximately \$20 million. However, staff are expecting to use the balance in that fund to help address the City's increased pension liabilities that will result from CalPERS reducing the discount rate from 7.5% to 7.0% over the next three years. There are other funds with sufficient available balances such as the CIP Reserve fund but using those funds will reduce funding available for other projects that the City has planned over the next five to ten years.

3. Issuing Bonds or Securing a Bank Loan

The City could issue a \$6.8 million 25-year bond or bank loan which would mostly likely receive an "AA" rating. With that rating in today's market, the City would likely receive an interest rate of 3% for a 25-year bond. The City would have to pledge the City's General Fund for debt service payments. In addition, the City would incur issuance expenses equal to 3% of the loan principal such as underwriter fees, financial advisor fees, and rating agency fees that will not be required for the proposed sales tax sharing agreement with Costco. The total cost to the City to repay the principal, interest and cover the issuance costs would be approximately \$10 million. A sales tax sharing agreement with Costco identified above is \$2.2 million less expensive to the City than borrowing at current interest rates (\$10 million for a conventional loan minus \$7.8 million total estimated cost of the proposed sales tax sharing agreement = \$2.2 million).

Staff Recommendation – Sales Tax Sharing Agreement with Costco

Staff is recommending using a sales tax sharing agreement since it (1) does not reduce the amount of other funds available for City projects and obligations, (2) does not require a pledge of the City's General Fund to debt service payments, and (3) would cost approximately the same as it would for the City to provide an inter-fund loan. Attachment 5 is a draft term sheet for the JDEDZ that outlines the deal points consistent with the staff recommendation. Depending on the outcome of the policy discussion, staff will submit a term sheet either in the same form as Attachment 5 or with changes based on public input and Council direction for consideration at a special City Council meeting on September 18, 2017.

Right of Way Funding

Funding the right of way required to construct the transportation improvements would be as follows:

- Costco will donate any required right-of-way that it owns.
- The City will seek contributions of any other required right of way that is subject to development in the near term.
- The cost of all remaining right-of-way acquisitions will be shared equally between the City and Costco. However, Costco's portion will be covered through increasing the amount of the sales tax share above the \$6,785,000. However, that amount will not be subject to the 1.5% interest rate.

Proposed JDEDZ Transportation Fee

Costco represents approximately 44% of the total estimated trips generated by the JDEDZ at build-out. The other hotel and retail land uses included in the JDEDZ comprise the

remaining 56% of the total trips. However, because Costco would be the first development to occur in the JDEDZ and the transportation improvements have to be completed before Costco can become operational, the City and Costco are covering 100% of the non-TIF portion of the transportation improvements project costs. The City is picking up approximately 89%⁴ of the transportation improvements associated with the non-Costco land uses through the proposed sales tax sharing agreement with Costco.

The table below summarizes the allocation of the transportation improvements project costs by land uses. To ensure all of the future developments in the JDEDZ contribute towards the project costs, City staff is proposing to develop a JDEDZ Transportation Fee that would be charged to future JDEDZ development applicants at the time they pull permits with the City to develop their property with uses authorized in the JDEDZ. The City will use the proceeds from the JDEDZ Fee to reduce the amount owed to Costco through the proposed Sales Tax sharing agreement⁵ which, in turn, will reduce the years in which the City would be required to share the sales tax generated from the Costco store with Costco.

The City has engaged the services of Century Urban to help determine the amount of the fee to charge each development applicant that wouldn't discourage development of the JDEDZ. City staff will present options for a JDEDZ Transportation fee at a City Council meeting later this summer or early Fall. At that time, the City Council will determine the amount of a JDEDZ Transportation fee.

JDEDZ Transportation Improvements Project Costs Divided by Land Uses			
Total Project Cost - Including ROW		\$21,470,000	
Total Project Cost Excluding Stoneridge Drive & I-680 Onramp Project (TIF Funded)		\$15,070,000	
JDEDZ Land Uses	Percent of Total Trips at Build-out	Allocation of Project Costs Including ROW	Allocation of Project Costs Excluding ROW
Costco	44%	\$6,630,800	\$5,970,800
Hotels	12%	1,808,400	1,628,400
Remaining Retail Land Uses	44%	6,630,800	5,970,800
Total	100%	\$15,070,000	\$13,570,000
Non-Costco Portion to Recover in Future JDEDZ Transportation Fee		\$8,439,200	\$7,599,200

⁴ Excluding ROW acquisition costs.

⁵ Or to repay an inter-fund loan or loan principal should the City Council choose that funding alternative.

Total Anticipated On-going Tax Revenues Associated with JDEDZ

Attachment 2 identifies the total expected net additional tax revenues that the JDEDZ will generate in the first 25-years including Sales Taxes, Property Taxes, Transient Occupancy Taxes (TOT), and Vehicle In-lieu taxes⁶. As described in Attachment 4, the City is expected to receive a total of \$84.2 million in net new tax revenues in the first 25-years of the JDEDZ. Of that amount, under the proposed sales tax sharing proposal with Costco, the City would receive \$76.4 million or 91% of those new revenues and Costco would receive \$7.8 million or 9% of those new revenues.

Using Growth in Taxes to Fund Infrastructure Improvements in Other Cities

While the City of Pleasanton has not used tax revenues generated by a development to help fund transportation improvements required for that development, this practice has been utilized in other cities. For example, Livermore, Ukiah and Manteca used some of the sales tax growth from development to help pay for infrastructure improvements required by development. California's Redevelopment Agencies regularly utilized property tax growth generated by development (tax increment financing) to help pay for the infrastructure improvements required for the development to occur. Further, cities routinely use tax sharing agreements to attract large sales tax generating businesses to their communities including the cities of Dublin, Pittsburg, Mountain View, Elk Grove and Manteca.

POLICY QUESTION #2: What is Council's preferred financing option at this time for the cost of the necessary transportation improvements?

FISCAL IMPACT

ALH Economics, an urban and regional economic consulting firm under contract to the City, prepared a fiscal impact analysis of the JDEDZ that was published as part of the FSEIR.

The fiscal impact analysis results indicate that on a worst-case basis, assuming that all diverted sales are diverted from Pleasanton retailers (as opposed to retailers outside of Pleasanton), the JDEDZ is anticipated to generate a projected \$1.4 to \$1.7 million annual contribution to the City's General Fund⁷ at the completion of the first phase (which includes the club retail and hotel uses). This net revenue estimate (takes into account both sales tax and property tax) increases to \$2.1 to \$2.3 million annually⁸ upon full buildout of the JDEDZ. At full buildout these net fiscal revenues represent an annual contribution equivalent to approximately 2.1 percent to 2.3 percent of the City's General Fund expenditures. These revenue estimates do not include any City contributions to the transportation improvements required by the JDEDZ.

Please refer to Attachment 2, Annual Net Fiscal Impact Analysis, for a summary of the fiscal analysis. In addition to the revenue shown in Attachment 2 (which focuses on City revenues and expenditures), property taxes generated from the JDEDZ would provide approximately \$277,440 in annual revenue to the Pleasanton Unified School District

⁶ All tax revenues estimates exclude estimates of leakage from revenues currently received from other Pleasanton stores. Thus, the revenues identified in Attachment 2 would be new to Pleasanton.

⁷ In 2015/16 dollars.

⁸ In 2015/16 dollars.

(PUSD) and approximately \$30,440 in annual revenue to the community college district. The JDEDZ would also generate one-time supplemental taxes of approximately \$42,725 to PUSD and \$4,690 to other schools.

POLICY DIRECTION QUESTIONS

Staff is seeking Council direction on the following:

POLICY QUESTION #1: If the JDEDZ is adopted, could the City allow hotels (up to 231 rooms) to operate within the JDEDZ prior to the construction of all transportation network improvements? OR If the JDEDZ is adopted, should ALL new uses within the JDEDZ wait until completion of all transportation network improvements prior to the City granting occupancy?

POLICY QUESTION #2: What is Council's preferred financing option at this time for the cost of the necessary transportation improvements?

