
Wilkinsburg Train Station

Preliminary Economic Feasibility Study



Wilkinsburg, PA

Prepared by:

URBAN PARTNERS

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Prepared for:

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Table of Contents

Introduction	2
Existing Documentation	3
Architectural Analysis.....	3
Reuse Study	4
Market Assessment	7
Retail Market.....	7
Office Market.....	7
Other Commercial Uses.....	8
Development Costs.....	9
Redevelopment Concepts	10
Concept 1: Larger WDCD Office with Day Care Center	10
Concept 2: Smaller WDCD Office with Day Care Center	17
Concept 3: Larger WDCD Office with Post Office	23
Concept 4: Smaller WDCD Office with Post Office	29

Introduction

Urban Partners has been retained by the Wilkinsburg Community Development Corporation (WCDC) to conduct a preliminary feasibility study for the reuse of the historic former Wilkinsburg Pennsylvania Railroad Station, located on Hay Street at Ross Avenue (see **Figure 1**). Built in 1915, the station was used by rail passengers until 1975, and has been vacant since. Despite its deteriorating condition, the building was designated as a Historic Landmark by the Pittsburgh History and Landmarks Foundation (PHLF) in 1984 for the exterior.

Figure 1. The Wilkinsburg Train Station Building Location on Hay Street



Source: Edge Studio Architects

The WCDC now wishes to reexamine the feasibility of potential reuse concepts for the train station building as part of a continued effort to revitalize downtown Wilkinsburg's commercial district. This assignment will utilize the previous studies of the building and site, but will extend those efforts by producing a feasibility study that demonstrates an economically viable approach to reuse, particularly one that will sustain on-going operations at the station after restoration.

The feasibility study for the station involves several tasks:

- a market assessment of reuse opportunities using prior analyses,
- the identification of potential redevelopment concepts,
- an analysis of operational sustainability,
- and an analysis of development costs and financing approaches.

Existing Documentation

Over the past decade, several studies were conducted regarding the rehabilitation of the Wilkinsburg Station. The two most relevant include a 2010 architectural, environmental, and historical analysis of the station and a 2004 reuse survey/analysis student project. In addition, there were several station-area landscape plans completed in 2012 also as part of a student project. These plans, however, did not address building conditions or reuse concepts.

Architectural Analysis

The Wilkinsburg Train Station Environmental, Architectural and Historic Evaluation and Redevelopment Feasibility Study was conducted in 2010 by a consultant team led by EDGE Studio Architects. The study investigated the conditions of the building, and provided a description of construction issues and opinion of probable costs required for stabilization and restoration, a site survey, a Phase 1 environmental report describing the presence of hazardous materials and potential site contamination issues, a photographic survey, and recommendations for possible future programming. Highlights of the findings include:

Building Stabilization

- The station is in grave need of immediate stabilization and protection from the weather
- A repaired roof over the main waiting room and loading dock would avoid further structural deterioration
- Once stabilized, a core and shell restoration could take place to ready the building for tenant fit-out

Hazardous Materials

- Asbestos has been identified in certain areas and building elements, which would need to be abated
- There appears to be oils, coolants, and other fluids common to railroad use contaminating the surrounding soil
- There may be leaking underground storage tanks within 0.5 mile of the station
- Mold has been identified to be growing throughout the building on plaster, wood, metal, and concrete surfaces
- Ivy covering most of the building is damaging masonry walls and needs to be removed
- The building is covered with significant graffiti inside and out

Roof Repairs

- Large openings in the roof have allowed weather elements to penetrate the interior, having a destructive effect on the brick walls and marble-lined interior areas
- Wood portions are completely deteriorated
- Steel roof framing may be compromised from the weather exposure
- A new roof and flashing will need to be installed over the entire building

Exterior Envelope

- Steel canopies are in need of testing, scraping, and painting, as well as new roofing and gutters
- All windows (and window wells), doors, and transoms need to be replaced
- Exterior brick is in acceptable condition aside from pointing in certain areas
- The stone base, columns, window surrounds, and parapet caps are in acceptable condition

Interior Core

- Baseline improvements to the structure are necessary to allow for programming and use, including insulation, drywall, paint, ceilings, and lighting
- Decorative historic elements - terrazzo flooring, plaster ceilings, stone wall panels - should be restored where possible
- Code-compliant interior doors and stair rails will be required
- Basic plumbing should be installed and finalized once tenants are known
- All new electrical system is needed, as well as HVAC, lighting, and smoke detection
- All entries and public areas will need to be ADA-compliant, which may require the need for an elevator

Possible Future Uses

- The study mentioned several possibilities based on the 2004 reuse survey as well as the 2009 Business District Revitalization Plan, including:
 - public assistance or job training uses
 - a transportation hub in the form of a bus station
 - a civic program such as a children's library or branch of an existing regional museum
 - commercial space

The study estimated the base building stabilization and improvement costs outlined above to approach approximately \$1 million.

Reuse Study

The Wilkesburg Train Station Revitalization Research Report was an investigation of reuse opportunities for the station completed in 2004 by a joint partnership between the Borough of Wilkesburg and the Heinz School at Carnegie Mellon University. The purpose of the study was to evaluate potential new roles and uses for the station that would allow it to resume its function as a cultural and economic anchor in Wilkesburg. To understand the potential uses of the structure and the extent to which the Wilkesburg community would support alternative uses, primary research was conducted with 737 individuals using three research tools: a community perception survey (hand-out and web-based); two community focus groups; and interviews with community, arts, and economic development leaders.

Community Perception Survey

The community perception survey captured a significant amount of data regarding the potential reuse of the Wilkinsburg Train Station. The 701 respondents provided a variety of use ideas for the building. Themes included retail and restaurant venues, arts-related uses or theater, community center, museums, and other public facilities.

Respondents were asked how successful they thought specific facility uses might be. The following percentage of respondents (a majority) thought that the following uses would be "very" or "somewhat" successful:

- Family-style restaurant or cafe - 74%
- Community center - 69%
- Ice cream parlor - 67%
- Jazz museum and record store - 61%
- Specialty retail stores - 58%
- Art gallery - 55%
- Office space - 51%

Other uses identified through specific comments include:

- Coffee shop
- Bar/nightclub
- Retail center for artisans
- A combination of uses
- Newsstand
- Unique restaurant
- Theater/performance space
- Recreation/cultural center
- Negro League Baseball Museum
- Transportation museum/train exhibit
- Radio museum
- Chamber of Commerce and/or other non-profit offices
- Small movie theater
- Gift shop
- Community college branch
- Art center
- Indoor flea/farmers market
- Library or book store
- Black history center/museum
- Arcade/game room
- Daycare center

Focus Groups

Two focus group sessions involving 16 participants were conducted as part of the reuse study, which identified a series of reuse concepts for the building as well. These include:

- Jazz club/museum

- "High-class" restaurant
- Deli
- Newsstand
- Dinner theater
- Artist studios
- Coffee shop
- Book store
- Specialty boutiques
- Retail bazaar

Community Leader Interviews

Finally, interviews were conducted with 20 community, arts, and economic development community leaders. A variety of reuse ideas were generated through these discussions, including (in order of preference):

- Community/arts center
- Club (jazz, comedy, dance)
- Restaurant
- Offices
- Theater
- Museum
- Bus station
- Specialty grocery store
- Specialty retailer
- Day care center
- Flea market/antique mall
- Dinner theater
- Adult education center
- Convenient store

Market Assessment

The market assessment conducted as part of the recently-completed predevelopment feasibility analysis for the 800 Block of Penn Avenue provides a foundation for identifying potential commercial opportunities at the Wilkinsburg Train Station. That assessment examined the potential for appropriate new retail and office opportunities, as well as rental housing, in Wilkinsburg's commercial district as part of the redevelopment concept. In addition, the market analysis for the Wilkinsburg Business District Revitalization Plan examined the retail and office markets for downtown Wilkinsburg.

Retail Market

The Business District Revitalization Plan suggested the potential for 30,000 SF in additional retail space in the Wilkinsburg commercial district centered on Penn Avenue and Wood Street. The 800 Block study also identified opportunities for additional retail in downtown Wilkinsburg based on area supply and demand, but acknowledged that new store openings have been extremely limited and a significant glut of vacant retail space remains throughout the business district. Much of the retail potential for downtown Wilkinsburg will depend on its provision of new quality store space at a reasonable rent that is highly visible and convenient. While a small amount of retail in the Wilkinsburg Train Station could potentially satisfy this requirement, this type of new commercial development will likely require public subsidies. With a new publicly-supported commercial investment potentially taking place on Wood Street in the near future, it is unlikely that such funding would be available for the train station in the near term.

Should adequate public financing be obtained, however, there could be a very limited market for new retail opportunities in the Wilkinsburg Train Station. Based on the identified demand in the commercial district, it appears that the station could potentially support a limited-service restaurant in the form of a cafe or coffee shop/bar. Such a retailer with the greatest potential for success will serve the needs of local employees, such as those at Borough hall and nearby medical offices, as well as pass-through commuter traffic from the Busway, visitors to the station for other programmed uses, and local residents. Based on size constraints of the station, a cafe or coffee shop/bar would likely occupy no more than 150 SF of space for its operation.

A few coffee shop operators in the area were contacted by the WCDC to gauge their potential interest in locating a satellite shop in the train station, including the Square Cafe and Biddles Escape. While specific feedback was not received, it is assumed for this analysis that since the market would likely support a small coffee shop/bar, a local entrepreneur would eventually be interested in operating such a business in the station.

Office Market

Analysis of the office market in the vicinity of the Wilkinsburg business district has revealed the availability of some Class B and C office space, but no Class A office space that is tenant-ready and appealing to quality tenants. The Business District Revitalization Plan suggested the potential for 30,000 SF of new office space in the Wilkinsburg commercial district. According to the 800 Block study, current and prior entities considering new office space in Wilkinsburg have indicated a need for at least 8,000 SF and up to 40,000 SF. Because of the limited supply and the reported

demand for new office space in this area, there appears to be potential for adding a quality office component to the redevelopment of the Wilkinsburg Train Station. Depending on the configuration, a large portion of the station building's approximately 9,800 SF of net usable space could be used for new offices. Although anticipated rents for new office space in Wilkinsburg could approach \$12 per square foot, these rents are likely too low to make new construction affordable without subsidies.

Potential users of new office space at the train station could include both newcomers to Wilkinsburg as well as existing Wilkinsburg commercial district office tenants seeking new space. The WCDC operates a storefront office two blocks away at Penn Avenue and Wood Street and has indicated a willingness to move into a refurbished train station if their space needs and budget are met. The CDC requires at least 1,200 SF of space with maximum rent not to exceed \$12 per SF. Other specific users contacted about potentially occupying office space in the train station include the Wilkinsburg Library, for the possible overflow of computer use and/or career counseling; FUSE Pittsburgh, a local non-profit that works to enrich the lives of Pittsburgh and Wilkinsburg youth through literacy, activism, and the arts; the Wilkinsburg Historical Society, which currently does not have an office.

