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TABLE OF CONTENTS

		Page
	FOREWORD	i
I.	INTRODUCTION	I-1
	Background	I-1
	Community Participation Program	I-2
	Report Outline	I-4
II.	LAND USE DEVELOPMENT OBJECTIVES, POLICIES, AND IMPLEMENTATION	II-1
	Purpose and Scope of Milestone Six	II-1
	Definitions of Key Terms	II-2
	SCRTD Land Use and Development Objectives	II-3
	Major Policy Elements	II-5
	Corridor Scale Institutional Framework	II-5
	Station Area Masterplanning Process	II-8
	Joint Development	II-11
	Value Capture	II-13
	Summary	II-18
III.	LAND USE AND TRANSPORTATION INTERRELATIONSHIPS	III-1
	Introduction	III-1
	Interdependent Relationship Between Transportation and Land Use	III-1
	Land Use-Transportation Relationships in Los Angeles Region	III-5
	The Centers Concept and Metro Rail	III-9

Table of Contents Continued

IV.	**LAND USE AND TRANSPORTATION ISSUES**	IV-1
	Introduction	IV-1
	Metro Rail System Corridor	IV-1
	Metro Rail Regional Issues	IV-3
	Station Area Planning and Design Issues	IV-7
V.	**METRO RAIL STATION AREA MASTERPLANNING PROCESS**	V-1
	Introduction	V-1
	Transit Station Area Development Categories	V-1
	Metro Rail Station Area Masterplanning Process	V-15
VI.	**JOINT DEVELOPMENT**	VI-1
	Introduction	VI-1
	Benefits of Joint Development	VI-2
	Joint Development Options for Public Agency Involvement	VI-5
	Summary	VI-19
VII.	**VALUE CAPTURE**	VII-1
	Introduction	VII-1
	Tax and Fee Approaches to Value Capture	VII-2
	Joint Development Approaches to Value Capture	VII-8
	Direct Marketing Approaches	VII-13
	Summary	VII-19
APPENDIX A: PUBLIC COMMENTS AND RESPONSES		A-1
	Comments From Milestone Six Community Meetings: CBD (SCRTD Building) 9/28/83	A-1
	Comments From Milestone Six Community Meetings: CBD (Bonaventure Hotel) 9/28/82	A-3
	Comments From Milestone Six Community Meetings: Hollywood Area (Los Angeles City College) 9/8/82	A-6
	Comments From Milestone Six Community Meetings: Wilshire Area (Texaco Building) 9/29/82	A-9
	Comments From Milestone Six Community Meetings: North Hollywood Area (Howard Johnson's) 9/30/82	A-11
	Comments From Milestone Six Community Meetings: Fairfax Area (Women's Center) 9/28/82	A-14

Table of Contents Continued

APPENDIX B: PUBLIC COMMENTS AND RESPONSES B-1

Comments From Milestone Six Community Meetings: CBD (Bonaventure Hotel) 9/7/82 B-1

Comments From Milestone Six Community Meetings: Hollywood Area (Los Angeles City College) 9/8/82 B-3

Comments From Milestone Six Community Meetings: North Hollywood Area (Howard Johnson's Hotel) 9/8/82 B-7

Comments From Milestone Six Community Meetings: Fairfax Area (Women's Center at Council House) 9/7/82 B-10

Comments From Milestone Six Community Meetings: Wilshire Meeting 9/9/82 B-14

Comment from Mrs. Carl McCalla: Letter of September 14, 1982 B-18

APPENDIX C: PUBLIC HEARING COMMENTS, NOVEMBER 17, 1982 C-1

APPENDIX D: MILESTONE SIX CORRESPONDENCE D-1

APPENDIX E: STATION AREA PROFILES E-1

LIST OF FIGURES

Figure III-1 Pacific Electric Railway Routes, 1923 III-6

Figure III-2 Street Grid and Freeway System III-7

Figure III-3 Metro Rail and City Centers III-10

Figure V-1 Type 1: High Density Downtown Development V-2

Figure V-2 Type 2: Wilshire Corridor Development V-4

Figure V-3 Type 3: Major Independent Development V-6

Figure V-4 Type 4: Strong Local Community Context V-8

Figure V-5 Type 5: Under-Utilized Corridor V-10

Figure V-6 Type 6: Residential Stations V-12

FOREWORD

Since June 1980, the Southern California Rapid Transit District (SCRTD) has been engaged in the preliminary engineering phase of the Metro Rail Project. This project encompasses the preliminary design of an 18-mile rail line which will be the initial segment of southern California's ultimate rapid transit network. As part of the 1976 Regional Transportation Development Program, Metro Rail is designed to help solve the increasing transportation problems of Los Angeles' high-density urban center - the Regional Core.