Jointly Submitted by:



Gerry Beaudin
Director of Community
Development



Tina Olson
Director of Finance

Approved by:



Nelson Fialho
City Manager

Attachments:

1. Cost Estimates for Traffic and Transportation Mitigation Measures
2. Annual Net Fiscal Impact Analysis of the JDEDZ
3. Costco sales tax sharing agreement with the City
4. Estimated additional next tax revenues to be generated by the JDEDZ
5. Draft Term Sheet for Johnson Drive Economic Development Zone (JDEDZ) Transportation Improvements –Financing and Project Implementation

PLANNING LEVEL COST ESTIMATE					
Commerce Dr at Johnson Dr, Mitigation 4.D-1a					
Roadway Items:	Quantity	Unit	Unit Cost	Item Total	Total
New Pavement Section ¹	2,250	SF	\$ 10	\$ 22,500	
Cold Plane and Overlay (0.2') ²	24,250	SF	\$ 2	\$ 48,500	
Conc Sidewalk & Driveway ³	3,810	SF	\$ 10	\$ 38,100	
Conc C&G	650	LF	\$ 30	\$ 19,500	
Driveway	4	EA	\$ 5,000	\$ 20,000	
Curb Ramp	2	EA	\$ 3,500	\$ 7,000	
Retaining Wall	-	SF	\$ 100	\$ -	
Maintenance Path	-	LS	\$ 20,000	\$ -	
Monument Sign	-	LS	\$ 25,000	\$ -	
Imported Borrow	-	CY	\$ 75	\$ -	
Roadway Excavation ⁹	760	CY	\$ 75	\$ 57,000	
Clearing and Grubbing	2,450	SF	\$ 0.5	\$ 1,300	
Remove Conc Sidewalk, C&G	3,650	SF	\$ 6	\$ 21,900	
Remove Trees	1	EA	\$ 1,000	\$ 1,000	
Landscape/Irrigation & Bio-Retention	2,200	SF	\$ 15	\$ 33,000	
Fence (New & Remove)	-	LF	\$ 30	\$ -	
Pavement Striping	2,200	LF	\$ 2	\$ 4,400	
Pavement Markings	590	SF	\$ 10	\$ 5,900	
Relocate Overhead sign and post ⁴	-	EA	\$ 5,000	\$ -	
Signs	2	EA	\$ 600	\$ 1,200	
Signalized Intersection (Johnson Dr & Commerce Dr)	1	LS	\$ 350,000	\$ 350,000	
Intersection Traffic Signal Modification	-	LS	\$ 750,000	\$ -	
Ramp Traffic Signal Modification	-	LS	\$ 25,000	\$ -	
Street Lights ⁵	3	EA	\$ 10,000	\$ 30,000	
Traffic Control Allowance (5%)	1	LS	\$ 34,000	\$ 34,000	
Storm Drain System Allowance (10%)	1	LS	\$ 67,000	\$ 67,000	
WPC / Treatment Allowance (5%)	1	LS	\$ 34,000	\$ 34,000	
Minor & Misc. Items (10%)	1	LS	\$ 80,000	\$ 80,000	
Mobilization (10%)	1	LS	\$ 88,000	\$ 88,000	
Contingency (25%)	1	LS	\$ 242,000	\$ 242,000	
Roadway Subtotal					\$ 1,210,000
Structure Items:	Quantity	Unit	Unit Cost	Item Total	Total
Widen Existing Structure ⁶	-	SF	\$ 350	\$ -	
Structure Subtotal					\$ -
Right of Way Items:	Quantity	Unit	Unit Cost	Item Total	Total
Utility Relocation ⁷	1	LS	\$ 38,000	\$ 38,000	
DSRSD	-	LS	\$ 250,000	\$ -	
Acquisition costs	1	LS	\$ 164,800	\$ 164,800	
TCE	NIC				
Environmental Mitigation (Est)	NIC				
Right of Way Subtotal					\$ 210,000
Subtotal "Hard Costs"					\$ 1,420,000
Soft Costs⁸	Quantity	Unit	Unit Cost	Item Total	Total
Final Design (12.5%)	1	LS	\$ 152,000	\$ 152,000	
Construction Administration (12.5%)	1	LS	\$ 152,000	\$ 152,000	
Construction Staking (2%)	1	LS	\$ 25,000	\$ 25,000	
Subtotal "Soft Costs"					\$ 330,000
Grand Total					\$ 1,750,000

1. New Pavement Section assumed as 4.5" Asphalt, 9.5" Aggregate Base and 17" Aggregate Subbase
2. Cold plane all existing pavement within the project limits.
3. Assume 6' wide sidewalk.
4. Reuse existing post and mast arm. Install new sign panels and post foundation.
5. Assume existing street lights are to be salvaged by the Contractor. Place new street lights at approximately 200' spacing.
6. No work in the creek for bridge structure.
7. Utility costs assumes main underground lines remain, only assumes cost for adjusting vaults/boxes/fire hydrants to grade or relocating them.
8. Soft cost is percentage of Roadway + Structure Items (2017 dollars) except R/W Engineering which is 10% of R/W Items.
9. Roadway excavation assumes 2.5' cut into existing ground.

PLANNING LEVEL COST ESTIMATE					
Johnson Dr at Owens Dr (North) Intersection, Mitigation 4.D-1b					
Roadway Items:	Quantity	Unit	Unit Cost	Item Total	Total
New Pavement Section ¹	-	SF	\$ 10	\$ -	
Cold Plane and Overlay (0.2) ²	-	SF	\$ 2	\$ -	
Conc Sidewalk & Driveway ³	-	SF	\$ 10	\$ -	
Conc C&G	-	LF	\$ 30	\$ -	
Driveway	-	EA	\$ 5,000	\$ -	
Curb Ramp	-	EA	\$ 3,500	\$ -	
Retaining Wall	-	SF	\$ 100	\$ -	
Maintenance Path	-	LS	\$ 20,000	\$ -	
Monument Sign	-	LS	\$ 25,000	\$ -	
Imported Borrow	-	CY	\$ 75	\$ -	
Roadway Excavation ⁹	-	CY	\$ 75	\$ -	
Clearing and Grubbing	-	SF	\$ 0.5	\$ -	
Remove Conc Sidewalk, C&G	-	SF	\$ 6	\$ -	
Remove Trees	-	EA	\$ 1,000	\$ -	
Landscape/Irrigation & Bio-Retention	-	SF	\$ 15	\$ -	
Fence (New & Remove)	-	LF	\$ 30	\$ -	
Pavement Striping	-	LF	\$ 2	\$ -	
Pavement Markings	-	SF	\$ 10	\$ -	
Relocate Overhead sign and post ⁴	-	EA	\$ 5,000	\$ -	
Signs	-	EA	\$ 600	\$ -	
Signalized Intersection (Johnson Dr & Owens Dr)	1	LS	\$ 350,000	\$ 350,000	
Intersection Traffic Signal Modification	-	LS	\$ 750,000	\$ -	
Ramp Traffic Signal Modification	-	LS	\$ 25,000	\$ -	
Street Lights ⁵	-	EA	\$ 10,000	\$ -	
Traffic Control Allowance (5%)	-	LS	\$ 18,000	\$ -	
Storm Drain System Allowance (10%)	-	LS	\$ 35,000	\$ -	
WPC / Treatment Allowance (5%)	-	LS	\$ 18,000	\$ -	
Minor & Misc. Items (10%)	-	LS	\$ 35,000	\$ -	
Mobilization (10%)	1	LS	\$ 35,000	\$ 35,000	
Contingency (25%)	1	LS	\$ 97,000	\$ 97,000	
Roadway Subtotal					\$ 490,000
Structure Items:	Quantity	Unit	Unit Cost	Item Total	Total
Widen Existing Structure ⁶	-	SF	\$ 350	\$ -	
Structure Subtotal					\$ -
Right of Way Items:	Quantity	Unit	Unit Cost	Item Total	Total
Utility Relocation ⁷	-	LS	\$ -	\$ -	
DSRSD	-	LS	\$ 250,000	\$ -	
Acquisition costs	-	LS			
TCE	NIC				
Environmental Mitigation (Est)	NIC				
Right of Way Subtotal					\$ -
Subtotal "Hard Costs"					\$ 490,000
Soft Costs⁸	Quantity	Unit	Unit Cost	Item Total	Total
Final Design (12.5%)	1	LS	\$ 62,000	\$ 62,000	
Construction Administration (12.5%)	1	LS	\$ 62,000	\$ 62,000	
Construction Staking (2%)	1	LS	\$ 10,000	\$ 10,000	
Subtotal "Soft Costs"					\$ 140,000
Grand Total					\$ 630,000

1. New Pavement Section assumed as 4.5" Asphalt, 9.5" Aggregate Base and 17" Aggregate Subbase

2. Cold plane all existing pavement within the project limits.

3. Assume 6' wide sidewalk.

4. Reuse existing post and mast arm. Install new sign panels and post foundation.

5. Assume existing street lights are to be salvaged by the Contractor. Place new street lights at approximately 200' spacing.

6. No work in the creek for bridge structure.

7. Utility costs assumes main underground lines remain, only assumes cost for adjusting vaults/boxes/fire hydrants to grade or relocating them.