Other Commercial Uses

Aside from small retailers and offices, a variety of other commercial uses have been considered as part of this exercise for which there appears to be a potential market. One such use is day care. The WCDC reached out to two prospective day care operators in the area - Family Care Connections affiliated with UPMC, and Shining Star Day Care - to determine their interest in potentially locating in the train station. Family Care Connections indicated an interest in finding new space in the Wilkinsburg commercial district as they are currently located in a church.

Another potential use of space in the train station is museum or display space. Two organizations - the Wilkinsburg Historical Society and the National Museum of Broadcasting - were contacted to gauge their interest in the train station. In addition to not currently having office space, the Historical Society does not have museum space to display its holdings of Wilkinsburg memorabilia; it is all held in storage. The Historical Society expressed interest in using the main lobby of the train station for such a display. Portions of the station's lower level could also be considered for additional storage for the organization. The National Museum of Broadcasting is currently seeking a much larger space for its museum than the train station offers. In addition, the organization is seeking adjacent land to recreate the garage workshop of Frank Conrad, who introduced the concept of commercial radio and first advanced the technology and business concepts. The garage is currently dismantled and in storage. The Museum did indicate, however, an interest in occupying a portion of the train station for displays related to broadcasting.

Finally, a new home for the Wilkinsburg branch of the US Postal Service is another concept considered for the train station. The existing Wilkinsburg Post Office occupies approximately 2,400 SF, containing PO boxes and a service counter. It's rent is approximately \$13.25 per SF. The post office is currently located on Hay Street in an unremarkable strip and the train station location would be a much more prominent site, close to other Borough civic offices.

Development Costs

Rehabilitation and reuse of the Wilkinsburg Train Station will require significant capital investment to make it functional, including building stabilization and a variety of interior and exterior improvements (see **Table 1**). Such costs were first outlined in EDGE Studio Architects' The Wilkinsburg Train Station Environmental, Architectural and Historic Evaluation and Redevelopment Feasibility Study. We have modified these costs to reflect inflation as well as to provide for interior fit-out for the range of users anticipated in this feasibility study.

Table 1. Wilkinsburg Train Station Reuse Development Costs

Demolition & Remediation	\$80,000	
Building Stabilization	\$160,000	
Sidewalks & Sitework	\$80,000	
Shell, Doors & Windows	\$205,000	
Mechanical, Electrical, Plumbing	\$430,000	
Interior Demising and Finishes	\$180,000	
Contingency (20%)	\$225,000	
Total Construction		\$1,360,000
Soft Costs		
Architecture & Engineering (6%)	\$80,000	
Other Professional Fees	\$20,000	
Carry/Insurance	\$30,000	
Soft Cost Contingency (8%)	\$20,000	
Development Fee	\$80,000	
Total Soft Costs		\$230,000
Total Development Costs		\$1,590,000

As Table 1 shows, there are numerous capital costs involved with redeveloping the station, including demolition and remediation; stabilization; sidewalks and site work; exterior shell improvements including doors and windows; mechanical, electrical, and plumbing; interior demising and finishes; and a contingency fee of 20%. These costs collectively amount to approximately \$1.36 million.

Necessary soft costs must be factored in to the overall development costs as well. These costs include architecture and engineering; other professional fees; insurance; a contingency fee of 8%; and development fee. These costs amount to approximately \$230,000.

Together, the total development costs for redeveloping the Wilkinsburg Train Station are estimated at \$1.59 million. It is assumed that financing will be obtained largely through grants, but with the possibility for repayment of a modest loan at a discounted interest rate.

Redevelopment Concepts

Based on the analyses documented above, we have outlined four potential redevelopment concepts for the Wilkinsburg Train Station involving both the main floor and lower floor, each assuming the station would eventually have tunnel access under the Busway. The main floor concepts involve two space alternatives for a potential new office for the Wilkinsburg CDC, and two phases - one with the tunnel access remaining closed and one with access to the tunnel eventually permitted since tunnel access impacts the usable square footage. For the lower floor, there are also two alternatives - one containing a day care center, and the other a new Post Office branch. We assume that the tunnel access will not impact usage of the lower floor space, so there is just one phase examined.

For each concept, the development program is detailed, as is an operating income and expense pro forma. The pro forma is used to analyze the sustainability of the proposed use program; it will determine (1) whether on-going operations of the station - once restored - can be sustained and (2) whether it is reasonable to assume any net operating income that could be utilized for debt service to meet some of the likely development costs. This pro forma will also explicitly detail the on-going operational roles that would fall to fee-based professionals, to WCDC, and to other Wilkinsburg-area organizations.

Concept 1: Larger WCDC Office with Day Care Center

Development Program

Main Floor - Phase A

The pre-tunnel access alternative involves the largest WCDC office space of the main floor options. In addition, there is temporary office space indicated where tunnel access will eventually be located as well as another office tenant on the north side of the building. The main floor in this concept also involves a coffee bar, a large central space programmed with historical society displays as well as cafe seating, stairs leading to the lower floor, and a unisex public bathroom. The following is a potential development program for the main floor in Phase A (see **Figure 2** for a floor plan illustrating the concept).

- WCDC Offices - 1,420 SF
- Office Tenant - 440 SF
- Temporary Office Tenant - 312 SF
- Coffee Bar - 144 SF
- Historical Society Displays/Public Space/Cafe Seating - 1,720 SF
- Unisex Bathroom - 336 SF

Main Floor - Phase B

Phase B is the same as Phase A except that tunnel access is provided and shown as public space, and the temporary office tenant is eliminated to provide this access. The following is a potential development program for the main floor in Phase B (see **Figure 3** for a floor plan).

- WCDC Offices - 1,420 SF
- Office Tenant - 440 SF

Figure 2. Concept 1 Main Floor - Phase A: Larger WCDC Office with Pre-Tunnel Opening

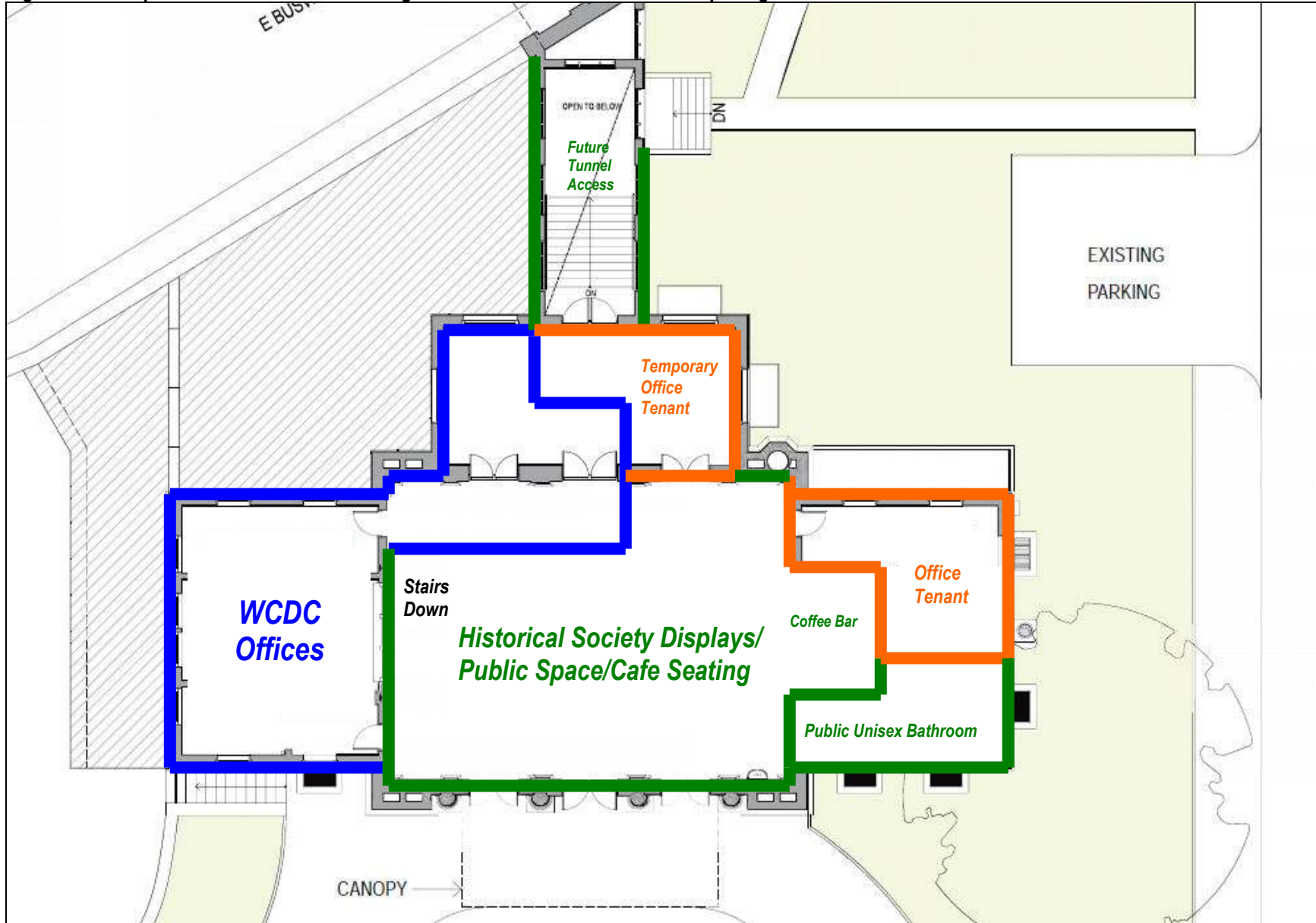
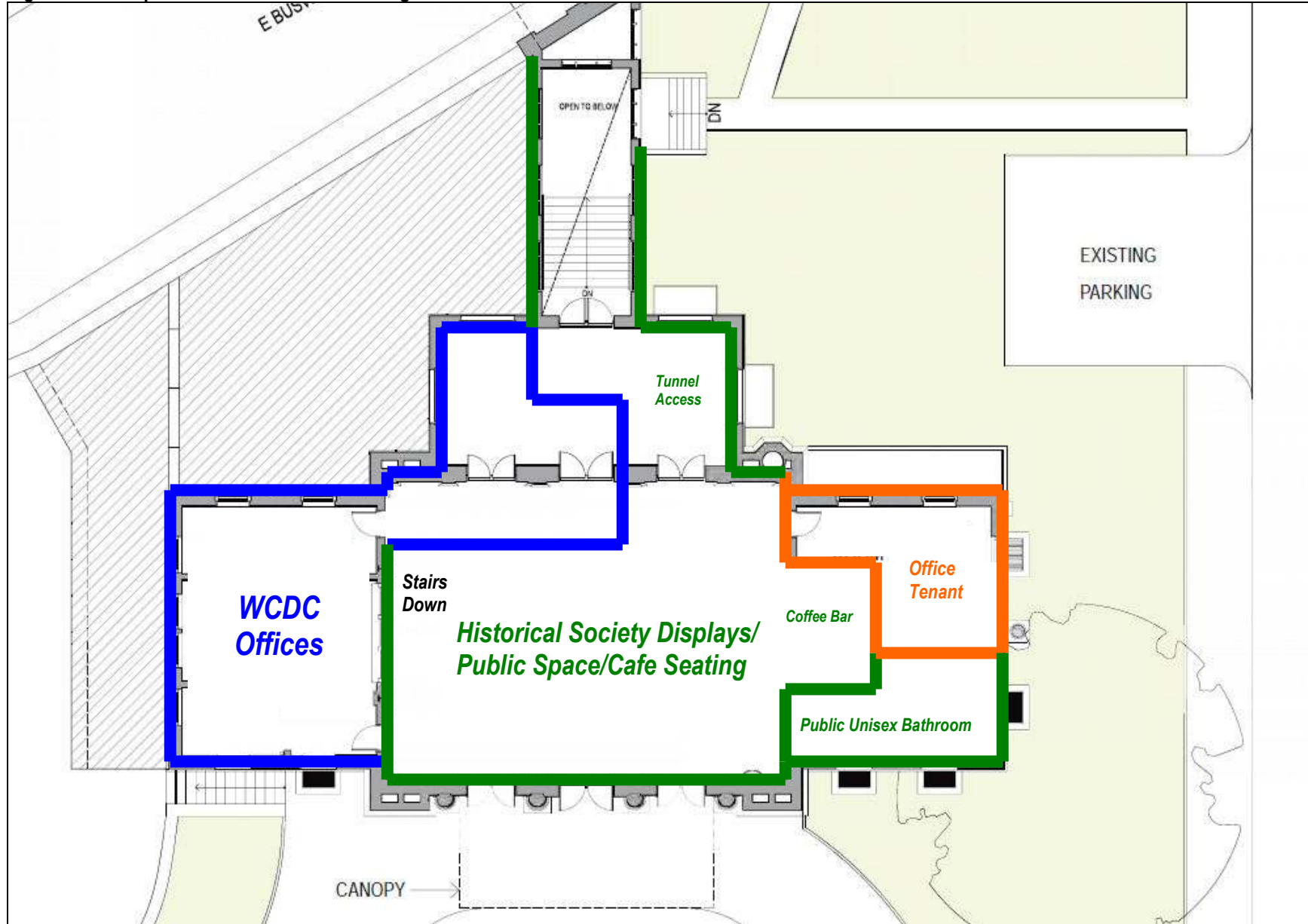


