

III. PHYSICAL AND FINANCIAL CONTEXT



Aerial photo (from the south) of the Pleasant Hill BART Station and surrounding development.



A dry creek bed and some Oak trees are the only natural features on the site.



Entrepreneurs benefit from the heavy pedestrian traffic around the station.

3.1 SITE DESCRIPTION

The site occupies a 18-acre site owned by BART on the NE intersection of Oak Road and Treat Boulevard in central Contra Costa County. The current uses on the site are the Pleasant Hill BART Station and Platform, 7-story BART Parking Garage, and surface BART parking lots. The site is bordered by Treat Blvd., on the South, Oak Road on the West, Las Juntas Way/ Wayne Drive on the North, and Jones Road on the East. Except for a grove of oak trees on the SE corner, the site is completely paved. The BART rail line bisects the property on a diagonal running from the SW to the NE. This site is essentially flat, with a slight rise from West to East.

SITE OPPORTUNITIES

- The BART Station is a possible anchor for development and a people generator for a major public space.
- Excellent visibility and access from I-680.
- Good regional access from automobile.
- Regional access via BART.
- Good visibility from Treat Blvd.
- Grove of oak trees at the corner of Oak Rd. and Treat Blvd.
- The view of Mt. Diablo from the station platform and from higher buildings.



Adjacent office development suggests higher density development on the site.



Masking the large parking garages will be critical to making this an active, pedestrian-oriented town center.



A woman waiting to head home on BART.



The park at the north edge of the site offers some respite from the traffic.



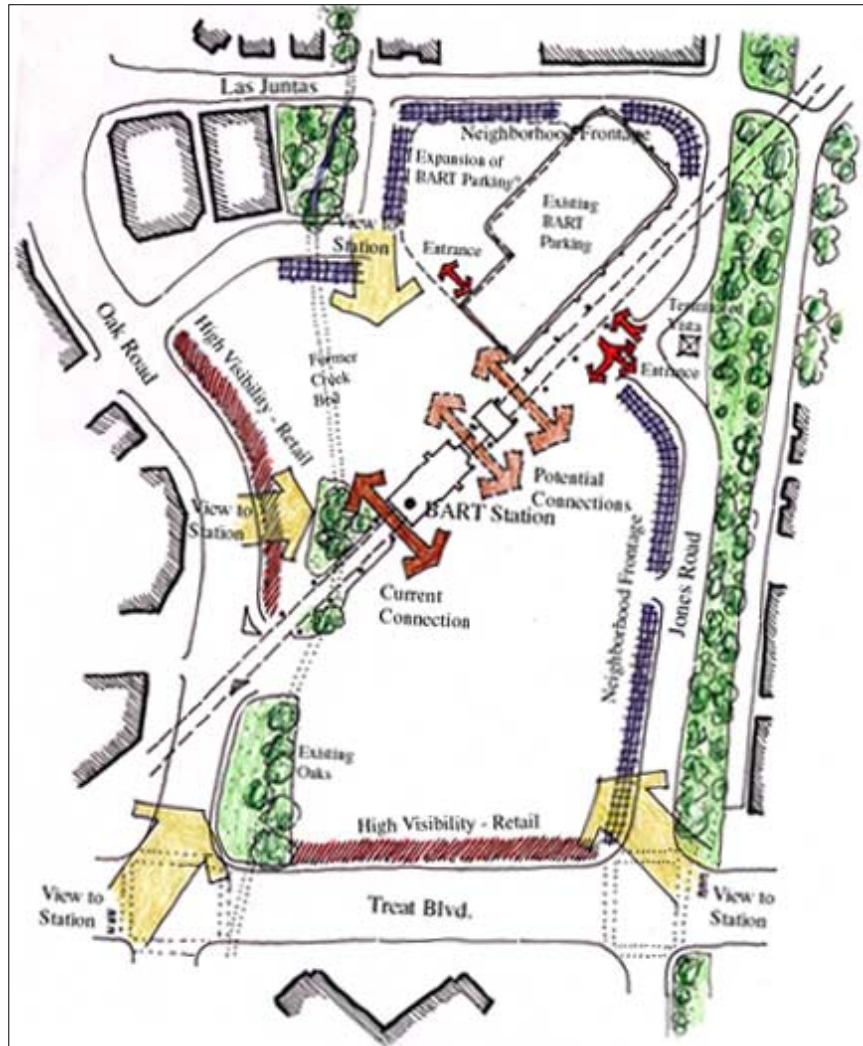
The current property is little more than a vast field of surface parking.