8. Soft cost is percentage of Roadway + Structure Items (2017 dollars) except R/W Engineering which is 10% of R/W Items.

9. Roadway excavation assumes 2.5' cut into existing ground.

PLANNING LEVEL COST ESTIMATE					
Johnson Dr at Stoneridge Dr Intersection, Mitigation 4.D-1c					
Roadway Items:	Quantity	Unit	Unit Cost	Item Total	Total
New Pavement Section ¹	42,900	SF	\$ 10	\$ 429,000	
Cold Plane and Overlay (0.2") ²	65,800	SF	\$ 2	\$ 131,600	
Conc Sidewalk & Driveway ³	6,160	SF	\$ 10	\$ 61,600	
Conc C&G	1,470	LF	\$ 30	\$ 44,100	
Driveway	1	EA	\$ 5,000	\$ 5,000	
Curb Ramp	3	EA	\$ 3,500	\$ 10,500	
Retaining Wall	-	SF	\$ 100	\$ -	
Maintenance Path	1	LS	\$ 20,000	\$ 20,000	
Monument Sign	1	LS	\$ 25,000	\$ 25,000	
Imported Borrow	2,720	CY	\$ 75	\$ 204,000	
Roadway Excavation ⁹	4,400	CY	\$ 75	\$ 330,000	
Clearing and Grubbing	23,700	SF	\$ 0.5	\$ 11,900	
Remove Conc Sidewalk, C&G	4,900	SF	\$ 6	\$ 29,400	
Remove Trees	35	EA	\$ 1,000	\$ 35,000	
Landscape/Irrigation & Bio-Retention	9,900	SF	\$ 15	\$ 148,500	
Fence (New & Remove)	1,450	LF	\$ 30	\$ 43,500	
Pavement Striping	8,960	LF	\$ 2	\$ 18,000	
Pavement Markings	1,550	SF	\$ 10	\$ 15,500	
Relocate Overhead sign and post ⁴	-	EA	\$ 5,000	\$ -	
Signs	7	EA	\$ 600	\$ 4,200	
Signalized Intersection	-	LS	\$ 350,000	\$ -	
Intersection Traffic Signal Modification (Stoneridge Dr & Johnson Dr)	1	LS	\$ 750,000	\$ 750,000	
Ramp Traffic Signal Modification	-	LS	\$ 25,000	\$ -	
Street Lights ⁵	7	EA	\$ 10,000	\$ 70,000	
Traffic Control Allowance (5%)	1	LS	\$ 120,000	\$ 120,000	
Storm Drain System Allowance (10%)	1	LS	\$ 239,000	\$ 239,000	
WPC / Treatment Allowance (5%)	1	LS	\$ 120,000	\$ 120,000	
Minor & Misc. Items (10%)	1	LS	\$ 287,000	\$ 287,000	
Mobilization (10%)	1	LS	\$ 316,000	\$ 316,000	
Contingency (25%)	1	LS	\$ 868,000	\$ 868,000	
Roadway Subtotal					\$ 4,340,000
Structure Items:	Quantity	Unit	Unit Cost	Item Total	Total
Widen Existing Structure ⁶	-	SF	\$ 350	\$ -	
Structure Subtotal					\$ -
Right of Way Items:	Quantity	Unit	Unit Cost	Item Total	Total
Utility Relocation ⁷	1	LS	\$ 46,000	\$ 46,000	
DSRSD	1	LS	\$ 250,000	\$ 250,000	
Acquisition costs	1	LS	\$ 340,000	\$ 340,000	
TCE	NIC				
Environmental Mitigation (Est)	NIC				
Right of Way Subtotal					\$ 640,000
Subtotal "Hard Costs"					\$ 4,980,000
Soft Costs⁸	Quantity	Unit	Unit Cost	Item Total	Total
Final Design (12.5%)	1	LS	\$ 543,000	\$ 543,000	
Construction Administration (12.5%)	1	LS	\$ 543,000	\$ 543,000	
Construction Staking (2%)	1	LS	\$ 87,000	\$ 87,000	
Subtotal "Soft Costs"					\$ 1,180,000
Grand Total					\$ 6,160,000

1. New Pavement Section assumed as 4.5" Asphalt, 9.5" Aggregate Base and 17" Aggregate Subbase
2. Cold plane all existing pavement within the project limits.
3. Assume 6' wide sidewalk on Johnson Dr & 10' wide sidewalk on Stoneridge Dr.
4. Reuse existing post and mast arm. Install new sign panels and post foundation.
5. Assume existing street lights are to be salvaged by the Contractor. Place new street lights at approximately 200' spacing.
6. No work in the creek for bridge structure.
7. Utility costs assumes main underground lines remain, only assumes cost for adjusting vaults/boxes/fire hydrants to grade or relocating them.
8. Soft cost is percentage of Roadway + Structure Items (2017 dollars) except R/W Engineering which is 10% of R/W Items.
9. Roadway excavation assumes 2.5' cut into existing ground.

PLANNING LEVEL COST ESTIMATE					
Stoneridge Dr Queue Spillback, Mitigation 4.D-1d					
Roadway Items:	Quantity	Unit	Unit Cost	Item Total	Total
New Pavement Section ¹	21,550	SF	\$ 10	\$ 215,500	
Cold Plane and Overlay (0.2') ²	80,450	SF	\$ 2	\$ 160,900	
Conc Sidewalk & Driveway ³	22,340	SF	\$ 10	\$ 223,400	
Conc C&G	1,600	LF	\$ 30	\$ 48,000	
Driveway	-	EA	\$ 5,000	\$ -	
Curb Ramp	1	EA	\$ 3,500	\$ 3,500	
Retaining Wall	6,900	SF	\$ 100	\$ 690,000	
Maintenance Path	-	LS	\$ 20,000	\$ -	
Monument Sign	-	LS	\$ 25,000	\$ -	
Imported Borrow	3,120	CY	\$ 75	\$ 234,000	
Roadway Excavation ⁹	4,550	CY	\$ 75	\$ 341,300	
Clearing and Grubbing	33,000	SF	\$ 0.5	\$ 16,500	
Remove Conc Sidewalk, C&G	12,200	SF	\$ 6	\$ 73,200	
Remove Trees	29	EA	\$ 1,000	\$ 29,000	
Landscape/Irrigation & Bio-Retention	5,800	SF	\$ 15	\$ 87,000	
Fence (New & Remove)	2,100	LF	\$ 30	\$ 63,000	
Pavement Striping	6,750	LF	\$ 2	\$ 13,500	
Pavement Markings	660	SF	\$ 10	\$ 6,600	
Relocate Overhead sign and post ⁴	1	EA	\$ 5,000	\$ 5,000	
Signs	10	EA	\$ 600	\$ 6,000	
Signalized Intersection	-	LS	\$ 350,000	\$ -	
Intersection Traffic Signal Modification	-	LS	\$ 750,000	\$ -	
Ramp Traffic Signal Modification (NB 680 off-ramp to Stoneridge Dr)	1	LS	\$ 25,000	\$ 25,000	
Street Lights ⁵	1	EA	\$ 10,000	\$ 10,000	
Traffic Control Allowance (5%)	1	LS	\$ 113,000	\$ 113,000	
Storm Drain System Allowance (10%)	1	LS	\$ 226,000	\$ 226,000	
WPC / Treatment Allowance (5%)	1	LS	\$ 113,000	\$ 113,000	
Minor & Misc. Items (10%)	1	LS	\$ 271,000	\$ 271,000	
Mobilization (10%)	1	LS	\$ 298,000	\$ 298,000	
Contingency (25%)	1	LS	\$ 819,000	\$ 819,000	
Roadway Subtotal					\$ 4,100,000
Structure Items:	Quantity	Unit	Unit Cost	Item Total	Total
Widen Existing Structure ⁶	3,850	SF	\$ 350	\$ 1,348,000	
Structure Subtotal					\$ 1,350,000
Right of Way Items:	Quantity	Unit	Unit Cost	Item Total	Total
Utility Relocation ⁷	1	LS	\$ 48,000	\$ 48,000	
DSRSD	-	LS	\$ 250,000	\$ -	
Acquisition costs	1	LS	\$ 124,400	\$ 124,400	
TCE	NIC				
Environmental Mitigation (Est)	NIC				
Right of Way Subtotal					\$ 180,000
Subtotal "Hard Costs"					\$ 5,630,000
Soft Costs⁸	Quantity	Unit	Unit Cost	Item Total	Total
Final Design (12.5%)	1	LS	\$ 682,000	\$ 682,000	
Construction Administration (12.5%)	1	LS	\$ 682,000	\$ 682,000	
Construction Staking (2%)	1	LS	\$ 109,000	\$ 109,000	
Subtotal "Soft Costs"					\$ 1,480,000
Grand Total					\$ 7,110,000

1. New Pavement Section assumed as 4.5" Asphalt, 9.5" Aggregate Base and 17" Aggregate Subbase
2. Cold plane all existing pavement within the project limits.
3. Assume Stoneridge Dr sidewalk width to be 8' wide (east of Johnson) & 10' wide (west of Johnson). Quantity includes elevated HMA bike lane.
4. Reuse existing post and mast arm. Install new sign panels and post foundation.
5. Assume existing street lights are to be salvaged by the Contractor. Place new street lights at approximately 200' spacing.
6. No work in the creek for bridge structure.
7. Utility costs assumes main underground lines remain, only assumes cost for adjusting vaults/boxes/fire hydrants to grade or relocating them.
8. Soft cost is percentage of Roadway + Structure Items (2017 dollars) except R/W Engineering which is 10% of R/W Items.
9. Roadway excavation assumes 2.5' cut into existing ground.