Figure 3. Concept 1 Main Floor - Phase B: Larger WCDC Office with Tunnel Access



- Coffee Bar - 144 SF
- Historical Society Displays/Public Space/Cafe Seating - 2,032 SF
- Unisex Bathroom - 336 SF

Lower Floor

The Lower Floor for Concept 1 involves a day care center as the primary occupant with access to an outdoor play area on the north side. The potential floor configuration for this concept also contains additional display area for the historical society and/or storage space and a stairway to the main floor. The following is a potential development program (see **Figure 4** for a floor plan illustrating the concept).

- Day Care Center - 4,072 SF
- Historical Society Displays/Storage - 2,872 SF

Operational Economics

In its first phase of operation (see **Table 2** on the next page), we have assumed that the Wilkesburg Train Station will operate for approximately three years before the tunnel under the East Busway is opened (Phase A). Starting in Year 4, we assume the tunnel is opened (Phase B).

Phase A

For income during Phase A, we estimate the annual rents generated from the main floor tenants total \$31,800. Rents from the lower floor tenants total \$37,200, assuming the day care center pays its own electric and the Historical Society makes a monthly contribution of \$500 for utilities. The result is a total annual income of \$69,000 in gross rents. After subtracting a vacancy rate of 10% for tenants other than WCDC and the Historical Society (assumed to be permanent), Concept 1, Phase A total income amounts to \$64,500.

Operational expenses for the train station include real estate taxes, management expenses, maintenance and operation (assuming \$2.00 per square foot), and electricity (except for the day care center). These expenses amount to a total of \$40,400.

Considering income and expenses, the net operating income for Concept 1, Phase A of the Wilkesburg Train Station would be \$24,100. With an assumed debt service on a \$300,000 loan at a 4% interest rate for 25 years - resulting in an annual expense of \$19,200, the net cash flow for building operations would be \$4,900.

Phase B

By Year 4, we are assuming some increases in rent and expenses. For income during Phase B, we estimate the annual rents generated from the main floor tenants actually decrease slightly to \$31,620 because of the elimination of the temporary office tenant with the opening of the tunnel. Rent from the lower floor tenants does increase to \$39,600, however, reflecting a rent increase for the day care center, and still assuming the day care center pays its own electric and the Historical Society makes a monthly contribution of \$500 for utilities. The result is a total annual income of \$71,220 in gross rents. After subtracting a vacancy rate of 10% for tenants other than WCDC and the Historical Society, Phase B total income amounts to \$66,740.

Figure 4. Concept 1 Lower Floor: Day Care Center

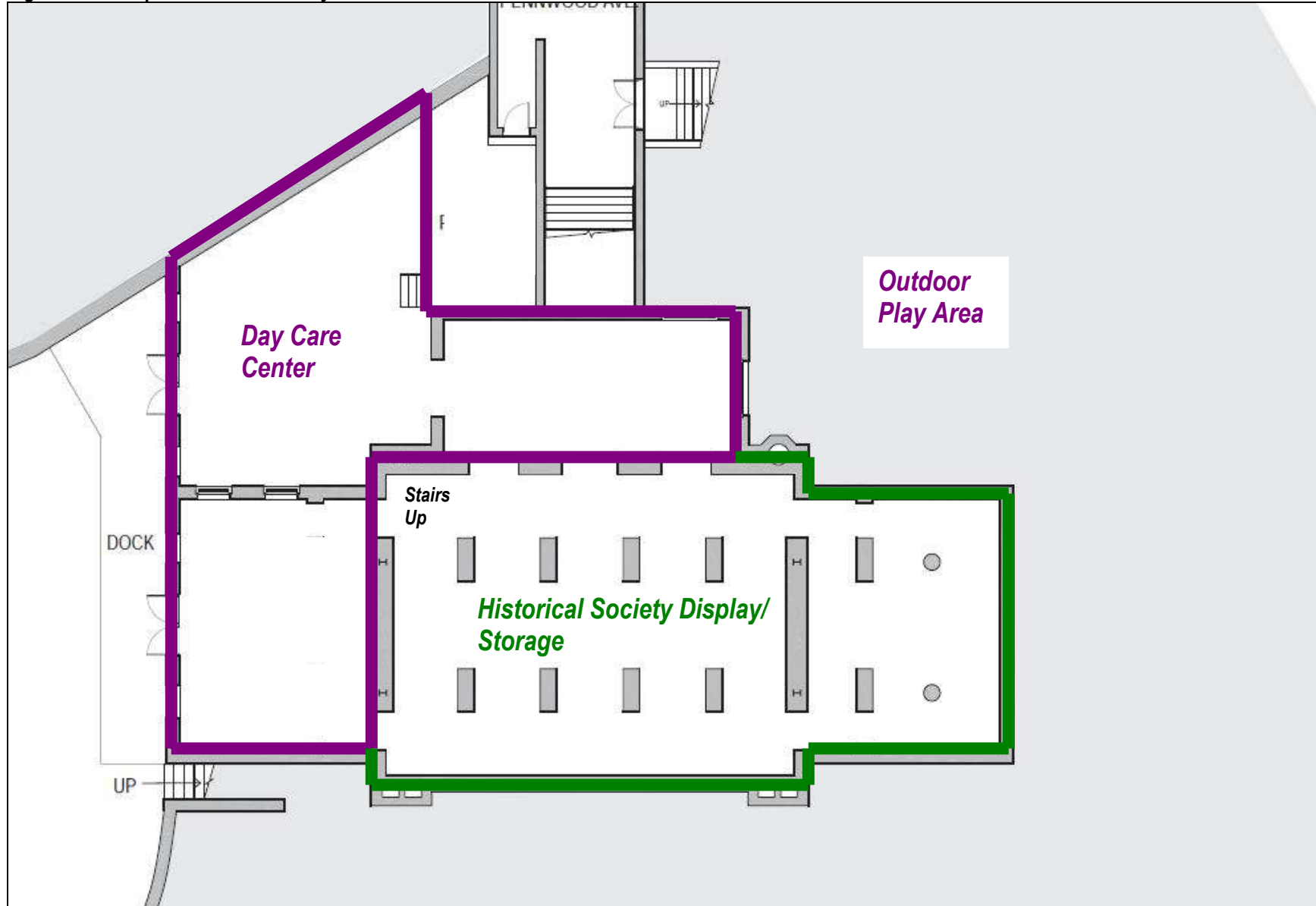


Table 2. Concept 1 Income & Expense Pro Forma for Phases A and B

	<u>Phase A: Pre-Tunnel Opening</u>			<u>Phase B: With Tunnel Access--Year 4</u>		
	SF	Rent	Income	SF	Rent	Income
<u>Income</u>						
<u>Main Floor</u>						
WDCDC Offices	1,420	\$1500/Month	\$18,000	1,420	\$1700/Month	\$20,400
Office Tenant	440	\$500/Month	\$6,000	440	\$550/Month	\$6,600
Temporary Office Tenant	312	\$300/Month	\$3,600			
Coffee Bar	144	\$350/Month	\$4,200	144	\$385/Month	\$4,620
<u>Lower Floor</u>						
Day Care (Pays Own Electric)	4,072	\$2600/Month	\$31,200	4,072	\$2800/Month	\$33,600
Historical Society--Utility Reimbursement		\$500/Month	\$6,000		\$500/Month	\$6,000
Gross Rents			\$69,000			\$71,220
Vacancy--Other Than WDCDC & Historical Society	10%		(\$4,500)	10%		(\$4,480)
Annual Income			\$64,500			\$66,740
<u>Expense</u>						
Real Estate Taxes			\$11,700			\$11,700
Management Expense			\$3,200			\$3,300
Maintenance & Operation--\$2.00 Per SF			\$18,000			\$19,800
Electricity (Less Day Care Space)			\$7,500			\$8,250
Total Operating Expenses			\$40,400			\$43,050
<i>Net Operating Income</i>			\$24,100			\$23,690
Debt Service (\$300,000; 4%; 25 Years)			\$19,200			\$19,200
Cash Flow			\$4,900			\$4,490

By Year 4, it is assumed that operational expenses for the train station property will have increased by 10% (except for real estate taxes) to a total of \$43,050.

