

Information Provided Pursuant to Assembly Bill No. 562

Economic Development Subsidy City of Emeryville EmeryStation West/Transit Center

By entering into a lease with Wareham Development, the City is providing an economic development subsidy to Wareham Development by entering into a 12 year Public Parking Lease/Option for the public parking spaces that compensates the developer for a share of the upfront costs of site remediation.

1. Name and address of all corporations or other business entities that are beneficiaries of the economic development subsidy.

Wareham Development Corporation

2. The start and end dates and schedule of the economic development subsidy

Commencement Date: The Public Parking Lease/Option commences upon completion of the podium (i.e. the public improvements – bus bays and parking) if the developer elects not to build the private component of the project at the time of construction of the podium, or upon completion of construction of the entire project.

Expiration of Lease: As noted above the developer may construct the public improvements but delay construction of the private improvements.

The developer is provided up to seven (7) years to complete the entire project after the execution of the Public Parking Lease/Option. Thus the term of the lease expires upon the earlier of 12 years after the Commencement Date (i.e. if the entire project has been constructed at the same time) or 19 years after the execution date of the Public Parking Lease/Option if built in 2 phases. Upon expiration of the lease, the City may then exercise its option to acquire a permanent easement for the bus bays and parking.

3. A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy

As noted, the economic development subsidy consists of the lease payments to the developer. The lease payments are equal to the City's share of property tax generated by the project.

If the developer constructs the entire project at the same time, then the lease will commence upon completion of construction of the entire project

and the rent paid for the 12 year term of the lease will be equal to the City's share of property tax from the EmeryStation West and Heritage Square Parking Garage. If the developer elects to delay construction of the private improvements, then the lease will commence upon completion of the podium (i.e. the public improvements – bus bays and parking) and the rent paid will be \$1 per year until the earlier of 7 years after execution of the Public Parking Lease/Option or completion of construction of the private improvements. Upon the earlier of 7 years after execution of the Public Parking Lease/Option or completion of construction of the private improvements, the rent will increase for the remaining 12 year term to a sum equal to the City's share of property tax from the EmeryStation West and Heritage Square Parking Garage. However, if the developer elects to delay construction of the private improvements and the date that is 7 years after execution of the Public Parking Lease/Option passes and the private improvements have not yet been constructed, then the rent paid will be very minimal since the majority of property tax from the project will be generated from the office/laboratory space above the podium and not the public improvements.

The projected parking lease rent payment for the project is equal to the City's property tax revenues from the EmeryStation West project for 12 years commencing at project completion. Based on an estimated project value of \$131.5 million in 2016 (applying the valuation of the EmeryStation East building of \$480 per square foot) , the annual property tax revenue from the project is projected to be \$259,600, and is projected to increase by 2% annually thereafter. Projected property tax revenues over the subsequent 12 years total \$3.5 million. Using a 3% discount rate to account for inflation, the net present value of the future property tax revenue over the 12 year period is \$2.7 million.

The City's contribution to remediation costs is calculated by deducting operating and maintenance costs of the public parking/bus bays from the lease payment since the developer assumes these costs during the lease period. Current operating and maintenance costs paid for the City's 50 Glashaus public parking spaces total \$25,000 per year or \$500 per space. Applying this value, the developer's contribution to operating and maintenance for 125 public parking spaces during the lease can be estimated to be \$62,500 annually. The net present value of operations and maintenance, discounted at 3% over the 12 years, totals approximately \$750,000. Adjusted by this developer contribution, the estimated net present value of the City's contribution to remediation totals \$1.95 million.

4. A statement of the public purposes for the economic development subsidy

The public purpose of the economic development subsidy is as follows:

Remediating the “mound” site enables the development of EmeryStation West/Transit Center by reducing extraordinary costs of development associated with clean-up costs.

The project will result in:

- improved parking and bus bay facilities;
- a renovated and expanded public plaza;
- an improved pedestrian-bicycle bridge connection across the railroad;
- Strengthening of the City’s economic vitality through the expansion of the it significant bio-science cluster; and
- Generation future property tax revenues from a significant private investment on the site.

5. Projected tax revenue to the local agency as a result of the economic development subsidy

After the 12 years, the project will yield a net fiscal benefit to the City’s General Fund. The City’s projected annual property tax revenue in year 13 is \$329,000. Once the lease is terminated, the City assumes the operating and maintenance costs for the public parking/bus bays, which is projected to be \$95,000 in year 13. Net revenue to the City over the 30 year projection period will be equal to the total property tax revenues received from the project, less the first 12 years lease payment, and less operating and maintenance costs beginning in the thirteenth year, which totals \$2.38 million.

6. Estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions

The EmeryStation West project will include 248,300 gross square feet of office/laboratory space and 6,200 gross square feet of ground level active space with retail and transit oriented functions. Employee projections are based on 2.5 employees per 1,000 square feet for office/laboratory use and 2.6 employees per 1,000 square feet for retail/restaurant use (assuming restaurants consist of 20 percent of ground floor use). Based on these occupancy assumptions, there will be 637 permanent full time

jobs located in the project. There is insufficient information to project part-time and temporary positions.