PLANNING LEVEL COST ESTIMATE					
Johnson Drive Improvements, Mitigation 4.D-3					
Roadway Items:	Quantity	Unit	Unit Cost	Item Total	Total
New Pavement Section ¹	45,860	SF	\$ 10	\$ 458,600	
Cold Plane and Overlay (0.2') ²	97,650	SF	\$ 2	\$ 195,300	
Conc Sidewalk & Driveway ³	14,650	SF	\$ 10	\$ 146,500	
Conc C&G	2,400	LF	\$ 30	\$ 72,000	
Driveway	3	EA	\$ 5,000	\$ 15,000	
Curb Ramp	12	EA	\$ 3,500	\$ 42,000	
Retaining Wall	-	SF	\$ 100	\$ -	
Maintenance Path	-	LS	\$ 20,000	\$ -	
Monument Sign	-	LS	\$ 25,000	\$ -	
Imported Borrow	-	CY	\$ 75	\$ -	
Roadway Excavation ⁹	6,540	CY	\$ 75	\$ 490,500	
Clearing and Grubbing	58,530	SF	\$ 0.5	\$ 29,300	
Remove Conc Sidewalk, C&G	9,250	SF	\$ 6	\$ 55,500	
Remove Trees	20	EA	\$ 1,000	\$ 20,000	
Landscape/Irrigation & Bio-Retention	9,700	SF	\$ 15	\$ 145,500	
Fence (New & Remove)	1,650	LF	\$ 30	\$ 49,500	
Pavement Striping	16,170	LF	\$ 2	\$ 32,400	
Pavement Markings	1,900	SF	\$ 10	\$ 19,000	
Relocate Overhead sign and post ⁴	-	EA	\$ 5,000	\$ -	
Signs	8	EA	\$ 600	\$ 4,800	
Signalized Intersection (Johnson Dr & Entry to Parcel 6)	1	LS	\$ 350,000	\$ 350,000	
Intersection Traffic Signal Modification	-	LS	\$ 750,000	\$ -	
Ramp Traffic Signal Modification	-	LS	\$ 25,000	\$ -	
Street Lights ⁵	11	EA	\$ 10,000	\$ 110,000	
Traffic Control Allowance (5%)	1	LS	\$ 112,000	\$ 112,000	
Storm Drain System Allowance (10%)	1	LS	\$ 224,000	\$ 224,000	
WPC / Treatment Allowance (5%)	1	LS	\$ 112,000	\$ 112,000	
Minor & Misc. Items (10%)	1	LS	\$ 269,000	\$ 269,000	
Mobilization (10%)	1	LS	\$ 296,000	\$ 296,000	
Contingency (25%)	1	LS	\$ 813,000	\$ 813,000	
Roadway Subtotal					\$ 4,070,000
Structure Items:	Quantity	Unit	Unit Cost	Item Total	Total
Widen Existing Structure ⁶	-	SF	\$ 350	\$ -	
Structure Subtotal					\$ -
Right of Way Items:	Quantity	Unit	Unit Cost	Item Total	Total
Utility Relocation ⁷	1	LS	\$ 190,000	\$ 190,000	
DSRSD	-	LS	\$ 250,000	\$ -	
Acquisition costs ¹⁰	1	LS	\$ 458,200	\$ 458,200	
TCE	NIC				
Environmental Mitigation (Est)	NIC				
Right of Way Subtotal					\$ 650,000
Subtotal "Hard Costs"					\$ 4,720,000
Soft Costs⁸	Quantity	Unit	Unit Cost	Item Total	Total
Final Design (12.5%)	1	LS	\$ 509,000	\$ 509,000	
Construction Administration (12.5%)	1	LS	\$ 509,000	\$ 509,000	
Construction Staking (2%)	1	LS	\$ 82,000	\$ 82,000	
Subtotal "Soft Costs"					\$ 1,100,000
Grand Total					\$ 5,820,000

1. New Pavement Section assumed as 4.5" Asphalt, 9.5" Aggregate Base and 17" Aggregate Subbase
2. Cold plane all existing pavement within the project limits.
3. Assume 6' wide sidewalk.
4. Reuse existing post and mast arm. Install new sign panels and post foundation.
5. Assume existing street lights are to be salvaged by the Contractor. Place new street lights at approximately 200' spacing.
6. No work in the creek for bridge structure.
7. Utility costs assumes main underground lines remain, only assumes cost for adjusting vaults/boxes/fire hydrants to grade or relocating them.
8. Soft cost is percentage of Roadway + Structure Items (2017 dollars) except R/W Engineering which is 10% of R/W Items.
9. Roadway excavation assumes 2.5' cut into existing ground.
10. Right of way take within parcels 6,9 & 10 are to be dedicated for this improvements.

**Exhibit 57
Johnson Drive Economic Development Zone (EDZ)
Annual Net Fiscal Impact Analysis (1)
City of Pleasanton General Fund
FY 2015/16 Dollars**

General Fund Revenues and Expenditures Categories	Option 1 Hotel (150 rooms)		Option 2 Hotel (231 rooms)	
	Phase I	Buildout	Phase I	Buildout
Net Fiscal Revenues (2)				
Property Taxes (3)	\$179,133	\$351,450	\$211,658	\$383,975
Property Tax in Lieu of VLF (4)	\$20,711	\$40,634	\$24,472	\$44,395
Retail Store Retail Sales Taxes (5)	\$841,369	\$1,634,439	\$841,369	\$1,634,439
Other Retail Sales Taxes (Employees and Hotel Guests) (5)	\$8,220	\$24,104	\$8,753	\$24,637
Transient Occupancy Taxes (5)	\$410,625	\$410,625	\$632,363	\$632,363
Employee-Based Revenues (5)	\$8,220	\$24,104	\$8,753	\$24,637
Sub-total	\$1,468,278	\$2,485,357	\$1,727,367	\$2,744,445
Expenditures (6) (7)				
General Government	\$6,848	\$20,079	\$7,292	\$20,523
Community Development	\$5,727	\$16,792	\$6,098	\$17,163
Operations Services	\$10,367	\$30,398	\$11,039	\$31,070
Community Services	\$3,337	\$9,785	\$3,553	\$10,001
Library	\$3,831	\$11,234	\$4,080	\$11,483
Police	\$22,720	\$66,620	\$24,193	\$68,094
Fire	\$13,592	\$39,856	\$14,474	\$40,737
Sub-total	\$66,422	\$194,764	\$70,728	\$199,071
General Fund Net Impact (8) (9)	\$1,401,857	\$2,290,593	\$1,656,639	\$2,545,375
General Fund Net Impact Assuming Lower Club Retail Sales (9)(10)				
Amount	\$1,108,820	\$1,927,692	\$1,363,603	\$2,182,474
Percent of Net Impact Assuming Higher Club Retail Sales	79.1%	84.2%	82.3%	85.7%

Sources: Memorandum, Brion & Associates, "Draft Summary - Johnson Drive EDZ Fiscal Impact Analysis, City of Pleasanton, February 5, 2015; and ALH Urban & Regional Economics.

- (1) Includes estimated General Fund revenues less estimated General Fund expenditures.
- (2) Includes the most substantial revenues anticipated to accrue to the City of Pleasanton General Fund resulting from the Project's stabilized operations. However, there may be yet additional revenues flowing to the General Fund pursuant to the Project's operations. This analysis also include the revenues and expenditures included in the Brion & Associates February 2015 analysis for the Johnson Drive EDZ.
- (3) See Exhibit 52.
- (4) See Exhibit 53.
- (5) See Exhibit 55.
- (6) The estimated service costs per employee were derived in Exhibit 56. These costs were multiplied by the estimated number of Project employees presented in Exhibit 47.
- (7) It is possible the City of Pleasanton may be responsible for a portion of the Project's transportation costs, but the amount of this expenditure is not presently identified. Thus, Project expenditures may increase by some as yet unidentified amount.
- (8) Comprises revenues less expenditures.
- (9) Depending upon whether or not the City funds a portion of the Project's transportation costs, as referenced in footnote (7), the net revenues generated by the Project may be lower than estimated.
- (10) The Brion & Associates analysis assumed a lower sales per square foot figure for the club retail space than assumed in the preceding urban decay analysis. This sales figure was \$700 per square foot (see Table A-3 in the Brion & Associates Memorandum). At this lesser level of sales performance the amount of sales tax generated by the club retail space would be lower. ALH Economics estimates that the Retail Store Retail Sales Taxes assuming the \$700 per square foot sales performance would result in approximately 35% lower retail sales taxes for Hotel Option 1, and 22% lower retail sales taxes for Hotel Option 2. This estimation was determined through sensitivity analysis, and continues to include some assumption for diverted retail sales from existing retailers.