Before Metro Rail goes into operation, it will have passed through the five conventional stages of rapid transit development: (1) planning and alternative analysis, (2) preliminary engineering/environmental impact analysis, (3) final design, (4) construction, and (5) operational testing. The RTD successfully guided the project through the first phase from 1977 to 1980 and has since been engaged in the preliminary engineering phase. This is an intensive 2-1/2 year program during which the key elements of the subway project are to be defined and designed. This phase encompasses the selection of the precise route alignment (where the trains will go), the station locations (where the trains will stop), the preliminary station designs (what the stations will look like), the vehicle designs (what size the cars will be and how they will look), and construction methods.

Simultaneous with the design work will be an extensive, detailed analysis of the possible environmental impacts of this project on the affected communities along Metro Rail's Downtown to North Hollywood route.

Pending the acquisition of necessary capital funding, the final design phase will commence, followed by a four- to six-year construction period, and culminating with a system inspection and testing period.

The preliminary engineering program is proceeding under the general direction of the SCRTD General Manager, and under the administrative and technical management of the Metro Rail Project Manager/Chief Engineer. The District has also engaged the professional services of the following consulting firms for specialized work: Daniel, Mann, Johnson, & Mendenhall/Parsons Brinckerhoff Quade and Douglas (ways and structures); Kaiser Engineers, Inc. (subsystems); Harry Weese & Associates (station architectural design); Booz-Allen & Hamilton, Inc. (systems analysis); City of Los Angeles Department of Planning (land use analysis), Department of Transportation (traffic analysis) and Police, Fire and Engineering Departments; County of Los Angeles Department of Regional Planning (land use analysis), Road Department (traffic analysis), and Sheriff, Fire, and Engineer Facilities Departments; Sedway/Cooke (land use and development planning/environmental analysis), the Converse Consultants (general geotechnical and seismic exploration); Lindvall-Richter & Associates (special geotechnical and seismic evaluation); Wilson-Ihrig Associates (noise and vibration); PSG/Waters

(corrosion control); Gage-Babcock (fire protection); Barton-Aschman (patronage estimates); and Robert J. Harmon & Associates, Inc. (joint development).

The Metro Rail Project Staff is responsible for direction and control of the consultants' work. Together, the project staff and the consultants from the project team.

During the next few months, decisions will be made on 12 vital interrelated points of project development - called "milestones" - that will lead to the ultimate system definition. These milestones represent successive incremental steps in establishing a final system plan that will be the basis for detailed design and construction. Each milestone is a major decision point for the Metro Rail Project.

Milestone Six addresses land use and development and is being prepared under the supervision of the SCRTD Director of Planning. In addition to Planning Department staff, the Milestone Six project team comprises four consultant firms headed by Sedway/Cooke, Los Angeles; and including Robert J. Harmon & Associates, Washington, D.C.; Peat, Marwick, Mitchell & Co., Los Angeles; and Robert Conradt, San Rafael, California.

I. INTRODUCTION

Background

The California State Legislature created the Southern California Rapid Transit District (SCRTD) in 1964 with a legislative mandate to design, construct, and operate a rail rapid transit system within the Los Angeles County area. The success of such a program is dependent upon the availability of funds. In June 1974, Proposition 5 was passed by a solid majority which allowed for the use of a portion of state gasoline taxes for rapid transit development. This measure provided a local source of funds for SCRTD to begin its rail rapid transit development program in Los Angeles.

SCRTD also received federal funding in 1974 to evaluate 16 transit corridors in the Los Angeles metropolitan area. A Rapid Transit Advisory Committee (RTAC), composed of representatives of local and state agencies, guided this effort. The evaluation resulted in the identification of a rapid transit corridor that justified further development and evaluation.