Considering income and expenses, the net operating income for Concept 1, Phase B of the Wilkinsburg Train Station would be \$23,690 – somewhat below the Phase A NOI, but still sufficient to support the annual debt service of \$19,200 and return net cash flow of \$4,490.

Concept 2: Smaller WDCD Office with Day Care Center

Development Program

Main Floor - Phase A

This pre-tunnel access alternative involves a smaller-sized WDCD office space. As in Concept 1, there is also temporary office space indicated where tunnel access will eventually be located as well as another office tenant on the north side of the building. The main floor in this concept also involves a coffee bar, a large central space programmed with historical society displays as well as cafe seating, stairs leading to the lower floor, and a unisex public bathroom. The following is a potential development program for the main floor in Phase A (see **Figure 5** for a floor plan illustrating the concept).

- WDCD Offices - 1,204 SF
- Office Tenant - 440 SF
- Temporary Office Tenant - 432 SF
- Coffee Bar - 144 SF
- Historical Society Displays/Public Space/Cafe Seating - 1,816 SF
- Unisex Bathroom - 336 SF

Main Floor - Phase B

This post-tunnel access alternative involves the same smaller-sized WDCD office space as Phase A. The main floor in this concept also contains an office tenant on the north side of the building, a coffee bar, a large central space that leads to the tunnel programmed with historical society displays as well as cafe seating, stairs leading to the lower floor, and a unisex public bathroom. However, in this phase of Concept 2, the temporary office tenant is reduced in size to accommodate the tunnel access instead of eliminating it all together to allow for additional revenue from rent. The following is a potential development program for the main floor in Phase B (see **Figure 6** for a floor plan illustrating the concept).

- WDCD Offices - 1,204 SF
- Office Tenant - 440 SF
- Temporary Office Tenant – 200 SF
- Coffee Bar - 144 SF
- Historical Society Displays/Public Space/Cafe Seating - 2,248 SF
- Unisex Bathroom - 336 SF

Lower Floor

The Lower Floor for Concept 2 involves the exact same configuration as Concept 1, featuring a day care center as the primary occupant with access to an outdoor play area on the north side. The potential floor configuration for this concept also contains additional display area for the historical society and/or storage space and a stairway to the main floor. The following is a potential development program (see **Figure 7** for a floor plan illustrating the concept).

- Day Care Center - 4,072 SF
- Historical Society Displays/Storage - 2,872 SF

Figure 5. Concept 2 Main Floor - Phase A: Smaller WCDC Office with Pre-Tunnel Opening