Attachment 3: Costco Sales Tax Share Analysis

Amount 6,800,000
Interest Rate 1.50%
Maximum Term 25

Fiscal Year	Year	Regular Payment Schedule			Total Projected Costco Sales Tax Revenues	Prepayment Schedule (Based on Projected Costco Sales Tax Revenues)			City Allocation - 60% of Sales Tax
		Principal	Interest	Total		Principal	Interest	Total - 40% of Sales Tax	
2019/20	1	\$226,191	\$102,000	\$328,191	\$926,709	\$268,684	\$102,000	\$370,684	\$556,025
2020/21	2	229,584	98,607	328,191	954,510	283,834	97,970	381,804	572,706
2021/22	3	233,028	95,163	328,191	983,146	299,546	93,712	393,258	589,887
2022/23	4	236,524	91,668	328,191	1,012,640	315,837	89,219	405,056	607,584
2023/24	5	240,071	88,120	328,191	1,043,019	332,726	84,481	417,208	625,811
2024/25	6	243,672	84,519	328,191	1,074,310	350,233	79,491	429,724	644,586
2025/26	7	247,328	80,864	328,191	1,106,539	368,379	74,237	442,616	663,923
2026/27	8	251,037	77,154	328,191	1,139,735	387,183	68,711	455,894	683,841
2027/28	9	254,803	73,388	328,191	1,173,927	406,667	62,904	469,571	704,356
2028/29	10	258,625	69,566	328,191	1,209,145	426,854	56,804	483,658	725,487
2029/30	11	262,504	65,687	328,191	1,245,419	447,767	50,401	498,168	747,252
2030/31	12	266,442	61,749	328,191	1,282,782	469,428	43,684	513,113	769,669
2031/32	13	270,439	57,753	328,191	1,321,265	491,863	36,643	528,506	792,759
2032/33	14	274,495	53,696	328,191	1,360,903	515,096	29,265	544,361	816,542
2033/34	15	278,613	49,579	328,191	1,401,731	539,154	21,539	560,692	841,038
2034/35	16	282,792	45,400	328,191	1,443,782	564,062	13,451	577,513	866,269
2035/36	17	287,034	41,158	328,191	1,487,096	332,686	4,990	337,677	1,149,419
2036/37	18	291,339	36,852	328,191	1,531,709				1,531,709
2037/38	19	295,709	32,482	328,191	1,577,660				1,577,660
2038/39	20	300,145	28,047	328,191	1,624,990				1,624,990
2039/40	21	304,647	23,544	328,191	1,673,740				1,673,740
2040/41	22	309,217	18,975	328,191	1,723,952				1,723,952
2041/42	23	313,855	14,336	328,191	1,775,670				1,775,670
2042/43	24	318,563	9,629	328,191	1,828,940				1,828,940
2043/44	25	323,341	4,850	328,191	1,883,809				1,883,809
Totals		\$6,800,000	\$1,404,787	\$8,204,787	\$33,787,128	\$6,800,000	\$1,009,502	\$7,809,502	\$25,977,626

Attachment 4

Total Expected Net Tax Revenues to the City from EDZ

Source: Johnson Drive EDZ Economic Impact Analysis, March 2016, ALH ECON

Assumptions:

- (1) Tax revenues include Sales Tax, Property Tax, Transient Occupancy Tax & Vehicle In-lieu
- (2) Sales Tax Proceeds Reduced by Payment to Costco.
- (3) 231 Hotel Rooms
- (4) 3% Annual Increase in Revenues and City Expenditures
- (5) Buildout Occurs in Year 10

Net Tax Revenues to City

Year	Phase 1	Buildout	Total Net Tax Revenues	Phase 1 Only Total Tax Revenues to City
1	\$1,285,955		\$1,285,955	1,335,655
2	1,324,534		1,324,534	1,375,724
3	1,416,996		1,416,996	1,416,996
4	1,459,506		1,459,506	1,459,506
5	1,503,291		1,503,291	1,503,291
6	1,548,390		1,548,390	1,548,390
7	1,594,841		1,594,841	1,594,841
8	1,642,687		1,642,687	1,642,687
9	1,691,967		1,691,967	1,691,967
10		2,837,479	2,837,479	1,742,726
11		2,922,603	2,922,603	1,795,008
12		3,010,281	3,010,281	1,848,858
13		3,100,590	3,100,590	1,904,324
14		3,193,608	3,193,608	1,961,454
15		3,289,416	3,289,416	2,020,297
16		3,404,919	3,404,919	2,080,906
17		3,746,903	3,746,903	2,143,333
18		4,207,117	4,207,117	2,682,194
19		4,333,331	4,333,331	2,904,927
20		4,463,330	4,463,330	2,992,074
21		4,597,230	4,597,230	3,081,837
22		4,735,147	4,735,147	3,174,292
23		4,877,202	4,877,202	3,269,520
24		5,023,518	5,023,518	3,367,606
25		5,174,223	5,174,223	3,468,634

Total Net Revenues \$13,468,167 \$62,916,898 \$76,385,065 \$54,007,048

Add'l City Net Tax Revenues	\$76,385,065	91%
Total Sales Tax Sharing Payments to Costco	7,809,502	9%
Total Tax Revenues	\$84,194,567	100%

**TERM SHEET FOR JOHNSON DRIVE ECONOMIC DEVELOPMENT ZONE (JDEDZ)
TRANSPORTATION IMPROVEMENTS (FINANCING AND CONSTRUCTION)
BETWEEN THE CITY OF PLEASANTON AND COSTCO, INC.**

INTRODUCTION

This Term Sheet summarizes negotiations between the City of Pleasanton (City) and Costco Incorporated (Costco), together Parties regarding the financing and construction of the transportation mitigation projects required for the JDEDZ (Project). This Term Sheet has been informed by the public review process for the Project, and is subject to endorsement by the Pleasanton City Council in its sole discretion.

After the Pleasanton City Council endorsement, the Parties will continue to negotiate and amplify the terms (including all defined terms) in this Term Sheet and incorporate them into appropriate documents between the City and Costco (collectively, the “**Transaction Documents**”). The Project is subject to Government Code Section 53083 and a report commensurate with the requirements of this Government Code Section will be prepared at a later date and shall remain available to the public and available on the City’s website for the duration of the DDA.

OVERVIEW

A. The JDEDZ Site and the City’s Objectives/Goals for Development

The JDEDZ area consists of 12 parcels located at 7106-7315 Johnson Drive and 7035 and 7080 Commerce Circle, comprising approximately 40 acres and currently containing a mixture of land uses, including some office, retail, and institutional uses. However, the predominant uses for the past several decades have been for light industrial purposes, and in many instances, the unfortunate bi-product has been an overall lack of investment in the area, the creation of several underutilized properties, aging infrastructure, and a general lack of economic production and aesthetic degradation.

The objectives of the proposed JDEDZ and associated General Plan amendment and PUD rezoning are to:

1. Provide a consistent framework for the City’s review and approval of new uses and projects in the JDEDZ project area, encouraging investment in and adding value to these properties;
2. Maximize the benefits of the location of the JDEDZ project area as an infill site located along transportation corridors and near transit by encouraging the development of both locally and regionally accessible uses in the JDEDZ project area; and

3. Encourage the development of a diverse mix of uses in the City that would promote long-term economic growth by generating substantial new revenues for the City.

The goals of the proposed JDEDZ and associated General Plan amendment and PUD rezoning are to:

1. Transforming the area into a thriving commercial corridor that capitalizes on its location at the intersection of the I-580 and I-680 freeways;
2. Creating opportunities for new land uses and services in the community to broaden the City's economic base, thereby generating new tax revenue to support City services and programs; and
3. Streamlining the development review process for new land uses through completed California Environmental Quality Act (CEQA) documentation and in most cases staff-level review processes.

B. Description of Development

The JDEDZ entails the implementation of rules, regulations/review processes, and design guidelines to allow for and facilitate future development and redevelopment within the JDEDZ project area. As part of the proposed JDEDZ, the City would also: specify fees and fee credits for prospective uses; specify off-site improvements; and potentially execute one or more Development Agreements with identified property owners.

The mix of uses expected to occur within the JDEDZ project area with full buildout includes club retail (also known as warehouse club), hotel, recreational facilities, and general retail establishments. Existing uses within the JDEDZ project area would be "grandfathered" and operate and/or expand until redevelopment activities are proposed for a specific parcel within the project area.

With development of the JDEDZ, the project area could contain up to 535,490 square feet of occupied building space, a net increase of 310,802 square feet over the existing occupied buildings within the JDEDZ project area. It is assumed that development of the JDEDZ project area would occur in two or more phases, including an initial phase (Phase I) during which Parcels 6, 9 and 10 would be developed with hotel (132,000 square feet), club retail (148,000 square feet), and general retail (43,903 square feet) uses; and one or more future development phases. All new development would be subject to a separate and subsequent development review process (e.g. Design Review, Conditional Use Permit, Planned Unit Development, etc.)

The JDEDZ will generate increased traffic, affecting the levels of service and vehicle queue length spillback in and around the project area. It should be noted that proposed mitigations in the FSEIR would result in acceptable levels of service (i.e., duration of delay in traveling through an intersection), acceptable vehicle queue spillback (i.e., backed-up traffic potentially affecting operation of an upstream intersection), and acceptable freeway ramp operations. For more detailed information related to project impacts and proposed mitigations, please refer to Chapter 4.D of the DSEIR.

C. Assumptions Underlying Term Sheet.

The Parties acknowledge that the goal of this Term Sheet is to fund the construction of the Project required for the JDEDZ. After execution of this Term Sheet, the Parties will negotiate in good faith to complete final Transaction Documents that provides a level of funding allocations substantially consistent with the Term Sheet. If any of the key assumptions materially changes during final negotiations, including market conditions or other key conditions, then the Parties will negotiate in good faith to reach a fair and balanced agreement.