Based on the results of the RTAC study, a Regional Transit Development Program was adopted by state and local jurisdictions. In September 1976, representatives of the City of Los Angeles, Caltrans, Southern California Association of Governments, the County of Los Angeles, and SCRTD applied to the Urban Mass Transportation Administration (UMTA) for assistance in financing the Regional Transportation Development Program. Designed to focus on transportation problems in the Los Angeles area, this four-part program included improvements to the existing street system, freeway transit projects, a proposed Downtown People Mover System, and an evaluation of alternative transit solutions for the Regional Core, the approximately 55-square-mile portion of the metropolitan center of Los Angeles. The program was immediately endorsed by the newly established Los Angeles County Transportation Commission in 1977.

Having received UMTA and Proposition 5 funds to evaluate transit corridors, SCRTD began in 1977 an in-depth analysis of 11 alternatives: a "status quo", five rail/bus, and five all-bus alternatives. The critical issues considered during the evaluation included:

- Which alternative could serve the largest number of people?
- Which corridor was experiencing the greatest surface traffic congestion without any plans for relief?
- Which alternative would reduce the greatest number of auto trips per day?
- Which corridor would best accommodate the city and county land use plans?

- Which corridor might have the greatest impact on local air quality and energy savings?

- Which alternative would offer the best opportunity for efficient operations?

- Which alternative might provide the greatest economic benefits to the Los Angeles metropolitan area?

Concurrently, a comprehensive environmental impact analysis was conducted to examine the effects of each of the alternatives on the affected communities. In September 1979, the District Board of Directors selected its "preferred alternative" - an 18-mile rapid transit line extending from the Central Business District through the Wilshire Boulevard corridor to Fairfax Avenue, and northerly through Hollywood to North Hollywood.

The results of this analytical work, published in the final Alternatives Analysis/Environmental Impact Statement/Report (AA/EIS/R), were submitted to UMTA for evaluation in April 1980. Two months later, SCRTD was allocated $12 million from UMTA and $3 million from local sources to begin the first phase of the 10-year project - preliminary engineering. This phase includes additional environmental analysis and the basic work leading to the final design and construction of a rail system. UMTA noted that the Metro Rail Project is one of the most carefully studied and thoroughly justified projects of its kind in the country. It is the only new rail start for which the current federal and state administrations and congress have been willing to grant funds for preliminary engineering.

To date, combined government funding committed for preliminary engineering totals approximately $27 million. All indications are positive that the additional $11 million necessary to complete this critical phase will be forthcoming.

Community Participation Program

An important factor in the development of the Metro Rail Project has been region-wide public support. This broad-based support has been demonstrated on numerous occasions. Particularly impressive were the public hearings conducted in 1979 when businessmen, officials, organizations, and citizens from all areas of Los Angeles testified that this project was the one with which to begin rail rapid transit system development in the Los Angeles community.

As part of the process of designing and developing the rail system, the SCRTD Metro Rail project team is now involved with land use planning, service criteria, social issues, energy concerns, and environmental impact and aesthetic considerations. The Project Team recognizes that designers and decision makers must be responsive to the public's needs and desires.

Given the history of experiences in other cities, it is most essential that the team maintain sensitivity to public concerns by means of a public participation process before definitive plans are made. An extensive Community Participation Program has been established to meet that need. The purpose of the Program, as adopted by the SCRTD Board of Directors, is to provide interested, concerned, and affected citizens of the Los Angeles area with a means to interact with and provide input to the project team, city and county officials, and the Board in regard to Metro Rail

preliminary engineering issues, as well as on related areas of planning and development.

The key element of this Program is the policy decision-making process, or Milestone Process. Community participants will help the project team make decisions on 12 basic, interrelated points of development - called Milestones - that must be made during the preliminary engineering phase of the subway project. (These are the 12 most critical decision points of the project such as route selection, vehicle design, and cost estimates.) It is through this mechanism that community participants will be informed of and able to provide input to the most significant aspects of the Metro Rail Project.

This does not mean, however, that the District Board of Directors and involved local elected officials will relinquish their respective responsibilities where decisions are concerned. But it does mean that important decisions will be made with the overall values, needs, and priorities of the community in mind. Since the greatest amount of public interest is expected from those who live and work in the areas most directly affected by the Metro Rail Project, the Community Participation Program has been structured to encourage and accommodate participation by means of three levels of organization: the sector level, the segment level, and the system level.