The existing taxi area.



Inside the Station.



Analysis diagram highlighting site opportunities and constraints.

- The park at the corner of Wayne Drive and Las Juntas Way.
- High Traffic Flow is good for retail.
- Connections to the Iron Horse Trail.
- Houses to the North and East give potential in becoming a neighborhood center.
- Future Greenspace.

SITE CONSTRAINTS

- Site is bordered on three sides by heavily trafficked roads, making pedestrian and bicycle travel difficult.
- Site has limited potential for street connections into the surrounding neighborhoods.
- The property is in a transitional zone between the residential neighborhood to the East and higher density offices to the West.
- Large 7-story garage adjacent to residential

- Station platform is a barrier to connectivity across the site
- Requirement to replace all BART parking on the site
- High ground water constrains underground parking to 1-1/2 levels below grade
- BART requirement for land lease applies constraints to for-sale housing potential

3.2 LESSONS FROM THE REGION

Many Charrette participants felt that the Station Community should have a local architectural fit. To accomplish this, the design team studied the most loved places in the area for inspiration. Particular attention was paid to local parks, plazas, and streets where people like to spend time. On the tour, the team visited downtown Pleasant Hill, downtown Walnut Creek, Lafayette, Orinda Theater Square, Ashby & Domingo, Elmwood, downtown Berkeley, University Avenue, North Berkeley BART Station, San Pablo Avenue / Emeryville, downtown Oakland, Grand Lake Avenue, Piedmont Avenue, and Rockridge.



A cafe in Rockridge spills out onto the street, creating a welcoming and interesting environment.



Parking garages in downtown Walnut Creek are articulated with upper story windows that relate to the older buildings in town.



Fountains, trees, outside tables, planters, awnings, and umbrellas give scale to this public plaza in Walnut Creek.



Parking garages in Walnut Creek have ground floor retail uses that activate the sidewalk.



Small, intimate public spaces like this cafe plaza are favorite local gathering places.



Aerial view of Pleasant Hill BART Station and surrounding communities.

3.3 MARKET ANALYSIS

Throughout the Charrette, Strategic Economics and CSG Advisors highlighted the economic opportunities and constraints confronting proposed development alternatives for the site. The underlying strength of the local real estate markets, along with uses that are mutually supportive, foster place-making, and capitalize on the transit-rich location, represent the main economic opportunities for the site. The constraints relate to the economic issues that could prevent the project from going forward. Constraints included programmatic issues such as accommodating various types of parking, preferred building types, parcel self-sufficiency, and return requirements for the developer, BART, and the County.

MARKET OVERVIEW

To model proposed alternatives for the Pleasant Hill BART Station, Strategic Economics analyzed the residential, office, retail, hotel and parking markets, the costs for different building types, and operating expenses. Detailed information concerning the market overviews and cost assumptions can be found in the March 5, 2001 pre-charrette summary.

Strategic Economics prepared most of this background information for the Charrette in January and February of 2001 and the financial assumptions uses to model the charrette alternatives reflect a single snapshot in time. Market dynamics are always changing, and conditions considerably since the charrette, especially for office product. Therefore, once the project advances to the next stage, more detailed market reviews and cost estimating will be required based on current market conditions.

RESIDENTIAL

The residential market in the Pleasant Hill BART station is strong and will remain so given the overall shortage of housing in the Bay Area as well as its proximity to jobs and transit. Strategic Economics looked at both rental and for-sale housing in the station area, Walnut Creek, Pleasant Hill, Concord, and central Contra Costa County. Additionally, for rental units, Strategic Economics surveyed centrally located areas that would compete for tenants with the Pleasant Hill BART Station such as parts of San Francisco and Walnut Creek.