D. Project Cost Estimate

The following cost estimate for the Project was developed in early 2017:

PLANNING LEVEL COST ESTIMATE					
Commerce Dr at Johnson Dr, Mitigation 4.D-1a					
Roadway Items:	Quantity	Unit	Unit Cost	Item Total	Total
New Pavement Section ¹	2,250	SF	\$ 10	\$ 22,500	
Cold Plane and Overlay (0.2) ²	24,250	SF	\$ 2	\$ 48,500	
Conc Sidewalk & Driveway ³	3,810	SF	\$ 10	\$ 38,100	
Conc C&G	650	LF	\$ 30	\$ 19,500	
Driveway	4	EA	\$ 5,000	\$ 20,000	
Curb Ramp	2	EA	\$ 3,500	\$ 7,000	
Retaining Wall	-	SF	\$ 100	\$ -	
Maintenance Path	-	LS	\$ 20,000	\$ -	
Monument Sign	-	LS	\$ 25,000	\$ -	
Imported Borrow	-	CY	\$ 75	\$ -	
Roadway Excavation ⁹	760	CY	\$ 75	\$ 57,000	
Clearing and Grubbing	2,450	SF	\$ 0.5	\$ 1,300	
Remove Conc Sidewalk, C&G	3,650	SF	\$ 6	\$ 21,900	
Remove Trees	1	EA	\$ 1,000	\$ 1,000	
Landscape/Irrigation & Bio-Retention	2,200	SF	\$ 15	\$ 33,000	
Fence (New & Remove)	-	LF	\$ 30	\$ -	
Pavement Striping	2,200	LF	\$ 2	\$ 4,400	
Pavement Markings	590	SF	\$ 10	\$ 5,900	
Relocate Overhead sign and post ⁴	-	EA	\$ 5,000	\$ -	
Signs	2	EA	\$ 600	\$ 1,200	
Signalized Intersection (Johnson Dr & Commerce Dr)	1	LS	\$ 350,000	\$ 350,000	
Intersection Traffic Signal Modification	-	LS	\$ 750,000	\$ -	
Ramp Traffic Signal Modification	-	LS	\$ 25,000	\$ -	
Street Lights ⁵	3	EA	\$ 10,000	\$ 30,000	
Traffic Control Allowance (5%)	1	LS	\$ 34,000	\$ 34,000	
Storm Drain System Allowance (10%)	1	LS	\$ 67,000	\$ 67,000	
WPC / Treatment Allowance (5%)	1	LS	\$ 34,000	\$ 34,000	
Minor & Misc. Items (10%)	1	LS	\$ 80,000	\$ 80,000	
Mobilization (10%)	1	LS	\$ 88,000	\$ 88,000	
Contingency (25%)	1	LS	\$ 242,000	\$ 242,000	
Roadway Subtotal					\$ 1,210,000
Structure Items:	Quantity	Unit	Unit Cost	Item Total	Total
Widen Existing Structure ⁶	-	SF	\$ 350	\$ -	
Structure Subtotal					\$ -
Right of Way Items:	Quantity	Unit	Unit Cost	Item Total	Total
Utility Relocation ⁷	1	LS	\$ 38,000	\$ 38,000	
DSRSD	-	LS	\$ 250,000	\$ -	
Acquisition costs	1	LS	\$ 184,800	\$ 184,800	
TCE	NIC				
Environmental Mitigation (Est)	NIC				
Right of Way Subtotal					\$ 210,000
Subtotal "Hard Costs"					\$ 1,420,000
Soft Costs ⁸	Quantity	Unit	Unit Cost	Item Total	Total
Final Design (12.5%)	1	LS	\$ 152,000	\$ 152,000	
Construction Administration (12.5%)	1	LS	\$ 152,000	\$ 152,000	
Construction Staking (2%)	1	LS	\$ 25,000	\$ 25,000	
Subtotal "Soft Costs"					\$ 330,000
Grand Total					\$ 1,750,000

1. New Pavement Section assumed as 4" Asphalt, 9.5" Aggregate Base and 17" Aggregate Subbase
2. Cold plane ad existing pavement within the project limits
3. Assume 6' wide sidewalk.
4. Reuse existing post and mast arm. Install new sign panels and post foundation.
5. Assume existing street lights are to be salvaged by the Contractor. Place new street lights at approximately 200' spacing
6. No work in the creek for bridge structure.
7. Utility costs assumes man underground lines remain, only assumes cost for adjusting vaults/boxcure hydrants to grade or relocating them.
8. Soft cost is percentage of Roadway + Structure Items (2017 dollars) except RW Engineering which is 10% of RW Items.
9. Roadway excavation assumes 2.5' cut into existing ground

PLANNING LEVEL COST ESTIMATE					
Johnson Dr at Owens Dr (North) Intersection, Mitigation 4.D-1b					
Roadway Items:	Quantity	Unit	Unit Cost	Item Total	Total
New Pavement Section ¹	-	SF	\$ 10	\$ -	
Cold Plane and Overlay (0.2) ²	-	SF	\$ 2	\$ -	
Conc Sidewalk & Driveway ³	-	SF	\$ 10	\$ -	
Conc C&G	-	LF	\$ 30	\$ -	
Driveway	-	EA	\$ 5,000	\$ -	
Curb Ramp	-	EA	\$ 3,500	\$ -	
Retaining Wall	-	SF	\$ 100	\$ -	
Maintenance Path	-	LS	\$ 20,000	\$ -	
Monument Sign	-	LS	\$ 25,000	\$ -	
Imported Borrow	-	CY	\$ 75	\$ -	
Roadway Excavation ⁴	-	CY	\$ 75	\$ -	
Cleaning and Grubbing	-	SF	\$ 0.5	\$ -	
Remove Conc Sidewalk, C&G	-	SF	\$ 6	\$ -	
Remove Trees	-	EA	\$ 1,000	\$ -	
Landscape/Irrigation & Bio-Retention	-	SF	\$ 15	\$ -	
Fence (New & Remove)	-	LF	\$ 30	\$ -	
Pavement Striping	-	LF	\$ 2	\$ -	
Pavement Markings	-	SF	\$ 10	\$ -	
Relocate Overhead sign and post ⁴	-	EA	\$ 5,000	\$ -	
Signs	-	EA	\$ 600	\$ -	
Signalized Intersection (Johnson Dr & Owens Dr)	1	LS	\$ 350,000	\$ 350,000	
Intersection Traffic Signal Modification	-	LS	\$ 750,000	\$ -	
Ramp Traffic Signal Modification	-	LS	\$ 25,000	\$ -	
Street Lights ⁵	-	EA	\$ 10,000	\$ -	
Traffic Control Allowance (5%)	-	LS	\$ 18,000	\$ -	
Storm Drain System Allowance (10%)	-	LS	\$ 35,000	\$ -	
WPC / Treatment Allowance (5%)	-	LS	\$ 18,000	\$ -	
Minor & Misc. Items (10%)	-	LS	\$ 35,000	\$ -	
Mobilization (10%)	1	LS	\$ 35,000	\$ 35,000	
Contingency (25%)	1	LS	\$ 97,000	\$ 97,000	
Roadway Subtotal					\$ 490,000
Structure Items:	Quantity	Unit	Unit Cost	Item Total	Total
Widen Existing Structure ⁶	-	SF	\$ 350	\$ -	
Structure Subtotal					\$ -
Right of Way Items:	Quantity	Unit	Unit Cost	Item Total	Total
Utility Relocation ⁷	-	LS	\$ -	\$ -	
DSRSD	-	LS	\$ 250,000	\$ -	
Acquisition costs	-	LS			
TCE	NIC				
Environmental Mitigation (Est)	NIC				
Right of Way Subtotal					\$ -
Subtotal "Hard Costs"					\$ 490,000
Soft Costs⁸	Quantity	Unit	Unit Cost	Item Total	Total
Final Design (12.5%)	1	LS	\$ 62,000	\$ 62,000	
Construction Administration (12.5%)	1	LS	\$ 62,000	\$ 62,000	
Construction Staking (2%)	1	LS	\$ 10,000	\$ 10,000	
Subtotal "Soft Costs"					\$ 140,000
Grand Total					\$ 630,000

1. New Pavement Section assumed as 4.5" Asphalt, 9.5" Aggregate Base and 17" Aggregate Subbase
2. Cold plane all existing pavement within the project limits.
3. Assume 6' wide sidewalk.
4. Reuse existing post and mast arm. Install new sign panels and post foundation.
5. Assume existing street lights are to be salvaged by the Contractor. Place new street lights at approximately 200' spacing.
6. No work in the creek for bridge structure.
7. Utility costs assumes main underground lines remain, only assumes cost for adjusting vaults to overhead hydrants to grade or relocating them.
8. Soft cost is percentage of Roadway + Structure Items (3917 dollars) except R/W Engineering which is 10% of R/W Items.
9. Roadway excavation assumes 2.5' cut into existing ground.