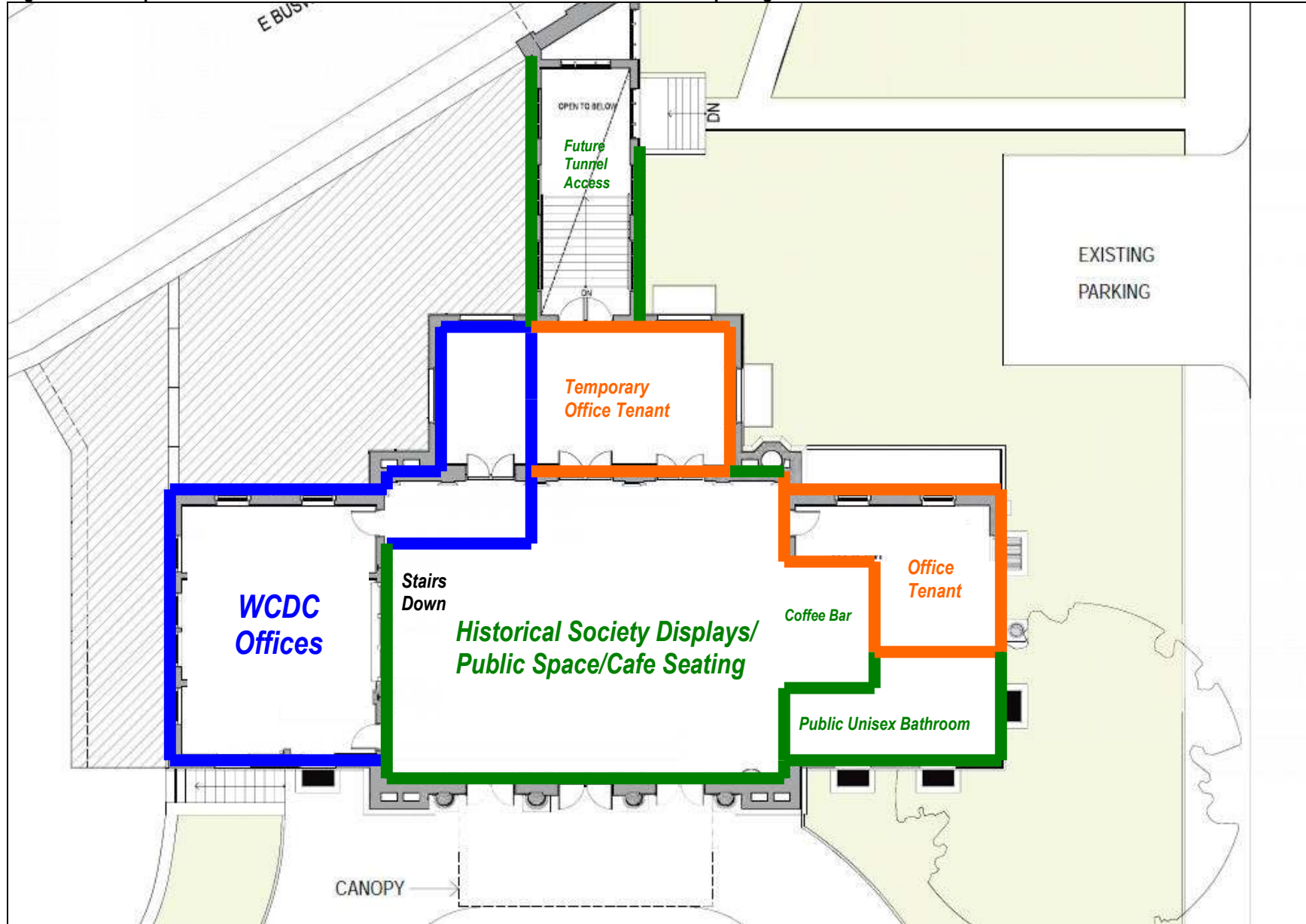


Figure 6. Concept 2 Main Floor - Phase B: Smaller WCDC Office with Tunnel Access

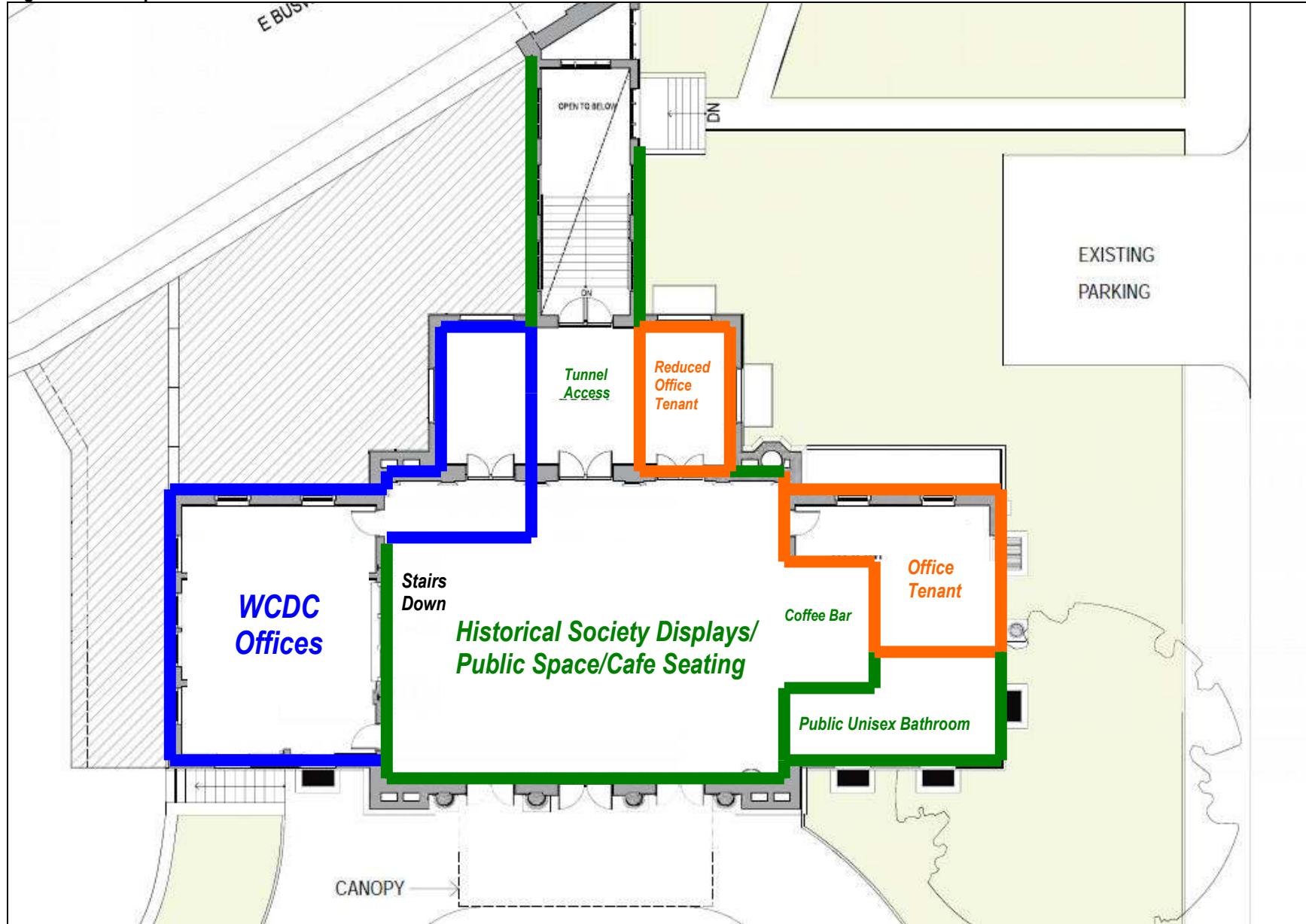
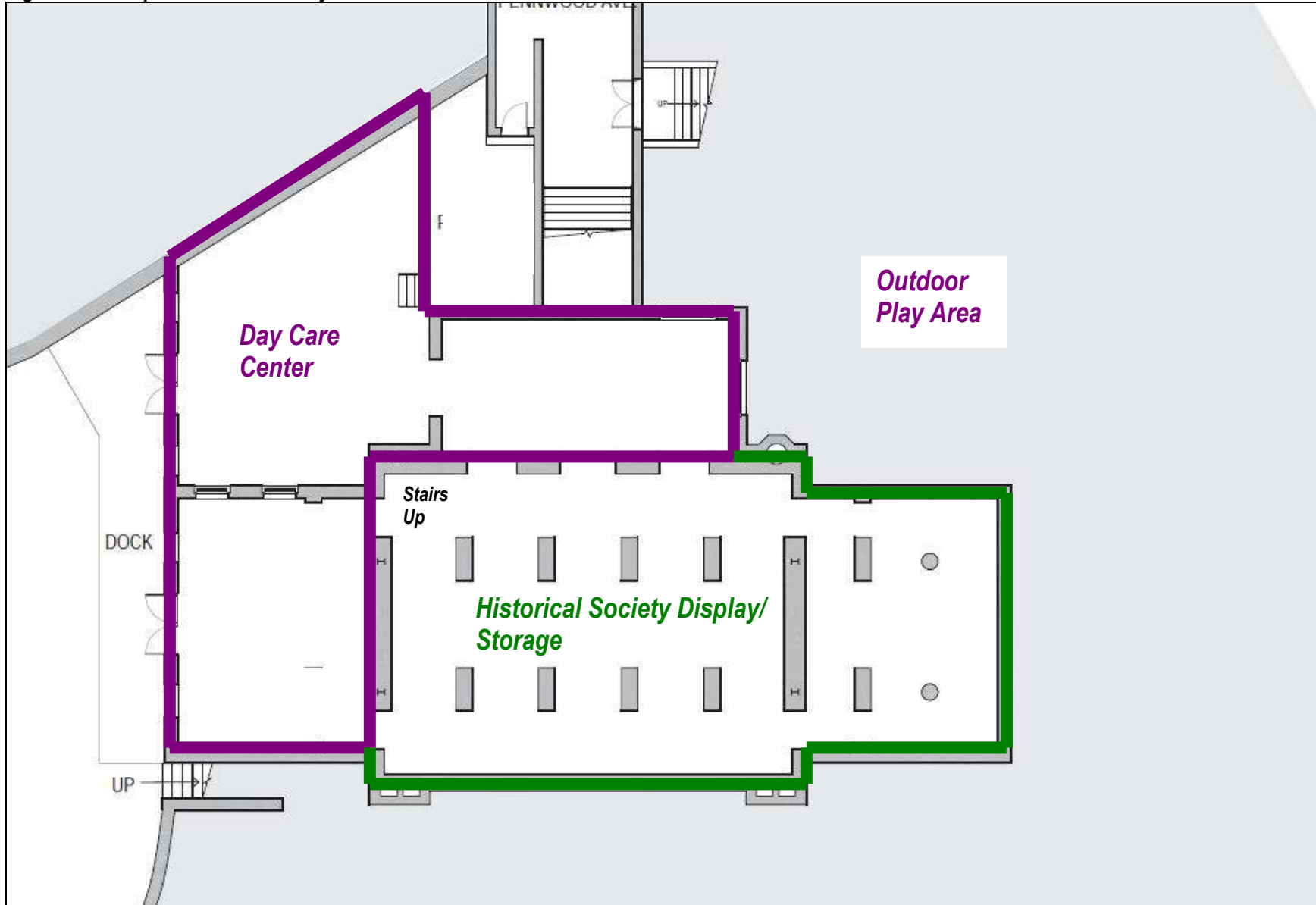


Figure 7. Concept 2 Lower Floor: Day Care Center



Operational Economics

In its first phase of operation (see **Table 3** on the next page), we have assumed that the Wilkinsburg Train Station will operate for approximately three years before the tunnel under the East Busway is opened (Phase A). Starting in Year 4, we assume the tunnel is opened (Phase B).

Phase A

For income during Phase A, we estimate the annual rents generated from the main floor tenants total \$33,000. Rents from the lower floor tenants total \$37,200, assuming the day care center pays its own electric and the Historical Society makes a monthly contribution of \$500 for utilities. The result is a total annual income of \$70,200 in gross rents. After subtracting a vacancy rate of 10% for tenants other than WCDC and the Historical Society (assumed to be permanent), Concept 2, Phase A total income amounts to \$65,460.

Operational expenses for the train station include real estate taxes, management expenses, maintenance and operation (assuming \$2.00 per square foot), and electricity (except for the day care center). These expenses amount to a total of \$40,750.

Considering income and expenses, the net operating income for Concept 2, Phase A of the Wilkinsburg Train Station would be \$24,710. Making the same debt assumptions as in Concept 1-- \$300,000 loan at a 4% interest rate for 25 years - resulting in an annual expense of \$19,200, the net cash flow for building operations would be \$5,510.

Phase B

By Year 4, we are assuming some increases in rent and expenses. For income during Phase B, we estimate the annual rents generated from the main floor tenants would increase slightly to \$33,420, factoring an increase in rent for WCDC and a decrease in size of the former temporary office tenant with the opening of the tunnel. Rent from the lower floor tenants increases to \$39,600 reflecting a rent increase for the day care center, still assuming the day care center pays its own electric and the Historical Society makes a monthly contribution of \$500 for utilities. The result is a total annual income of \$73,020 in gross rents. After subtracting a vacancy rate of 10% for tenants other than WCDC and the Historical Society, Phase B total income amounts to \$68,240.

Again, by Year 4, it is assumed that operational expenses for the train station property will have increased by 10% (except for real estate taxes) to a total of \$43,425.

Considering income and expenses, the net operating income for Concept 2, Phase B of the Wilkinsburg Train Station would be \$24,815 - slightly higher than Phase A. With an annual debt service of \$19,200, the net cash flow for building operations would be \$5,615.

Table 3. Concept 2 Income & Expense Pro Forma for Phases A and B

	<u>Phase A: Pre-Tunnel Opening</u>			<u>Phase B: With Tunnel Access--Year 4</u>		
	SF	Rent	Income	SF	Rent	Income
<u>Income</u>						
<u>Main Floor</u>						
WDCDC Offices	1,204	\$1400/Month	\$16,800	1,204	\$1600/Month	\$19,200
Office Tenant	440	\$500/Month	\$6,000	440	\$550/Month	\$6,600
Temporary Office Tenant	432	\$500/Month	\$6,000	200	\$250/Month	\$3,000
Coffee Bar	144	\$350/Month	\$4,200	144	\$385/Month	\$4,620
<u>Lower Floor</u>						
Day Care (Pays Own Electric)	3,812	\$2600/Month	\$31,200	3,812	\$2800/Month	\$33,600
Historical Society--Utility Reimbursement		\$500/Month	\$6,000		\$500/Month	\$6,000
Gross Rents			\$70,200			\$73,020
Vacancy--Other Than WDCDC & Historical Society	10%		(\$4,740)	10%		(\$4,780)
Annual Income			\$65,460			\$68,240
<u>Expense</u>						
Real Estate Taxes			\$12,000			\$12,000
Management Expense			\$3,250			\$3,375
Maintenance & Operation--\$2.00 Per SF			\$18,000			\$19,800
Electricity (Less Day Care Space)			\$7,500			\$8,250
Total Operating Expenses			\$40,750			\$43,425
<u>Net Operating Income</u>			\$24,710			\$24,815
Debt Service (\$300,000; 4%; 25 Years)			\$19,200			\$19,200
Cash Flow			\$5,510			\$5,615

Concept 3: Larger WDCD Office with Post Office

Development Program

The main floor development program in Concept 3 is identical to Concept 1. The potential development program for the main floor in Phase A (see **Figure 8** for a floor plan illustrating the concept) is:

- WDCD Offices - 1,420 SF
- Office Tenant - 440 SF
- Temporary Office Tenant - 312 SF
- Coffee Bar - 144 SF
- Historical Society Displays/Public Space/Cafe Seating - 1,720 SF
- Unisex Bathroom - 336 SF

Main Floor - Phase B

Phase B is the same as Phase A except that tunnel access is provided and shown as public space, and the temporary office tenant is eliminated to provide this access. The following is a potential development program for the main floor in Phase B (see **Figure 9** for a floor plan).

- WDCD Offices - 1,420 SF
- Office Tenant - 440 SF
- Coffee Bar - 144 SF
- Historical Society Displays/Public Space/Cafe Seating - 2,032 SF
- Unisex Bathroom - 336 SF

Lower Floor

The Lower Floor for Concept 3 involves a Post Office branch as the primary occupant with access to the loading area on the south side. The potential floor configuration for this concept also provides space for an additional office tenant as well as the display area for the historical society and/or storage space and a stairway to the main floor. The following is a potential development program (see **Figure 10** for a floor plan illustrating the concept).