The sector level is the base organization level and is divided into six key geographical areas along the subway alignment, called "sectors". Representatives from each of these sectors will participate in the appropriate groups of the next level of organization. Special organized groups will be encouraged to participate at this level.

The segment level forms the second level of community organization. Sector representatives will be grouped into three geographic segments along the alignment (i.e., the Central Business District segment, the Wilshire segment, and the Fairfax/Hollywood/North Hollywood segment). They will discuss issues that affect these three broad segments of the alignment. Representatives from each segment group will participate in the next level of organization.

The system level forms the third level of community organization. Segment participants will join other interested citizens, established organizations, and special interest groups in forming this final level of community organization. The system level will convene meetings on more general issues that concern all segment and sector level groups. This level will function as the primary group for conflict resolution of community and project team concerns and recommendations.

The above structure has been developed for citizens to review, comment on, and have input to the 12 project milestone reports that relate directly to the design, engineering, and environmental impact of the Metro Rail Project. These milestones will be presented to the public in a series of community meetings throughout preliminary engineering.

Through the community participation process, the public will have three opportunities to review and comment on each milestone proposal. The first opportunity will be in the Data Presentation Meeting. At the community meetings the project team will present its inital data and discuss the pros and cons of alternatives relative to each particular milestone. Copies of the data report will be distributed to each participant for review and comment. Subsequent meetings may be necessary to

answer participants' questions. The second opportunity will be in the Draft Report Meeting. A second public review will occur upon publication of a draft milestone report, which will include comments relative to the particular initial milestone data along with the project team's responses to that input. The third opportunity will be in the Board Hearing. Prior to adopting each milestone report, the SCRTD Board of Directors will convene a hearing, thus giving the participants a final opportunity to comment on that specific milestone.

These three key input points will occur in the overall community participation process, which will take approximately 45 to 60 days to implement for each milestone. This process will be conducted for each of the 12 milestones, thus meeting the mid-1983 preliminary engineering completion deadline. (See Table I-1 for a list of the project milestones and the general timetables for public reviews.)

The information contained in this report has been available to the public in the form of a Background Data Report, and was presented and distributed at a series of public sector meetings. Questions and comments regarding the Background Data Report were received from the public at sector meetings held on September 7, 8 and 9, 1982 and subsequently via telephone, mail, and a second round of public sector meetings held September 28, 29 and 30, 1982. Appendix A of this report contains community-posed questions and concerns and the SCRTD responses to them.

The SCRTD believes that through the Community Participation Program, the Metro Rail Project design alternatives adopted at the conclusion of preliminary engineering will best represent the needs and desires of the community.

Report Outline

The District's land use and development objectives, policies, and implementation measures are presented in Chapter II. This chapter also provides a brief description of the purpose and scope of Milestone Six and a definition of key terms. Chapter III introduces the relationship between land use and transportation which is fundamental to this report. Land use and transportation issues are discussed on a regional scale and a station area scale in Chapter IV. Chapter V presents six transit station area design categories representative of the proposed Metro Rail stations. Chapter VI presents the concept of joint development and Chapter VII discusses value capture/cost recovery techniques which could be used by the District to generate a portion of the capital and operating costs of the Metro Rail Project. The Milestone Six report has two accompanying appendices: Appendix A which lists public comments given at the two sets of community meetings held on Milestone Six and the SCRTD responses to these comments; and Appendix B which provides station area profiles on all of the proposed Metro Rail stations.

Table I-I.

TIMETABLE FOR MILESTONE REVIEWS

Community Review Schedule	Milestone	Approximate SCRTD Board Hearing Date
March-April 1982	1. Preliminary System/ Operational Plan 2. System Design Criteria	May 13, 1982
May-June 1982	3. Route Alignment 4. Station Location	July 22, 1982
June-July 1982	5. Relocation Policy	August 12, 1982
August-September 1982	6. Development/Land Use	October 14, 1982
September-October 1982	7. Safety, Security, System Assurance	November 10, 1982
November-December 1982	8. Systems and Subsystems	January 13, 1983
January-February 1982	9. Supporting Services	March 10, 1983
February-March 1983	10. Fixed Facilities	April 14, 1983
March-April 1983	11. Cost Estimate	May 12, 1983
May-June 1983	12. System Plan	July 8, 1983

II. LAND USE DEVELOPMENT OBJECTIVES, POLICIES, AND IMPLEMENTATION

Purpose and Scope of Milestone Six

The fundamental purpose of the Milestone Six Report is to forge an effective and coherent set of SCRTD land use and development objectives and policies that will effectively govern the implementation of Metro Rail Project. At the regional level, the Metro Rail Project will serve as a primary element in realizing the land use and economic development policies as articulated in the city of Los Angeles and Los Angeles County General Plans. The core of this plan is the centers concept. This concept defines an urban form in which most new development is to be located within designated centers at relatively intense densities, thereby leaving existing residential and neighborhood commercial areas to continue at present densities.