PLANNING LEVEL COST ESTIMATE					
Johnson Dr at Stoneridge Dr Intersection, Mitigation 4.D-1c					
Roadway Items:	Quantity	Unit	Unit Cost	Item Total	Total
New Pavement Section ¹	42,900	SF	\$ 10	\$ 429,000	
Cold Plane and Overlay (0.2") ²	65,800	SF	\$ 2	\$ 131,600	
Conc Sidewalk & Driveway ³	6,160	SF	\$ 10	\$ 61,600	
Conc C&G	1,470	LF	\$ 30	\$ 44,100	
Driveway	1	EA	\$ 5,000	\$ 5,000	
Curb Ramp	3	EA	\$ 3,500	\$ 10,500	
Retaining Wall	-	SF	\$ 100	\$ -	
Maintenance Path	1	LS	\$ 20,000	\$ 20,000	
Monument Sign	1	LS	\$ 25,000	\$ 25,000	
Imported Borrow	2,720	CY	\$ 75	\$ 204,000	
Roadway Excavation ³	4,400	CY	\$ 75	\$ 330,000	
Clearing and Grubbing	23,700	SF	\$ 0.5	\$ 11,900	
Remove Conc Sidewalk, C&G	4,900	SF	\$ 6	\$ 29,400	
Remove Trees	35	EA	\$ 1,000	\$ 35,000	
Landscape/Irrigation & Bio-Retention	9,900	SF	\$ 15	\$ 148,500	
Fence (New & Remove)	1,450	LF	\$ 30	\$ 43,500	
Pavement Striping	8,960	LF	\$ 2	\$ 18,000	
Pavement Markings	1,550	SF	\$ 10	\$ 15,500	
Relocate Overhead sign and post ⁴	-	EA	\$ 5,000	\$ -	
Signs	7	EA	\$ 600	\$ 4,200	
Signalized Intersection	-	LS	\$ 350,000	\$ -	
Intersection Traffic Signal Modification (Stoneridge Dr & Johnson Dr)	1	LS	\$ 750,000	\$ 750,000	
Ramp Traffic Signal Modification	-	LS	\$ 25,000	\$ -	
Street Lights ⁵	7	EA	\$ 10,000	\$ 70,000	
Traffic Control Allowance (5%)	1	LS	\$ 120,000	\$ 120,000	
Storm Drain System Allowance (10%)	1	LS	\$ 239,000	\$ 239,000	
WPC / Treatment Allowance (5%)	1	LS	\$ 120,000	\$ 120,000	
Minor & Misc. Items (10%)	1	LS	\$ 287,000	\$ 287,000	
Mobilization (10%)	1	LS	\$ 316,000	\$ 316,000	
Contingency (25%)	1	LS	\$ 868,000	\$ 868,000	
Roadway Subtotal					\$ 4,340,000
Structure Items:	Quantity	Unit	Unit Cost	Item Total	Total
Widen Existing Structure ⁶	-	SF	\$ 350	\$ -	
Structure Subtotal					\$ -
Right of Way Items:	Quantity	Unit	Unit Cost	Item Total	Total
Utility Relocation ⁷	1	LS	\$ 46,000	\$ 46,000	
DSRSD	1	LS	\$ 250,000	\$ 250,000	
Acquisition costs	1	LS	\$ 340,000	\$ 340,000	
TCE	NIC				
Environmental Mitigation (Est)	NIC				
Right of Way Subtotal					\$ 640,000
Subtotal "Hard Costs"					\$ 4,980,000
Soft Costs ⁸	Quantity	Unit	Unit Cost	Item Total	Total
Final Design (12.5%)	1	LS	\$ 543,000	\$ 543,000	
Construction Administration (12.5%)	1	LS	\$ 543,000	\$ 543,000	
Construction Staking (2%)	1	LS	\$ 87,000	\$ 87,000	
Subtotal "Soft Costs"					\$ 1,180,000
Grand Total					\$ 6,160,000

1. New Pavement Section assumed as 4.5" Asphalt, 9.5" Aggregate Base and 17" Aggregate Subbase
2. Cold plane all existing pavement within the project limits.
3. Assume 6' wide sidewalk on Johnson Dr & 10' wide sidewalk on Stoneridge Dr.
4. Reuse existing post and mast arm. Install new sign panels and post foundation.
5. Assume existing street lights are to be salvaged by the Contractor. Place new street lights at approximately 200' spacing.
6. No work in the creek for bridge structure.
7. Utility costs assumes main underground lines remain, only assumes cost for adjusting vaults/bores/vent/ hydrants to grade or relocating them.
8. Soft cost is percentage of Roadway + Structure Items (2017 dollars) except R/W Engineering which is 10% of R/W Items.
9. Roadway excavation assumes 2.5' cut into existing ground.

PLANNING LEVEL COST ESTIMATE					
Stoneridge Dr Queue Spillback, Mitigation 4.D-1d					
Roadway Items:	Quantity	Unit	Unit Cost	Item Total	Total
New Pavement Section ¹	21,550	SF	\$ 10	\$ 215,500	
Cold Plane and Overlay (0.2) ²	80,450	SF	\$ 2	\$ 160,900	
Conc Sidewalk & Driveway ³	22,340	SF	\$ 10	\$ 223,400	
Conc C&G	1,600	LF	\$ 30	\$ 48,000	
Driveway	-	EA	\$ 5,000	\$ -	
Curb Ramp	1	EA	\$ 3,500	\$ 3,500	
Retaining Wall	6,900	SF	\$ 100	\$ 690,000	
Maintenance Path	-	LS	\$ 20,000	\$ -	
Monument Sign	-	LS	\$ 25,000	\$ -	
Imported Borrow	3,120	CY	\$ 75	\$ 234,000	
Roadway Excavation ⁹	4,550	CY	\$ 75	\$ 341,300	
Clearing and Grubbing	33,000	SF	\$ 0.5	\$ 16,500	
Remove Conc Sidewalk, C&G	12,200	SF	\$ 6	\$ 73,200	
Remove Trees	29	EA	\$ 1,000	\$ 29,000	
Landscape/Irrigation & Bio-Retention	5,800	SF	\$ 15	\$ 87,000	
Fence (New & Remove)	2,100	LF	\$ 30	\$ 63,000	
Pavement Striping	6,750	LF	\$ 2	\$ 13,500	
Pavement Markings	660	SF	\$ 10	\$ 6,600	
Relocate Overhead sign and post ⁴	1	EA	\$ 5,000	\$ 5,000	
Signs	10	EA	\$ 600	\$ 6,000	
Signalized Intersection	-	LS	\$ 350,000	\$ -	
Intersection Traffic Signal Modification	-	LS	\$ 750,000	\$ -	
Ramp Traffic Signal Modification (NB 680 off-ramp to Stoneridge Dr)	1	LS	\$ 25,000	\$ 25,000	
Street Lights ⁵	1	EA	\$ 10,000	\$ 10,000	
Traffic Control Allowance (5%)	1	LS	\$ 113,000	\$ 113,000	
Storm Drain System Allowance (10%)	1	LS	\$ 226,000	\$ 226,000	
WPC / Treatment Allowance (5%)	1	LS	\$ 113,000	\$ 113,000	
Minor & Misc. Items (10%)	1	LS	\$ 271,000	\$ 271,000	
Mobilization (10%)	1	LS	\$ 298,000	\$ 298,000	
Contingency (25%)	1	LS	\$ 819,000	\$ 819,000	
Roadway Subtotal					\$ 4,100,000
Structure Items:	Quantity	Unit	Unit Cost	Item Total	Total
Widen Existing Structure ⁶	3,850	SF	\$ 350	\$ 1,348,000	
Structure Subtotal					\$ 1,350,000
Right of Way Items:	Quantity	Unit	Unit Cost	Item Total	Total
Utility Relocation ⁷	1	LS	\$ 48,000	\$ 48,000	
DSRSD	-	LS	\$ 250,000	\$ -	
Acquisition costs	1	LS	\$ 124,400	\$ 124,400	
TCE	NIC				
Environmental Mitigation (Est)	NIC				
Right of Way Subtotal					\$ 180,000
Subtotal "Hard Costs"					\$ 5,630,000
Soft Costs ⁸	Quantity	Unit	Unit Cost	Item Total	Total
Final Design (12.5%)	1	LS	\$ 682,000	\$ 682,000	
Construction Administration (12.5%)	1	LS	\$ 682,000	\$ 682,000	
Construction Staking (2%)	1	LS	\$ 109,000	\$ 109,000	
Subtotal "Soft Costs"					\$ 1,480,000
Grand Total					\$ 7,110,000

1. New Pavement Section assumed as 4.5" Asphalt, 9.5" Aggregate Base and 17" Aggregate Subbase
 2. Cold plane all existing pavement within the project limits.
 3. Assume Stoneridge Dr sidewalk width to be 9' wide (east of Johnson) & 10' wide (west of Johnson). Quantity includes elevated 11MA bike lane.
 4. Remove existing post and install new sign panels and post foundation.
 5. Assume existing street lights are to be salvaged by the Contractor. Place new street lights at approximately 200' spacing.
 6. No work in the creek for bridge structure.
 7. Utility costs assumes main underground lines remain, only assumes cost for adjusting vaults/boxes/fire hydrants to grade or relocating them.
 8. Soft cost is percentage of Roadway + Structure Items (2017 dollars) except RW Engineering which is 10% of RW Items.
 9. Roadway excavation assumes 2.5' cut into existing ground.

