

## Hercules, developer reach land deal for transit village project

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Hercules and a developer have hammered out a crucial waterfront land-transfer agreement, boosting hopes that a long-stalled transit village might yet become reality -- if it can overcome a gamut of other hurdles.

Under the tentative deal, the city would pay the developer group, Hercules Bayfront LLC, \$3.2 million for 63.5 acres that it needs for the Intermodal Transit Center project replete with parkland and trails. The price matches Bayfront's appraisal, but the city would pay only about two-thirds in cash, noted the city's consultant Charlies Long, who announced the deal.

The cash portion includes \$1.865 million for the crucial 1.33 acres that the city needs for a train station and part of a trail, payable in March from planned sales of surplus city-owned land elsewhere in Hercules; and almost \$300,000 for about 40 acres of underwater land needed for a future ferry terminal, payable in December 2012.

The remaining \$1 million would be credited against development impact fees -- an incentive for AndersonPacific LLC, the developer in Hercules Bayfront, to get moving on building the first homes, city officials hope.

The \$1 million -- \$525,000 for 11.7 acres for access to the train station and \$493,000 for the 11-acre Hercules Point -- is for land that normally would be dedicated by the developer as a condition of project approval, but the city is willing to pay for it in view of the public benefits that derive from the deal, said

Long.

The transit village comprises two projects, one private, one public, each dependent on the other for success: Hercules Bayfront, with up to 1,392 homes and stores, offices, restaurants and shops; and a combination ferry terminal, railroad station and bus hub.

Long, speaking at a meeting Thursday of the Hercules Bayfront task force, underlined the renewed mood of optimism with an announcement t hat the city will apply for \$25 million in federal transportation-related stimulus funds; such a grant would go a long way toward the approximately \$62 million in remaining costs for the ITC project, not including the ferry terminal, according to Long's estimate.

The city has put about \$12.5 million in bond proceeds and grants into the project and has \$24.2 million in federal, state and regional funding commitments, he said.

Long had set a Nov. 1 deadline for reaching agreement on the contentious land-transfer issue to get the first phase of the project ready to be bid by April, the deadline for \$9.1 million in committed state transportation grant funds that the city otherwise could lose. The Planning Commission and the City Council will take up the agreement next month.

The land transfer is among several challenges facing the two projects, among them a dense building mix that does not pencil out financially, according to Long; lack of a final agreement with Union Pacific Railroad on track alignment and the



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location of a train station; dredging costs for a ferry harbor estimated at more than \$17 million, not counting future maintenance dredging, and an alternative proposal to introduce hovercraft vessels that faces uncertain prospects; and a letter from AndersonPacific's attorney to the federal government challenging the adequacy of an environmental-impact statement.

Long estimated that some multistory, "podium" style buildings with below-grade parking planned by AndersonPacific would cost between \$300 and \$400 a square foot to build but would sell for only about \$200 to \$230 a square foot.

"We don't have a market that will support the cost of construction," Long said.

Anderson, in an email last week, said the project could get going with lower-density construction on several parcels, an approach Long embraced a year ago.

The Federal Transit Administration, the lead federal agency in the environmental review process, declined to say whether it would allow AndersonPacific to withdraw its challenge to the transit center's draft environmental impact statement.



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