- Post Office - 2,916 SF
- Office Tenant - 896 SF
- Historical Society Displays/Storage - 2,872 SF

Figure 8. Concept 3 Main Floor - Phase A: Larger WCDC Office with Pre-Tunnel Opening

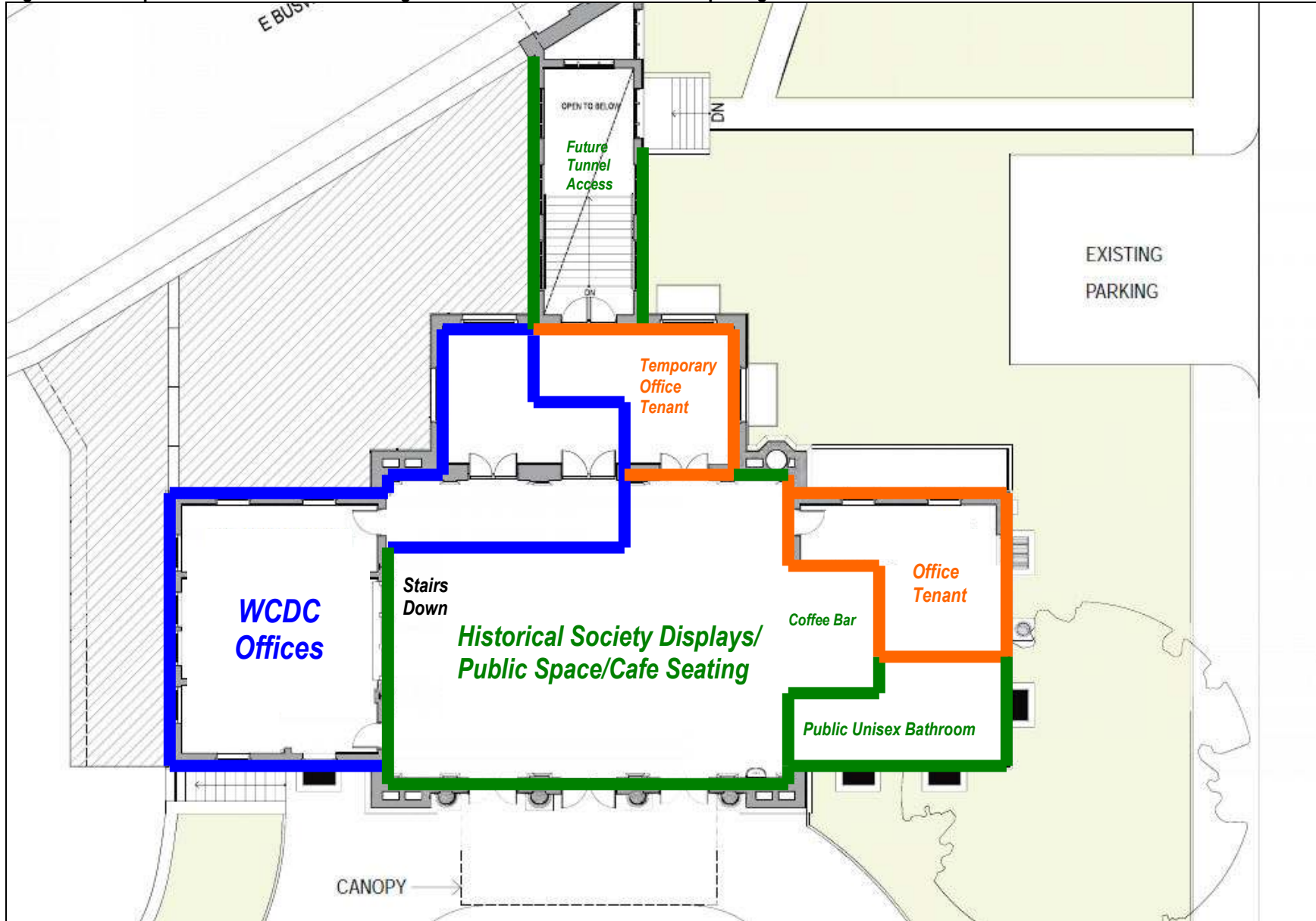


Figure 9. Concept 3 Main Floor - Phase B: Larger WCDC Office with Tunnel Access

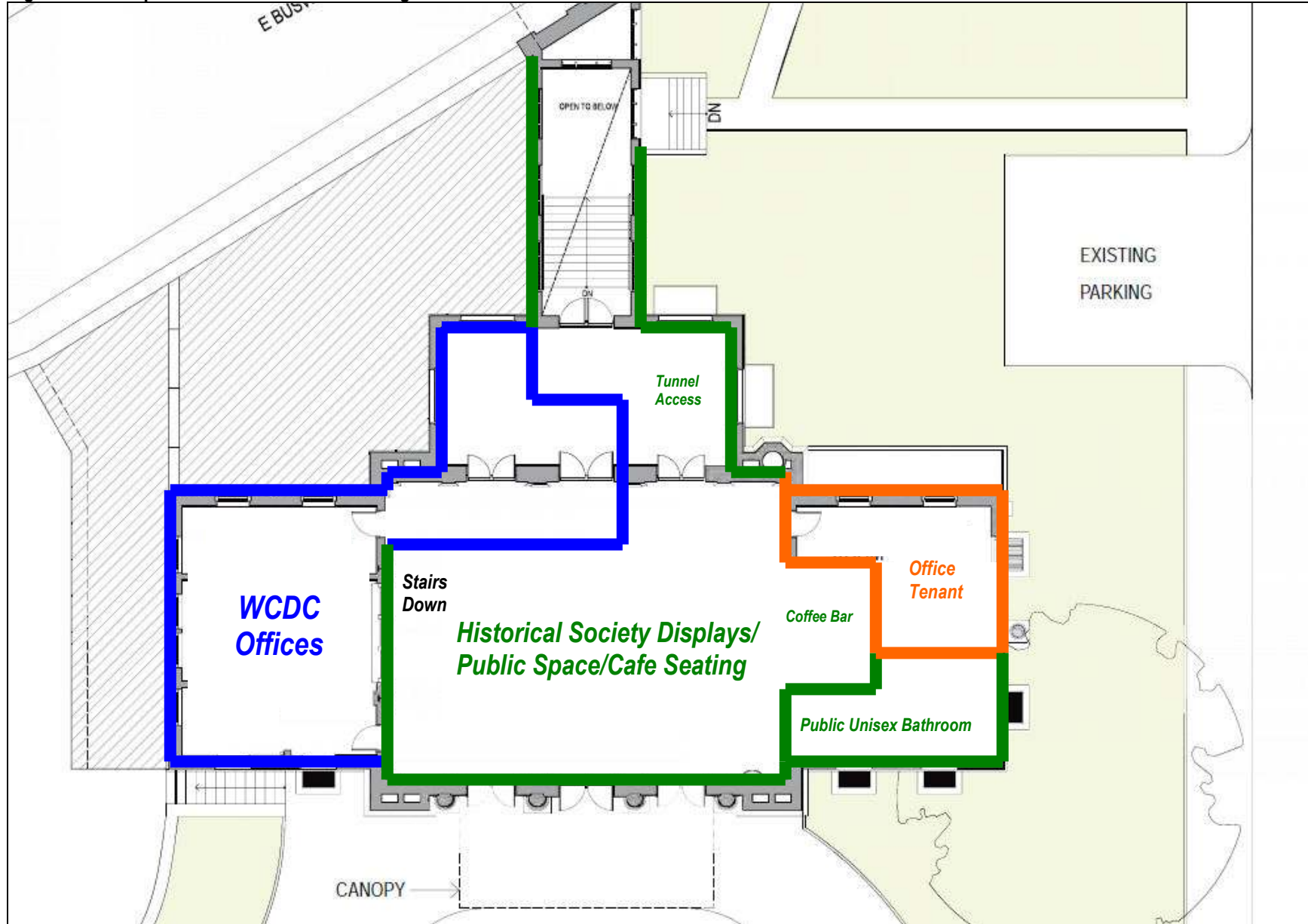
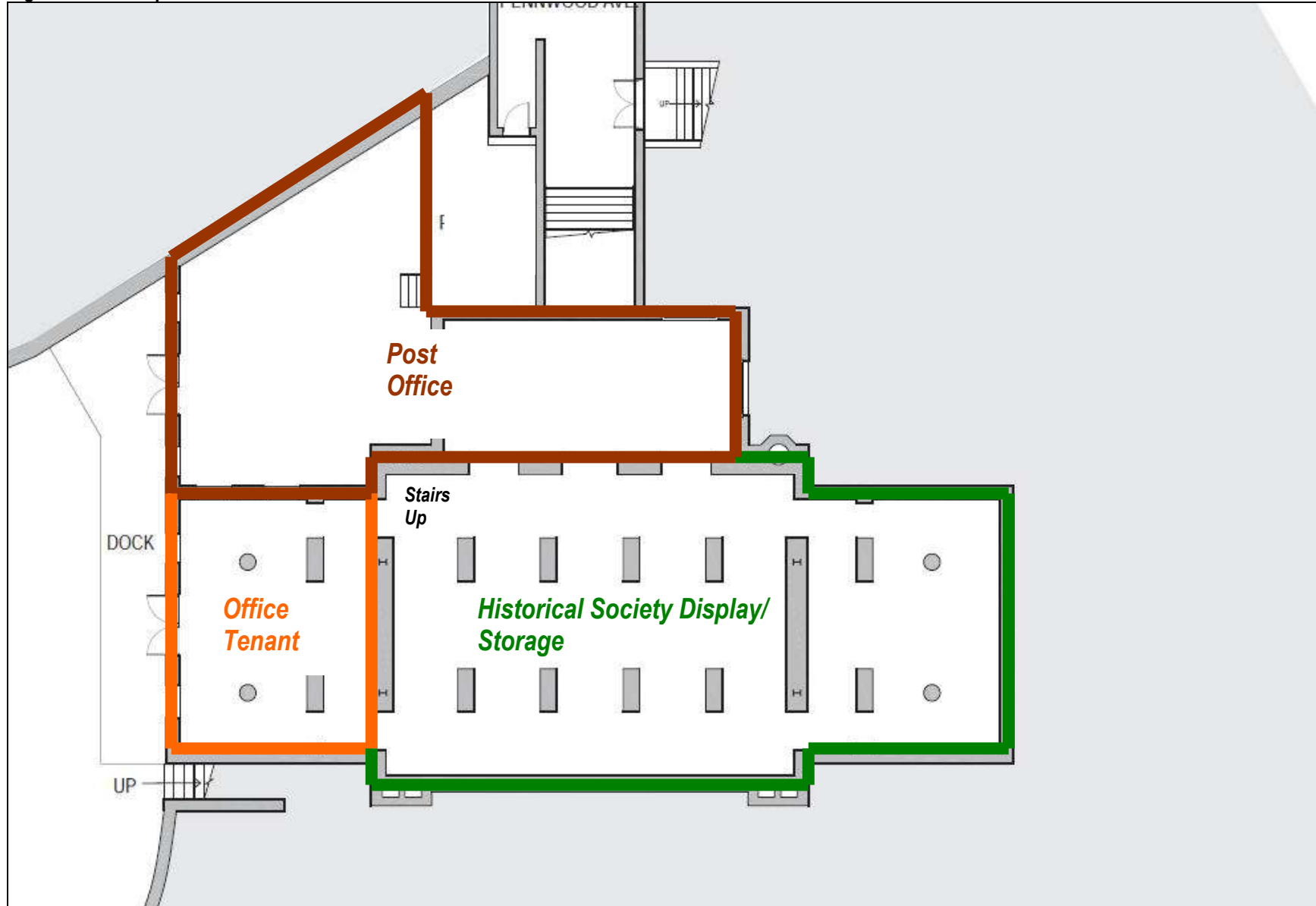


Figure 10. Concept 3 Lower Floor: Post Office



Operational Economics

In its first phase of operation (see **Table 4** on the next page), we have assumed that the Wilkinsburg Train Station will operate for approximately three years before the tunnel under the East Busway is opened (Phase A). Starting in Year 4, we assume the tunnel is opened (Phase B).