At the local level, documented experience in other major U.S. and Canadian metropolitan areas with rail systems has demonstrated that the optimum level of compatible station area joint development can be achieved in parallel with the preservation of existing residential neighborhoods. This has proven successful in instances whereby central land use and development issues are addressed in a comprehensive manner from the outset of the transportation system design process. The Milestone Six Report has been designed to serve as the essential first step in this vital process for establishing an effective land use and development program at the earliest possible stage of Metro Rail system implementation.

At each Metro Rail Project implementation stage including: final engineering, construction, initial and long-term operation periods -- there is a complex set of land use and development issues that must be resolved. The SCRTD maintains that the station/corridor area development process must protect the interests of the local community, the private sector, and the transit operator during each of these system development phases.

Resolution of these complex issues will require the establishment of new institutional arrangements and/or new development mechanisms, and clear guidelines for the comprehensive land use and development process. Finally, various development coordination and selected value capture mechanisms such as: residential parking permits, guaranteed access policy guidelines for retail and employee parking (during system construction), the transfer of development rights, retail concessions, advertising, and land/air rights leasing, etc. must be effectuated. Successful implementation of these value capture measures will help ensure that all interests in the entire greater Los Angeles community will share in an equitable return on the general public's investment in the Metro Rail Project.

Certain key terms are used throughout the Milestone Six Report. The definitions of these terms are central to understanding the objectives and policies contained in this report. Accordingly, the next section of this chapter defines these key terms.

Following definitions of key terms, the land use and development objectives of the SCRTD are presented. These objectives provide the foundation for four policy elements, which are presented next. Included within each policy element is a brief statement of its implementation.

Definitions of Key Terms

Throughout the Milestone Six Report certain terms are utilized that are intrinsic to the specialized field of transportation system and land use development. In order to facilitate the lay citizen and general public's understanding of this document, these terms are defined at the point of their initial appearance in the text. In addition, key terms are described below.

An established **corridor-scale institutional framework** is a prerequisite to effectively administrating and successfully implementing an equitable Metro Rail station area masterplanning process. Corridor-scale refers to the contiguous Metro Rail Project development impact area, covering the entire breadth of the system, from terminus-to-terminus station area. The overall transportation corridor often takes on the figurative characteristic of a "funnel" -- ranging from a concentrated, yet relatively short radii primary impact area in the Central Business District, embodying a defined pedestrian domain, to a broad 5-10 mile radii impact area at the outlying system station area. The region must sponsor a viable public institutional entity empowered with the combined legal authority to oversee the transportation and land use development programs throughout the corridor.

A **station area masterplanning process** calls for a Metro Rail station-specific planning/development effort, capable of focusing expressly on a pre-defined impact area surrounding the subject station. This process must be coordinated closely with ongoing city and county-wide project and area-specific land use and transit station planning efforts and must provide fully for an active level of community participation in the development approval process. The regional institutional entity governing the corridor-scale implementation of the Metro Rail transit system and the private sector must adhere to the tenets established during the course of the station area masterplanning process.

Joint development is defined by the Urban Mass Transportation Administration (UMTA) as follows: ". . . is a process through which public transportation investments are coordinated with private land development investments so that they will generate a maximum stimulus to economic development and urban revitalization. Joint development occurs when the public and private sectors work cooperatively in the planning, financing, and construction of development projects adjacent to and integrated with transportation facilities."

Value capture is a technical development-related term that describes a generic set of tools or mechanisms that enable public interests to actively share in the monetary benefits accruing from the implementation of a regional rapid transit system. These benefits may be secured or "captured" directly through negotiated agreements with private sector development, promotional and retailing interests, and other interests which are sponsoring projects that profit directly from the construction and operation of a rapid transit system. Examples of value capture mechanisms include: 1) station cost sharing, 2) station connector fees, 3) transfer of development rights, 4) advertising and concession fees, etc. (all of which are defined and discussed within the body of the Milestone Six report).