As of January 2001 average, monthly rental rates for apartments near the Pleasant Hill BART Station were as follows: Studios rent

for between \$1150 and \$1300, one bedrooms between \$1350 and \$1600, two bedrooms with one bath between \$1700 and \$2000, and two bedrooms with two baths between \$2000 and \$2300. During this same time period, average rents in Concord, Pleasant Hill, and Walnut Creek were somewhat less, suggesting a premium for transit proximity and perhaps highlighting a value for new units with amenities characteristic of some of the apartment complexes near the BART station.



Dense, compatible, human-scaled housing in Mountain View, California.

For-sale housing in Walnut Creek, Pleasant Hill, and Concord sells for an average price of \$438,000 for a detached single-family house and \$340,000 for condos and town homes. The Countywide average prices are \$424,000 for a detached home and \$371,000 for condominiums and town homes. BART, the owner of the Pleasant Hill BART site, typically does not sell its property and negotiates long-term ground leases with developers. In the United States ground leases for for-sale housing are extremely unusual. As a result these units may be very difficult to market, especially if comparable fee simple units are also available. In addition, it may be very difficult to finance such units.

Central Contra Costa County has experienced steady residential absorption for almost a decade, particularly at or near BART stations. The rapid rent increases and low vacancies characteristic of 2000 and the beginning of 2001 are consistent with this trend indicating continued rapid absorption of any units available for rent. Recent slowing of the economy may cause rents to stabilize or decline and vacancies to inch up; however, given the number of housing units projected to be needed in the Bay Area in the next few years versus the number actually planned to be built, absorption of new units should continue at a healthy rate.

OFFICE

The office market at the Pleasant Hill BART station, also known as Contra Costa Centre, consists of 1,470,516 square feet of office space with 195,000 currently under construction for the PMI Group. Additionally, Spieker Properties has approvals to build a multi-story office building adjacent to the PMI site. As of the last quarter of 2000, the office vacancy rate at the Pleasant Hill BART station hovered at 1%. Average rental rates for Class A office space were \$4.00 square foot per month with about \$25-\$45 in tenant improvements. Space leased as soon as it was available.



Tall office buildings, when scaled properly, can add to the attractiveness and vibrancy of a retail center.

In the intervening period, the strength of the Bay Area economy has lessened as the technology sectors have gone into a deep slump. As a result the market has softened, particularly as the number of square feet available on the sublease market increased dramatically in the South of Market, Emeryville, the Highway 580/80 corridor and other “new economy” hot spots. Contra Costa Centre, however, has traditionally been a market for more established companies, some firms moving all or a portion of their operations from San Francisco and other firms from elsewhere in the region, nation, or world seeking office space in close proximity to San Francisco and Silicon Valley. Consequently, the office rents and vacancy at the Pleasant Hill BART station have not been as volatile.

According to a report from the real estate brokerage firm of CB Richard Ellis’ “I-680/Contra Costa County Market Index Brief: Office Properties 1Q2001” the amount of space available when sublease space is included has gone from 1.3% in the fourth quarter 2000 to 8.5% in first quarter 2001. This change also points to slower absorption rates. In summary, if the downturn continues and starts having repercussions in non-technology sectors such as banking and services, then the Pleasant Hill BART Station office market may soften. Conversely, the limited amount of new space, its accessibility to transit and relatively affordable housing, and its traditional reliance on more established firms for its tenant base limits its exposure.

STOREFRONT/RETAIL

Given the parking constraints and the neighborhood context, Strategic Economics did not look at the feasibility of regional-serving, destination retail. Focusing on local serving and supportive retail, Strategic Economics spoke with a number of local retail brokers as well as investigated some comparable retail nodes in the East Bay.

The relative high incomes and densities of the surrounding area as well as the high number of BART riders will help to support retail on the site. The market for local serving and supportive retail is approximately \$2.00 to \$2.50 monthly rents with an average of about \$30 in tenant improvements to finish the space for use by the retailers. This market, however, is highly variable depending on the tenant. For example, a high-end restaurant may demand over \$100+ for tenant improvements. Also, incentives such as

high tenant improvements and low rents may be required to draw in the first tenants because retailers are not apt to be pioneers. New retail uses at the Pleasant Hill BART station needs to work in concert with existing and proposed residential and office uses. For retail to succeed, a careful storefront strategy needs to be developed and implemented. The total number of square feet should be fewer than 40,000 net rentable square feet, at least initially; otherwise, renting out the space will be extremely difficult. Conversely, the number of square feet should not be less than 25,000 square feet. Less than 25,000 square feet does not provide enough space for the needs of a local convenience center; nor does it allow enough space to create a local destination for even nearby neighbors. Potential types of tenants include a specialty food store, drug store, restaurant, café, dry cleaners, flower shop, shoe repair, bicycle shop, hair salon, insurance company, and travel agent. These uses need to be proximate to one another to generate a buzz of activity, reminiscent of a village center.