Phase A

For income during Phase A, we estimate the annual rents generated from the main floor tenants total \$31,800. Rents from the lower floor tenants total \$55,200, assuming the Historical Society makes a monthly contribution of \$500 for utilities. The result is a total annual income of \$87,000 in gross rents. After subtracting a vacancy rate of 10% for tenants other than WCDC and the Historical Society (assumed to be permanent), Concept 3, Phase A total income amounts to \$80,700.

Operational expenses for the train station include real estate taxes, management expenses, maintenance and operation (assuming \$2.00 per square foot), and electricity (except for the day care center). These expenses amount to a total of \$50,300.

Considering income and expenses, the net operating income for Concept 3, Phase A of the Wilkinsburg Train Station would be \$30,100. With the same assumed debt service on a \$300,000 loan at a 4% interest rate for 25 years - resulting in an annual expense of \$19,200, the net cash flow for building operations would be \$11,200.

Phase B

By Year 4, we are assuming some increases in rent and expenses. For income during Phase B, we estimate the annual rents generated from the main floor tenants actually decrease slightly to \$31,620 because of the elimination of the temporary office tenant with the opening of the tunnel. Rent from the lower floor tenants does increase to \$58,800, however, reflecting a rent increase for the post office and the office tenant, and still assuming Historical Society makes a monthly contribution of \$500 for utilities. The result is a total annual income of \$90,420 in gross rents. After subtracting a vacancy rate of 10% for tenants other than WCDC and the Historical Society, Phase B total income amounts to \$84,020.

Again, by Year 4, it is assumed that operational expenses for the train station property will have increased by 10% (except for real estate taxes) to a total of \$53,650.

Considering income and expenses, the net operating income for Concept 3, Phase B of the Wilkinsburg Train Station would be \$30,370 – essentially the same as in Year 1 of Phase A. With an annual debt service of \$19,200, the net cash flow for building operations would be \$11,170.

Table 4. Concept 3 Income & Expense Pro Forma for Phases A and B

	<u>Phase A: Pre-Tunnel Opening</u>			<u>Phase B: With Tunnel Access--Year 4</u>		
	SF	Rent	Income	SF	Rent	Income
<u>Income</u>						
<u>Main Floor</u>						
WCDC Offices	1,420	\$1500/Month	\$18,000	1,420	\$1700/Month	\$20,400
Office Tenant	440	\$500/Month	\$6,000	440	\$550/Month	\$6,600
Temporary Office Tenant	312	\$300/Month	\$3,600			
Coffee Bar	144	\$350/Month	\$4,200	144	\$385/Month	\$4,620
<u>Lower Floor</u>						
Post Office	2,916	\$3100/Month	\$37,200	2,916	\$3300/Month	\$39,600
Office Tenant	896	\$1000/Month	\$12,000	896	\$1100/Month	\$13,200
Historical Society--Utility Reimbursement		\$500/Month	\$6,000		\$500/Month	\$6,000
Gross Rents			\$87,000			\$90,420
Vacancy--Other Than WCDC & Historical Society	10%		(\$6,300)	10%		(\$6,400)
Annual Income			\$80,700			\$84,020
<u>Expense</u>						
Real Estate Taxes			\$14,800			\$14,800
Management Expense			\$4,000			\$4,200
Maintenance & Operation--\$2.00 Per SF			\$18,000			\$19,800
Electricity			\$13,500			\$14,850
Total Operating Expenses			\$50,300			\$53,650
<i>Net Operating Income</i>			\$30,400			\$30,370
Debt Service (\$300,000; 4%; 25 Years)			\$19,200			\$19,200
Cash Flow			\$11,200			\$11,170

Concept 4: Smaller WDCD Office with Post Office

Development Program

Main Floor - Phase A

The main floor development program in Concept 4 is identical to Concept 2. The potential development program for the main floor in Phase A (see **Figure 11** for a floor plan illustrating the concept) is:

- WDCD Offices - 1,204 SF
- Office Tenant - 440 SF
- Temporary Office Tenant - 432 SF
- Coffee Bar - 144 SF
- Historical Society Displays/Public Space/Cafe Seating - 1,816 SF
- Unisex Bathroom - 336 SF

Main Floor - Phase B

This post-tunnel access alternative involves the same smaller-sized WDCD office space as Phase A. The main floor in this concept also contains an office tenant on the north side of the building, a coffee bar, a large central space that leads to the tunnel programmed with historical society displays as well as cafe seating, stairs leading to the lower floor, and a unisex public bathroom. However, in this phase of Concept 4, the temporary office tenant is reduced in size to accommodate the tunnel access instead of eliminating it all together to allow for additional revenue from rent. The following is a potential development program for the main floor in Phase B (see **Figure 12** for a floor plan illustrating the concept).

- WDCD Offices - 1,204 SF
- Office Tenant - 440 SF
- Reduced Office Tenant - 200 SF
- Coffee Bar - 144 SF
- Historical Society Displays/Public Space/Cafe Seating - 2,248 SF
- Unisex Bathroom - 336 SF

Lower Floor

The Lower Floor for Concept 4 involves a Post Office branch as the primary occupant with access to the loading area on the south side. The potential floor configuration for this concept also provides space for an additional office tenant as well as the display area for the historical society and/or storage space and a stairway to the main floor. The following is a potential development program (see **Figure 13** for a floor plan).

- Post Office - 2,916 SF
- Office Tenant - 896 SF
- Historical Society Displays/Storage - 2,872 SF

Figure 11. Concept 4 Main Floor - Phase A: Smaller WCDC Office with Pre-Tunnel Opening

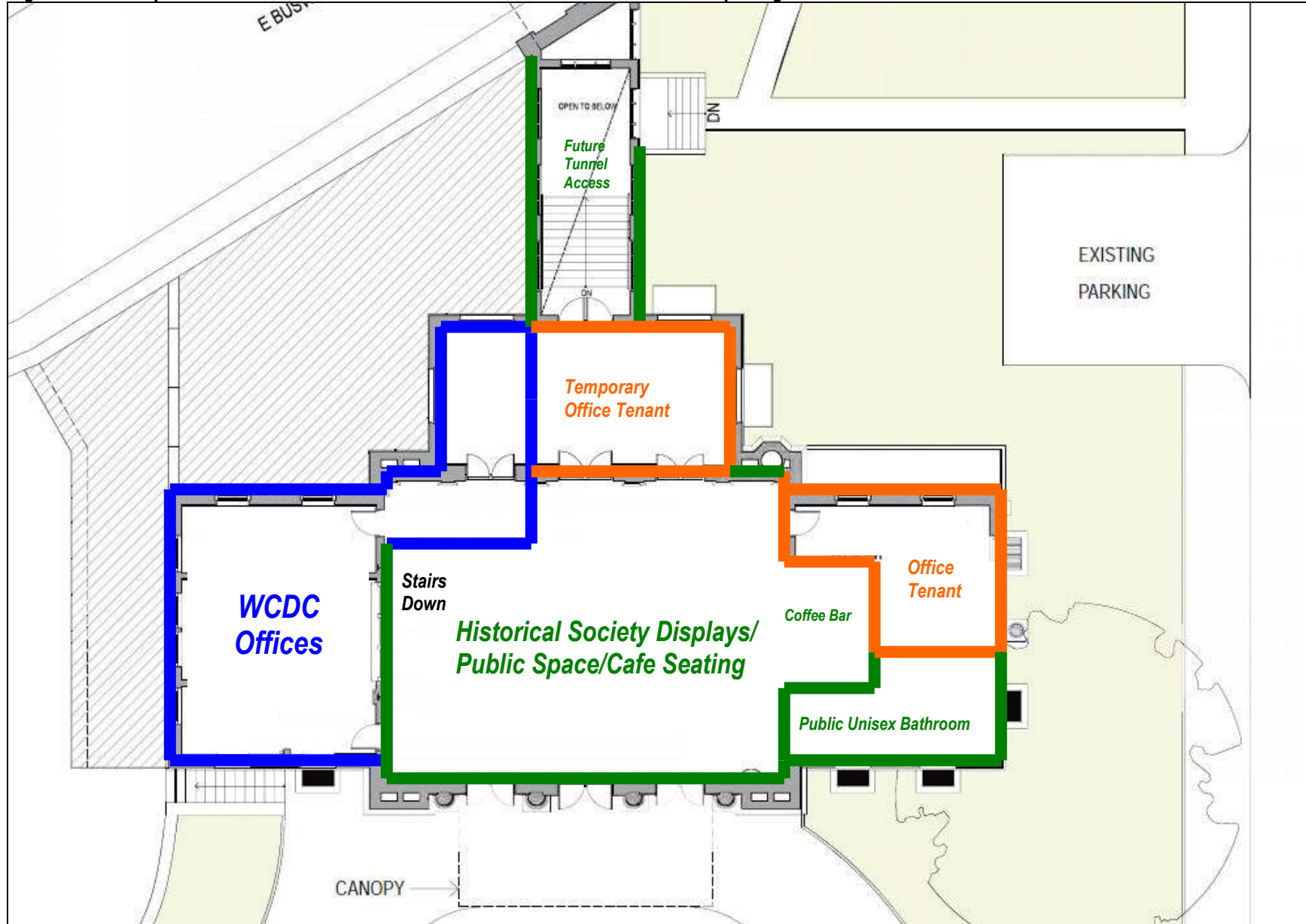


Figure 12. Concept 4 Main Floor - Phase B: Smaller WCDC Office with Tunnel Access