PLANNING LEVEL COST ESTIMATE					
Johnson Drive Improvements, Mitigation 4.D-3					
Roadway Items:	Quantity	Unit	Unit Cost	Item Total	Total
New Pavement Section ¹	45,860	SF	\$ 10	\$ 458,600	
Cold Plane and Overlay (0.2) ²	97,650	SF	\$ 2	\$ 195,300	
Conc Sidewalk & Driveway ³	14,650	SF	\$ 10	\$ 146,500	
Conc C&G	2,400	LF	\$ 30	\$ 72,000	
Driveway	3	EA	\$ 5,000	\$ 15,000	
Curb Ramp	12	EA	\$ 3,500	\$ 42,000	
Retaining Wall	-	SF	\$ 100	\$ -	
Maintenance Path	-	LS	\$ 20,000	\$ -	
Monument Sign	-	LS	\$ 25,000	\$ -	
Imported Borrow	-	CY	\$ 75	\$ -	
Roadway Excavation ³	6,540	CY	\$ 75	\$ 490,500	
Clearing and Grubbing	58,530	SF	\$ 0.5	\$ 28,300	
Remove Conc Sidewalk, C&G	9,250	SF	\$ 6	\$ 55,500	
Remove Trees	20	EA	\$ 1,000	\$ 20,000	
Landscape/Irrigation & Bio-Retention	9,700	SF	\$ 15	\$ 145,500	
Fence (New & Remove)	1,650	LF	\$ 30	\$ 49,500	
Pavement Striping	16,170	LF	\$ 2	\$ 32,400	
Pavement Markings	1,900	SF	\$ 10	\$ 19,000	
Relocate Overhead sign and post ⁴	-	EA	\$ 5,000	\$ -	
Signs	8	EA	\$ 600	\$ 4,800	
Signalized Intersection (Johnson Dr & Entry to Parcel 6)	1	LS	\$ 350,000	\$ 350,000	
Intersection Traffic Signal Modification	-	LS	\$ 750,000	\$ -	
Ramp Traffic Signal Modification	-	LS	\$ 25,000	\$ -	
Street Lights ⁵	11	EA	\$ 10,000	\$ 110,000	
Traffic Control Allowance (5%)	1	LS	\$ 112,000	\$ 112,000	
Storm Drain System Allowance (10%)	1	LS	\$ 224,000	\$ 224,000	
WPC / Treatment Allowance (5%)	1	LS	\$ 112,000	\$ 112,000	
Minor & Misc. Items (10%)	1	LS	\$ 269,000	\$ 269,000	
Mobilization (10%)	1	LS	\$ 296,000	\$ 296,000	
Contingency (25%)	1	LS	\$ 813,000	\$ 813,000	
Roadway Subtotal					\$ 4,070,000
Structure Items:	Quantity	Unit	Unit Cost	Item Total	Total
Widen Existing Structure ⁶	-	SF	\$ 350	\$ -	
Structure Subtotal					\$ -
Right of Way Items:	Quantity	Unit	Unit Cost	Item Total	Total
Utility Relocation ⁷	1	LS	\$ 190,000	\$ 190,000	
DSRSD	-	LS	\$ 250,000	\$ -	
Acquisition costs ¹⁰	1	LS	\$ 458,200	\$ 458,200	
TCE		NIC			
Environmental Mitigation (Est)		NIC			
Right of Way Subtotal					\$ 650,000
Subtotal "Hard Costs"					\$ 4,720,000
Soft Costs⁸	Quantity	Unit	Unit Cost	Item Total	Total
Final Design (12.5%)	1	LS	\$ 509,000	\$ 509,000	
Construction Administration (12.5%)	1	LS	\$ 509,000	\$ 509,000	
Construction Staking (2%)	1	LS	\$ 82,000	\$ 82,000	
Subtotal "Soft Costs"					\$ 1,100,000
Grand Total					\$ 5,820,000

1. New Pavement Section assumed as 4.5" Asphalt, 9.5" Aggregate Base and 17" Aggregate Subbase
2. Cold plane all existing pavement within the project limits
3. Assume 6' wide sidewalk.
4. Reuse existing post and mast arm. Install new sign panels and post foundation.
5. Assume existing street lights are to be salvaged by the Contractor. Place new street lights at approximately 200' spacing
6. No work in the creek for bridge structure
7. Utility costs assumed man underground lines remain, only assumes cost for adjusting vaults, boxes, fire hydrants to grade or relocating them
8. Soft cost is percentage of Roadway + Structure Items (2017 dollars) except R/W Engineering which is 10% of R/W Items.
9. Roadway excavation assumes 2.5' cut into existing ground
10. Right of way take within parcels C, 9 & 10 are to be dedicated for this improvements

Improvement Nos. 3 and 4 above are partially within Caltrans ROW and will require Caltrans approval. The City has prepared exhibits, preliminary design and cost estimates to support development of a request letter for Caltrans to approve improvements within State right of way through the streamlined Permit Engineering Evaluation Report (PEER) process. This work did not include preparation of final design plans which will be completed by Costco.

G. Timing Schedule

Time is of the essence. Therefore, the City shall endeavor to process the JDEDZ and all associated development review application and completion of off-site improvements as efficiently as possible within a robust public review process.

COSTCO:

By: _____
Authorized Representative

Date: _____

CITY OF PLEASANTON:

By: _____
Nelson Fialho
City Manager

Date: _____
Approved by City Council on August 15,
2017

Proposal to Fund JDEDZ Transportation Improvements		
Design & Construction Cost (Excluding ROW costs not Required for Stoneridge Dr & I-680 Onramp Project) \$19,970,000		
Right of Way (ROW) Estimate (Includes Costco ROW) 1,500,000		
Total Project Cost \$21,470,000		
Cost Sharing Design and Construction	Amount	Percent of Total
Transportation Impact Fee (TIF) (Stoneridge Drive & I-680 Onramp Project only)	\$6,400,000	30%
City Contribution through Sales Tax Share - 60% to City and 40% to Costco @ 1.5% interest	6,785,000	34%
Costco Cash Contribution*	6,785,000	34%
Total Funding Sources \$19,970,000		
Right of Way (ROW) Cost Sharing Proposal		
Costco Owned ROW	Contributed to project at no charge	
Remaining required ROW that is not donated to the project	Shared 50/50 with the City but Costco's portion will be added to the \$6,785,000 sales tax sharing agreement at no interest.	
*Includes Costco \$3.7M required TIF contribution that would be converted to a direct cash contribution to the JDEDZ transportation improvements		
Other:		
1. Costco will issue and manage the construction contract for the transportation improvements.		
2. Costco is estimated to be responsible for 44% of total daily trips at full build out and 78% of the trips in Phase 1. The City proposes to establish a JDEDZ Transportation fee to charge subsequent JDEDZ development to reimburse the City for fronting their portion of the costs to implement transportation improvements.		

F. Issuing and Managing Construction Contracts

Costco will act as the Developer on this project issuing and managing design and construction contracts for the public roadway infrastructure improvements that are necessary as identified in the JDEDZ DSEIR/FSEIR. The City of Pleasanton will review and approve design plans as they are developed for conformance with the JDEDZ DSEIR/FSEIR and City standards. The City of Pleasanton will inspect infrastructure construction for conformance with design plans. City will accept all public improvements for maintenance when complete. Contracts for this Public Works Project will include prevailing wages as required by law.

The construction improvements consist of several public roadway improvements outlined in DSEIR/FSEIR and include the following:

1. Commerce Drive at Johnson Drive Signal (Mitigation 4.D-1a)
2. Johnson Drive at Owens Drive (North) Signal (Mitigation 4.D-1b)
3. Johnson Drive at Stoneridge Drive Intersection - left turn (Mitigation 4.D-1c)
4. Stoneridge Drive and 680 Ramp widening - Caltrans ROW (Mitigation 4.D-1d)
5. Johnson Drive widening (Mitigation 4.D-3)

Improvement Nos. 3 and 4 above are partially within Caltrans ROW and will require Caltrans approval. The City has prepared exhibits, preliminary design and cost estimates to support development of a request letter for Caltrans to approve improvements within State right of way through the streamlined Permit Engineering Evaluation Report (PEER) process. This work did not include preparation of final design plans which will be completed by Costco.

G. Timing Schedule

Time is of the essence. Therefore, the City shall endeavor to process the JDEDZ and all associated development review application and completion of off-site improvements as efficiently as possible within a robust public review process.

COSTCO:

By: _____
Authorized Representative

Date: _____

CITY OF PLEASANTON:

By: _____
Nelson Fialho
City Manager

Date: _____
Approved by City Council on August 15,
2017