Lively street scene in Oakland, California.

PARKING

Strategic Economics looked at the market for parking at the Pleasant Hill BART station to determine whether or not fee parking could cover the cost of building a parking structure to replace the Iron Horse Trail parking spaces (see the Economic Analysis section of this report for the results of this parking analysis). Currently, office tenants at Contra Costa Centre pay about \$65 a month for an unreserved parking space and non-tenants pay \$150 a month. The daily rate at the Centre’s garages is \$8.00 a day.

MIX OF USES & DENSITIES

The Pleasant Hill BART Station, its size, location, markets, and context, presents the economic opportunity for place-making. The economics of place-making, and thus the criteria for assessing it, differs somewhat from the more traditional “highest and best” use approach. Place-making thinks about a site in terms of its context such as access to transit and relationship to adjacent land uses and it emphasizes the importance of mixing uses to address both supply and demand. As a result, the uses play off one another to create a more substantive and economically complex project. This more organic approach supports nuance, density and flexibility to enhance economic viability, particularly over the long-term.

The Pleasant Hill BART Station is also a transit rich location, i.e.,

it offers many kinds of transit opportunities. Transit rich locations provide unique economic opportunities for people who live in these areas. Under these conditions it is possible to have higher density development but with fewer cars because households do not need to own as many cars with transit is a viable transportation choice. The economic consequences include better support for local retailers who might capture a greater percentage of residents' expenditures, expenditures that would have otherwise flowed to other shopping destinations because these people are walking to their neighborhood stores. Other consequences could include reduced parking ratios and the implementation of a car-sharing program. The former consequence would reduce the cost of building the project, while the latter would enable potential residents to spend more on housing and other goods with funds that would have otherwise gone toward automobile ownership. However, it is also important to remember that developers and lenders are still trying to understand the dynamics of transit-oriented projects distinct from other types of infill development and that underwriting standards still typically include more conventional parking ratios. While changes in public policy are helping to change underwriting standards, any policies for the BART station must still take these into account.

RETURN REQUIREMENTS

For a private developer to build a project at the Pleasant Hill BART Station, the developer expects that the project will generate enough net income to meet required investor and lender return thresholds. BART, as the owner of the land, also has return expectations both from the project itself as well as the increased ridership that the project generates. The County too has return criteria that compares its contribution to replace the BART surface parking, to fund other site improvements, and to meet other Countywide needs and goals, including forecasted increase in its fiscal base from tax increment revenues without relying as heavily, on local taxes.

A proposed alternative must meet these economic thresholds to be feasible. The financial model analyzes the developer's return requirements and provides input to BART's and the County's broader return requirements.

GENERAL PROGRAMMATIC PARAMETERS

Proposed uses for the site had some specific parameters related to their overall economic viability. The following list shows these

items:

- Class A office buildings floor plates should be between 20,000 and 25,000 square to maximize the building's efficiency
- At least 200 residential units are needed to support amenities and reduce ongoing operating costs.
- The amount of storefront space should not exceed 40,000 square feet initially.
- A mixed-use building with more than one use accounting for 15% of the square footage is much more difficult to finance.

These guidelines helped frame the use program for the site.

BUILDING TYPES

Some building types are more economically viable than others. For example, buildings over fifty and less than one hundred feet in height (approximately over five stories but less than 10 stories) are not economically viable because they require more expensive construction types and trigger added life-safety codes but do not benefit from economies of scale. Consequently, allowable building types needed to anticipate structures either under fifty feet or above one hundred feet otherwise the project was unlikely to be built.

PARCEL SELF-SUFFICIENCY

The size of the site calls for creating parcels that could be treated as financially independent from each other. To create such financial independence demands that each parcel operates in a self-sufficient matter. For instance, each parcel must not depend on other parcels for parking or other functions. Parcel self-sufficiency provides the developer needed flexibility to both develop and finance the project. Office, residential, and parking parcels were created.