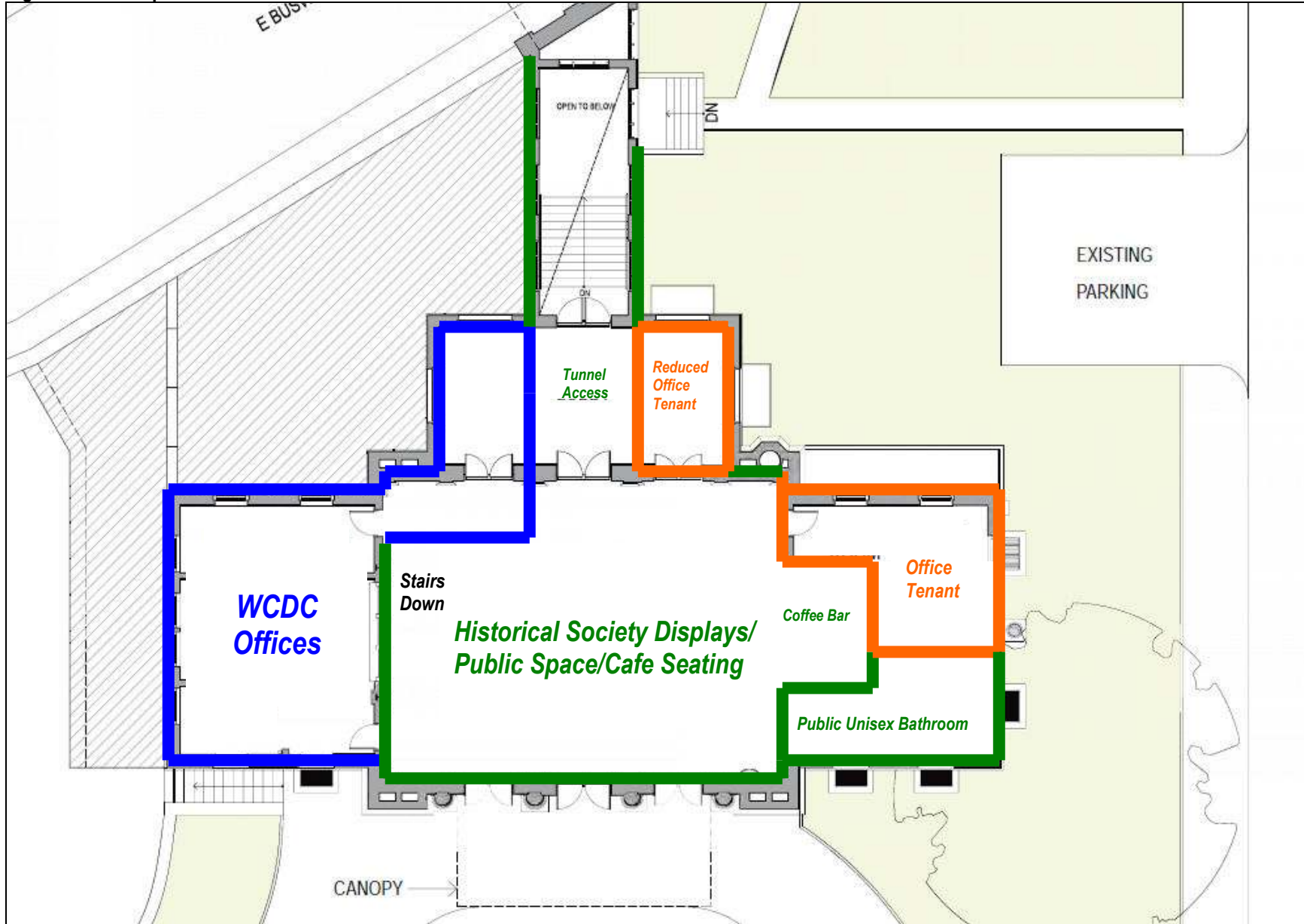
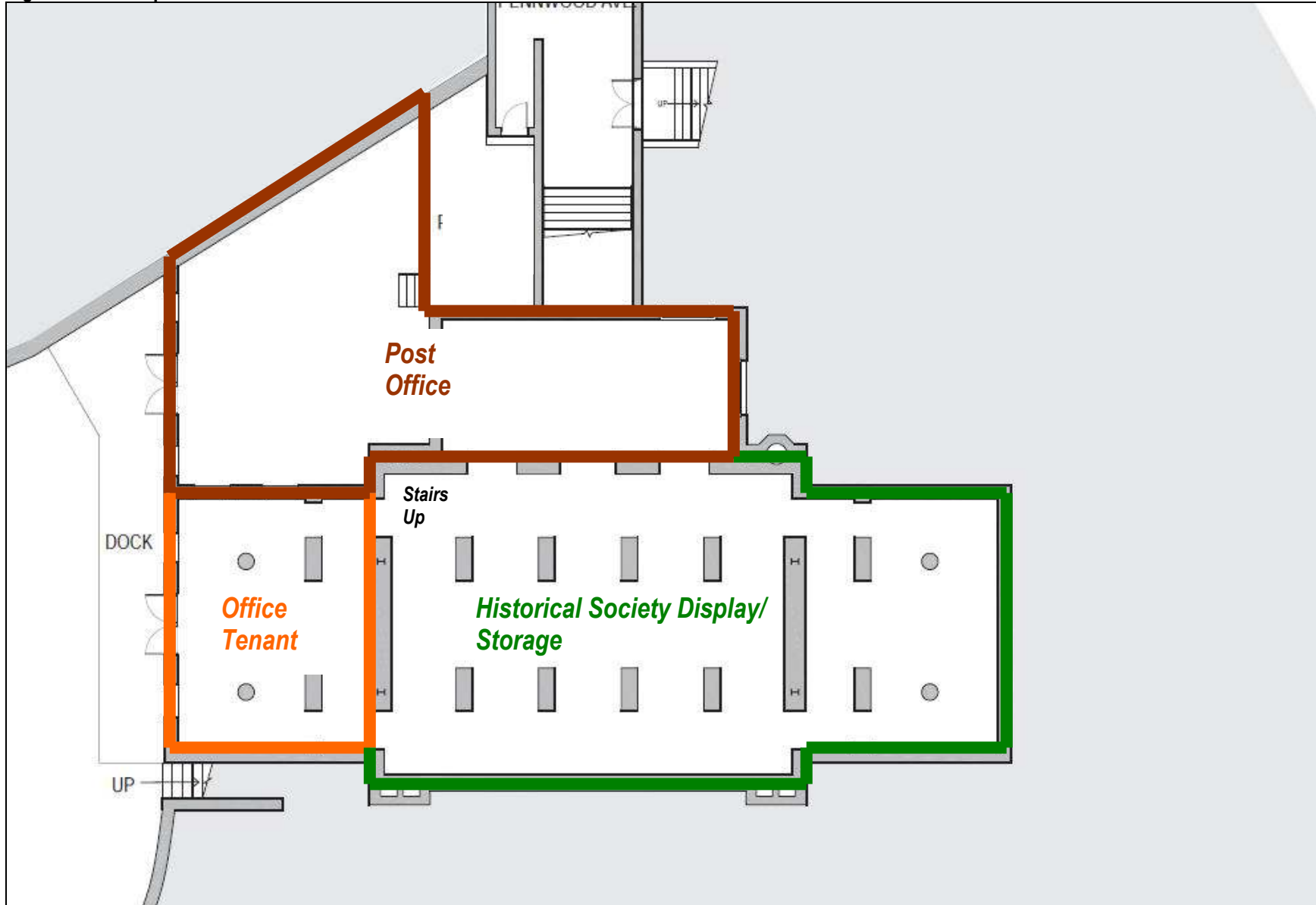


Figure 13. Concept 4 Lower Floor: Post Office



Operational Economics

In its first phase of operation (see **Table 5** on the next page), we have assumed that the Wilkinsburg Train Station will operate for approximately three years before the tunnel under the East Busway is opened (Phase A). Starting in Year 4, we assume the tunnel is opened (Phase B).

Phase A

For income during Phase A, we estimate the annual rents generated from the main floor tenants total \$33,000. Rents from the lower floor tenants total \$55,200, assuming the Historical Society makes a monthly contribution of \$500 for utilities. The result is a total annual income of \$88,200 in gross rents. After subtracting a vacancy rate of 10% for tenants other than WCDC and the Historical Society (assumed to be permanent), Concept 3, Phase A total income amounts to \$81,660.

Operational expenses for the train station include real estate taxes, management expenses, maintenance and operation (assuming \$2.00 per square foot), and electricity (except for the day care center). These expenses amount to a total of \$50,700.

Considering income and expenses, the net operating income for Concept 4, Phase A of the Wilkinsburg Train Station would be \$30,960. With the same assumed debt service on a \$300,000 loan at a 4% interest rate for 25 years - resulting in an annual expense of \$19,200, the net cash flow for building operations would be \$11,760.

Phase B

By Year 4, we are assuming some increases in rent and expenses. For income during Phase B, we estimate the annual rents generated from the main floor tenants increase slightly to \$33,420 factoring an increase in rent for WCDC and a decrease in size of the former temporary office tenant with the opening of the tunnel. Rent from the lower floor tenants increases more significantly to \$58,800 reflecting a rent increase for the post office and the office tenant, still assuming Historical Society makes a monthly contribution of \$500 for utilities. The result is a total annual income of \$92,220 in gross rents. After subtracting a vacancy rate of 10% for tenants other than WCDC and the Historical Society, Phase B total income amounts to \$85,520.

Again, by Year 4, it is assumed that operational expenses for the train station property will have increased by 10% (except for real estate taxes) to a total of \$54,050.

Considering income and expenses, the net operating income for Concept 4, Phase B of the Wilkinsburg Train Station would be \$31,470 - slightly more than Phase A. With an annual debt service of \$19,200, the net cash flow for building operations would be \$12,270.

Table 5. Concept 4 Income & Expense Pro Forma for Phases A and B

	<u>Phase A: Pre-Tunnel Opening</u>			<u>Phase B: With Tunnel Access--Year 4</u>		
	SF	Rent	Income	SF	Rent	Income
<u>Income</u>						
<u>Main Floor</u>						
WCDC Offices	1,204	\$1400/Month	\$16,800	1,204	\$1600/Month	\$19,200
Office Tenant	440	\$500/Month	\$6,000	440	\$550/Month	\$6,600
Temporary Office Tenant	432	\$500/Month	\$6,000	200	\$250/Month	\$3,000
Coffee Bar	144	\$350/Month	\$4,200	144	\$385/Month	\$4,620
<u>Lower Floor</u>						
Post Office	2,916	\$3100/Month	\$37,200	2,916	\$3300/Month	\$39,600
Office Tenant	896	\$1000/Month	\$12,000	896	\$1100/Month	\$13,200
Historical Society--Utility Reimbursement		\$500/Month	\$6,000		\$500/Month	\$6,000
Gross Rents			\$88,200			\$92,220
Vacancy--Other Than WCDC & Historical Society	10%		(\$6,540)	10%		(\$6,700)
Annual Income			\$81,660			\$85,520
<u>Expense</u>						
Real Estate Taxes			\$15,100			\$15,100
Management Expense			\$4,100			\$4,300
Maintenance & Operation--\$2.00 Per SF			\$18,000			\$19,800
Electricity			\$13,500			\$14,850
Total Operating Expenses			\$50,700			\$54,050
<u>Net Operating Income</u>			\$30,960			\$31,470
Debt Service (\$300,000; 4%; 25 Years)			\$19,200			\$19,200
Cash Flow			\$11,760			\$12,270

The findings of this feasibility study for the Wilkinsburg Train Station are aligned with the Borough of Wilkinsburg's 10 year Comprehensive Plan published in 2010. That plan involved community input for the future use of the station, and documented the community's desire to save and restore the building with the future use to involve public space. All of the study's redevelopment concepts suggest a combination of private tenants and public space, and demonstrate the potential for a financially feasible operation to be housed in the revitalized station.