A **cooperative agreement** is an established understanding to allow two or more public bodies to identify procedures and responsibilities required to implement a joint development program. A cooperative agreement would be established through the negotiation between the parties involved and would be structured to respond to the needs of a specific project(s). It may take the form of a mutual powers agreement, joint powers agreement, memo of understanding, etc.

An **objective** is an expression of desires, aspirations, or values articulated by an individual, group, or community. Objectives are similar to goals and frequently the two terms are used interchangeably. However, goals are much more broadly stated than objectives and for this reason disagreement regarding goals tends to be uncommon. As used in the Milestone Six report, objective is a more narrowly drawn and concrete expression of desires or values. A major focus of this report is SCRTD's objectives pertinent to land use and development.

An **issue** is recognition of current or projected conditions which are at variance with objectives. Thus, issues reflect objectives, and by examining issues we can more fully identify and understand the objectives actually held by an individual, group, or community. The land use and development issues discussed in this report primarily reflect the perspective of the SCRTD, but since the SCRTD is a public agency, these issues also reflect the perspective of the public it serves.

A **policy** is a fairly precise statement of how public regulatory powers and fiscal resources will be exercised and allocated over time to achieve a specific objective. Policies may be expressed in text, maps, diagrams, or some combination thereof. Since they are tangible, they often can be quantitatively measured. It is important to note that some policies are more specific than others. The policies contained in the Milestone Six Report are expressed in terms of "shall" or "should." There is an important distinction between these two terms. As used in this report, "shall" indicates an unequivocal commitment, while "should" indicates a slightly less rigorous commitment to be followed in the absence of compelling, countervailing factors.

The final link in the chain running from objective to its physical realization is provided by **implementation.** Implementation programs and measures are concerned with the specific actions necessary for accomplishing an order to execute or carry out policy within a definite time period. Although implementation is commonly spoken of in terms of programs implying a long-term effort, it may be of much shorter duration and simply referred to as a measure.

SCRTD Land Use and Development Objectives

These objectives were formulated by the SCRTD staff with the assistance of a consultant team. The land use and development objectives are divided into four categories as follows:

- Corridor-Scale Institutional Framework
- Station Area Masterplanning Process
- Joint Development Program
- Value Capture

CORRIDOR-SCALE INSTITUTIONAL FRAMEWORK

I-1 In the short-term, achieve an expanded role for the District participation in station area land use planning, leading to a long-term co-partnership in this area.

I-2 In the long-term, obtain for the District the degree of formal, regional, decision-making authority which is commensurate with its responsibility as the regional transit provider.

I-3 Provide for economic analysis of decisions regarding the provison of transit service to specific areas so that the level of service provided is related to the costs of providing service.

I-4 Achieve a land use pattern which allows all components of a regional transit system, e.g., bus, Metro Rail, and light rail, to work together and allows for their orderly, cost-effective growth and expansion.

I-5 Achieve land use patterns at the regional and station area levels to encourage off peak trips to utilize unused capacity of the Metro Rail System.

I-6 In the long-term, achieve a land use pattern which preserves options for new rights-of-way, expansions of initial stations and support facilities.

STATION AREA MASTERPLANNING PROCESS

P-1 Continue to recognize the importance of community values and community participation in the transit planning process.

P-2 Encourage land use development in accord with the adopted local and regional government plans.

P-3 Establish compatibility of residential areas and transit facilities.

P-4 At the station area level, achieve a level of density/intensity of development which is commensurate with station capacity and bus system capacity.

P-5 At the station area level, achieve a land use pattern which is supportive of the substantial public investment represented by the station.

P-6 At the station area level, provide levels of service and physical facilities which distinguish among residential, commercial, and mixed use land use patterns.

P-7 Ensure that the optimum level of compatible development occurs at (or near) the Metro Rail stations, in a pedestrian environment conducive to attaining increased system ridership and cost-efficient operations.

JOINT DEVELOPMENT

J-1 Establish the principle of joint private/public investment in public transit in order to ensure a stable, continuing source of funding for transit development.

J-2 Establish a Metro Rail station area masterplanning and development process that preserves existing residential neighborhoods and historic resources and protects small business interests.