Passengers boarding the BART train.

INFRASTRUCTURE CONSTRUCTION

Infill development also requires that virtually of the site’s infrastructure requirements, including roads, storm water drainage, and public open space will need to be built at the beginning of the project, rather than phased over time. This puts a greater burden on the project because all of these large costs must be incurred at the time when there is also the least amount of economic value.

3.4 TRANSIT OPPORTUNITIES AND CONSTRAINTS

This section summarizes key aspects of transit service currently provided at the Pleasant Hill BART Station. Included in this summary is data and information about the BART transit system. Data and information about the four transit authorities serving this area (Central Costa Contra Transit Authority, Benicia Transit, Fairfield Suisin, and Livermore Amador Transit Authority) is included as an appendix at the end of the report.

BART

The Pleasant Hill BART Station is situated off the I-680 corridor between Concord and Walnut Creek in Contra Costa County. The station is supported by 3,450 parking spaces (including 581 temporary spaces for I-680/24 construction mitigation measures), 40 motorcycle spaces, 67 bicycle spaces on racks, 53 bicycle spaces within lockers, a taxi stand, and 10 connecting bus routes.

Routes

The Pittsburg/Baypoint - Colma line serves the Pleasant Hill BART Station seven days a week during peak and off-peak times. The line directly links Contra Costa County with downtown Oakland and San Francisco.

Transfer connections from the Pittsburg/Baypoint – Colma line to BART’s Richmond - Daly City/Colma line are possible at all stops south of Rockridge. Transfers to BART’s Fremont – Richmond line are possible at the MacArthur, 19th Street/Oakland, and Oakland City Center/12th Street stops. Transfers to the Fremont – Daly City and Dublin/Pleasanton- Daly City lines are possible at all stops west of Oakland City Center/12th Street.

Service Hours & Frequencies

- During weekdays, the Pittsburg/Baypoint - Colma line operates at 15 minute headways during the early morning (4:17 am - 5:47 am); 5 minute headways during the morning

peak (6:12 am – 8:17 am); 15 minute headways during the daily off-peak (8:32 am – 7:34 pm) and 20 minute headways during the evening (7:34 pm – 12:14 pm.)

- On Saturdays, service operates at 20 minute headways all day (6:14 am – 12:14 am).
- On Sundays and holidays, service operates at 20 minute headways all day (8:14 am - 12:14 am.)

Ridership

Average weekday exits from Pleasant Hill have increased from 5700 in 1998, to 6700 in 2001.

Origin-Destination Data

- According to a BART origin-destination analysis, approximately 66% of weekday passengers originating at the Pleasant Hill BART Station exit at one of the San Francisco/ Daly City/ or Colma BART stations.
- 15% alight at one of the stations along the Pittsburg/Bay Point – Colma line from Bay Point to West Oakland (but excluding the McArthur, 12th Street and 19th Street Oakland stations.
- 15% alight at destinations along the from the Richmond Station to downtown Oakland. 4% alight at stations east of downtown Oakland on the Fremont-Richmond line.

Survey Data

BART conducted a passenger survey in 1998. The results were published a year later in the Station Profile Study. The study revealed the following information about the demographics and travel patterns of passengers who entered the Pleasant Hill BART Station.

- 74% of the surveyed passengers travel to the station from their homes by automobile; 15% walk; 8% take transit; 2% bicycle, and less than 1% use another mode.
- 48% of the passengers are aged 25-44. 43% are 45-64; 5% are 18-24; 3% are 65 and over; and less than 1% are under 18.
- 53% of the passengers are female; 47% are male.
- 28% of surveyed passengers earn incomes more than \$100,000; 37% earn incomes between \$60,001 and \$100,000; 28% earn between \$30,001 and \$60,000 and 8% earn \$30,000 or less.
- 71% of the passengers are white; 15% are Asian or Pacific



Bus loading terminal at the Pleasant Hill BART Station.

Islander; 8% are Hispanic; 3% are black and 3% are other.

- 86% of the passengers are traveling to work; 4% to school; 1% to shopping location; 9% to other locations.