J-3 In the short-term, establish interim controls in station areas to prevent pre-emption of the District's joint development options by premature development.

J-4 Achieve an equitable distribution of the dis-benefits, as well as the benefits, of transit system development and operation.

VALUE CAPTURE

V-1 Establish the principle that the District shall use value capture/benefit sharing mechanisms to enable the public to share in private sector windfalls created by transit investments and to avoid the inequitable distributions of windfalls through speculation.

V-2 Derive and sustain the highest level of revenues for the Metro Rail Project, without interfering with the private marketplace.

V-3 In the short-term, require new development to physically accommodate an appropriate mode of transit.

V-4 In the long-term, require new development to share in costs of constructing and operating transit facilities.

Major Policy Elements

Presented below are the SCRTD land use and development policies, organized into four categories as follows:

- Corridor-Scale Institutional Framework,
- Station Area Masterplanning Process,
- Joint Development Program, and
- Value Capture.

Each element includes: a policy statement, describing its basic framework; policy determinants, discussing the key factors that shape this framework; specific policy decisions; and a general statement of policy implementation.

These four policy elements are recommended for consideration by the SCRTD Board of Directors. Implementation of certain recommended policies may require coorperative action by other agencies or bodies.

POLICY ELEMENT ONE — CORRIDOR-SCALE INSTITUTIONAL FRAMEWORK

Policy Statement

In order to ensure that an orderly and effective corridor-scale joint development process is implemented in support of the Metro Rail project, the SCRTD shall enter

into cooperative agreements with the City of Los Angeles Community Redevelopment Agency, City of Los Angeles, Los Angeles County, and other agencies to establish a specialized entity to: 1) direct a comprehensive station area masterplanning process at each Metro Rail Station; 2) package specific joint development projects; 3) negotiate appropriate and equitable value capture agreements and administer other joint development mechanisms; 4) provide ombudsmen support services to facilitate joint development project implementation; and 5) monitor the implementation of the Metro Rail station masterplans. This corridor-scale joint development implementation program shall be formulated in a manner consistent with the governing transportation system and urban development in Los Angeles Metropolitan Area.

Policy Determinants

The comprehensive legal authority and specialized staff resources required to: 1) direct the station area masterplanning process; 2) coordinate the station area development process; 3) package and implement joint development; and 4) provide financial incentives and secure value capture agreements -- are not embodied in a "single" public agency in the Los Angeles Metropolitan Area. This statement would prove a valid observation in virtually every major U.S. metropolitan area that has sponsored the construction of an initial phase, regional rapid transit system (during the last twenty years). One of the major constraints on joint development is that (throughout the United States) local jurisdictional authority remains divided, with no single mechanism in place, for overseeing effective coordination of transportation system planning and land use. The SCRTD cooperative agreement policy was formulated to create this single coordinating entity.

In making this determination, SCRTD evaluated the merits of creating a new specialized department within the District itself, or creating a new Transportation Corridor Development Corporation (TCDC), as well as utilization of a cooperative agreement. To thoroughly examine these institutional options, an actual joint development project charettel was conducted as part of the Milestone Six program. This joint development charette process involved: the simulation of community response and private sector negotiation that would occur during Metro Rail system implementation; and application of these institutional options to determine their effectiveness in achieving the land use and development objectives of the SCRTD. The planning charette was held at the SCRTD offices with attendance by senior management/staff representatives of all major public agencies involved in transportation and land use development decison making in the Los Angeles Metropolitan Area

As a result of the consensus view of the participants of the charette, extensive national joint development case study analyses, and additional local legal and institutional evaluations, the SCRTD selected the cooperative agreement as the preferred institutional arrangement to carry out the Metro Rail joint development/value capture programs. This approach does not require the creation of a new institution (i.e., TCDC) with the related time delays and potential political conflicts. In comparison to either the TCDC or a new Joint Development Department within SCRTD, the cooperative agreement: 1) offers far greater joint development project packaging capability; and 2) ensures that a more effective community oriented station area masterplanning process will be established.

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1 A "charette" is an extended workshop session.

Policy Decisions

Presented below in a highlighted format are central policy decisons that emerged during the course of completing the Milestone Six Report evaluation of the corridor-scale institutional framework.