Other factors:

- 81% use BART 5 or more days per week.
- 78% have a car available to make their BART trips.
- 16% have employers who pay all or part of BART ticket cost.
- 12% work at home/telecommute*
- 4% take casual carpool*
- 69% use the Internet*

Planned Service Improvements

BART does not have plans to change the existing level of service provided at the Pleasant Hill BART Station. However, the Pleasant Hill BART Steering Committee has requested that BART evaluate whether equalizing ticket prices between the Pleasant Hill and Concord Stations would eliminate the current financial incentives for riders to go out of their way to use Pleasant Hill BART Station.

Intermodal Planning

Although BART does not currently have specific planning standards for intermodal connections at the Pleasant Hill BART Station, the Strategic Plan identifies several intermodal objectives/ measures and strategies related to the goal to “maximize regional transit access, convenience, and ease of use through effective coordination among transit providers.”

Objectives/Measures

- Improve customer’s rating of “timeliness of bus connections”
- Improve intermodal transit time competitiveness relative to the automobile, for trips that serve major destinations.
- Increase transit ridership and revenue by increasing convenience (especially for intermodal trips) and develop additional measures of customer satisfaction to track our success.
- Work to develop proactive, productive partnerships with at least one or two other transit providers per year to integrate fares, schedules, services, and information.

Strategies

- Develop and monitor measures on comparative door-to-door timing for the customer
- Enter into formal agreements with other transit partners, establishing a framework for working together more closely.
- Work with transit partners to improve feeder service for customers.
- Support the development of incentives to spur further improvements in the quality of transit connections.
- Actively support transit agencies in marketing their connections to BART riders
- Complete a study to determine the feasibility of providing real time intermodal schedule information to BART customers.
- Design physical infrastructure improvements to minimize rider movement required for transfer between systems, to minimize traffic and other transit complications around BART Stations, and to improve customer comfort for transferring and waiting patrons.

3.5 TRANSPORTATION EXISTING CONDITIONS

The Pleasant Hill BART Station is located adjacent to the city boundaries of Walnut Creek, Pleasant Hill and Concord. It is bounded by Oak Road on the west, Coggins Drive on the north, the Iron Horse Trail (formerly the Southern Pacific right-of-way) on the east and Treat Boulevard to the south.

The site is served by I-680, a freeway connecting to Solano County to the north, and Alameda and Santa Clara counties to the south. I-680 connects with State Route 4, providing access to east and west Contra Costa County and other areas. I-680 also connects with State Route 24 that provides access with Alameda County (Oakland) and San Francisco. A partial interchange is provided with Treat Boulevard. Treat Boulevard, designated as a Route of Regional Significance by the Contra Costa Transportation Authority, is a six-lane arterial in the site vicinity and provides access to and from Concord, Pleasant Hill, Walnut Creek and other areas. Treat Boulevard connects with North Main Street and Contra Costa Boulevard, both of which are also designated as Routes of Regional Significance.

Monument Boulevard provides additional access between Concord and the northern BART Station area through an intersection with Buskirk Avenue. Buskirk Avenue is a north-

south collector street. The Station is also served by Oak Road, a north-south roadway just west of the Station. Other streets serving the Station include Geary Road (Treat Boulevard becomes Geary Road west of I-680), Coggins Drive north of the Station, Las Juntas north of the Station and Jones Road which parallels the Iron Horse Trail. These roadways are designated as Basic Routes, primarily carrying local traffic. They are all routes not designated as Routes of Regional Significance.

Parking for the BART Station is currently provided by surface lots and a parking structure. The existing supply is essentially fully used by BART commuters. The lots are not fully used in the evenings and on weekends when BART patronage is lower.

The BART Station is served by the Central Contra Costa Transit Authority (CCCTA), also known as County Connection, as well as other services such as Solano Bencia. Service is provided along Treat Boulevard and Oak Road.

Pedestrian and bicycling access for the BART Station is provided along the Iron Horse Trail and along the roadways connecting with the Station.

The major issues and concerns noted by area residents, commuters, employees, employers and others regarding transportation in the area of the BART Station are traffic congestion, traffic intrusion in the surrounding neighborhoods, pedestrian and bicycle access, bus access, and parking supply and management.