I-a The SCRTD shall enter into cooperative agreements with any or all of the following agencies -- the Community Redevelopment Agency (CRA) of the City of Los Angeles, the City of Los Angeles, and Los Angeles County -- in order to carry out the station area masterplanning process and the Metro Rail development/value capture programs. Such agreements may be with individual agencies or with two or more agencies as may be required.

I-b The SCRTD shall secure arrangements with the City of Los Angeles and the County of Los Angeles, respectively, in order to review and comment on proposed land use changes, at both the regional and station area levels, which will impact on short- and long-term Metro Rail system patronage.

I-c The SCRTD shall assume an active private/public coventure position toward joint development/value capture in the implementation of the Metro Rail system, while seeking to attain and sustain the highest level of system operational revenue and return without interfering with the private marketplace, but adopting a capital leveraging position when necessary.

I-d Joint development planning undertaken by the station/corridor area masterplanning process shall be closely integrated with the transit corridor specific plans prepared by the City of Los Angeles and the County of Los Angeles. Through this coordination, the resulting plans shall provide both flexibility sufficient to encourage, where appropriate, high quality joint development, and certainty regarding the future land use pattern to residents of the planning areas.

Policy Implementation

The implementation of the SCRTD's preferred approach to the recommended Metro Rail corridor scale institutional framework primarily involves establishing formal cooperative agreements with the City of Los Angeles Community Redevelopment Agency, City of Los Angeles and Los Angeles County, and their independent agencies involved in community and economic development. Subsequent to the adoption of the Milestone Six land use and development policies by the SCRTD Board of Directors, the District needs to initiate a formal negotiation process with the CRA and other designated agencies to finalize the specific details of these cooperative agreements in order to establish an effective joint development package and program.

In the event that unforeseen circumstances prevent these cooperative agreements from being established in the required timeframe, the SCRTD shall pursue state enabling legislation to secure the project packaging authority necessary to implement the Metro Rail Joint Development Program. If this course of action is taken, the SCRTD would establish the Joint Development Program under either a transit corridor development corporation (TCDC) or a new department created within the District. At this time it is anticipated that the required cooperative agreements with the designated local agencies will be "in place" by the early part of 1983 prior

to the time the SCRTD will initiate private sector joint development project negotiations.

POLICY ELEMENT TWO — STATION AREA MASTERPLANNING PROCESS

Policy Statement

The specific content and form of the short- and long-term Metro Rail land use and development program will be established through a comprehensive station area/corridor area masterplanning process. The adopted station area corridor masterplans shall be formulated in a manner consistent with the existing general land use planning process and will become the prevailing guide for all future land use development in these areas. The station area masterplans will build on the specific area plans now being developed by the Los Angeles City and County Planning Departments and will be refined through major community and private sector input. The station area masterplans shall be completed prior to the construction of the Metro Rail system and be expedited to be fully coordinated with the final Metro Rail station design efforts being conducted by the SCRTD.

Policy Determinants

The documented case studies of other United States and Canadian cities that have implemented regional rapid transit systems clearly indicate that the optimum level of compatible transit station area development occurs when the public sector takes an active posture in the land use development process. The most critical step to ensure both the protection of existing residential neighborhoods and to attract new private investment in transit station area development is to establish the "rules of the development process." A comprehensive masterplan that is formally adopted as an integral part of the region's general and specific area land use plans is the most effective means to devise the "rules of the development process." Therefore the SCRTD determined that initiation of a comprehensive station/corridor area masterplanning process would be the next formal step to establish the Metro Rail Joint Development Program subsequent to finalizing the cooperative agreements with the Community Redevelopment Agency and other public agencies, as required.

Through the cooperative agreement with the Community Redevelopment Agency, the SCRTD shall utilize this flexible redevelopment planning tool to masterplan all station areas currently located in redevelopment areas. In the remaining station areas that could not be designated as urban renewal districts, the specific area planning mechanism would be utililzed.

Policy Decisions

In relation to the SCRTD overall policy decision to establish a comprehensive station/corridor area masterplanning process, there were several additional specific policy decisions that were made regarding the masterplan program. These key policy decisions are described below.

P-a The station area masterplanning process shall be used to guide development in the vicinity of station areas so that options for future upgrading and expansion of these initial stations and their support facilities are not foreclosed.

It is important that new development in the station areas be properly oriented to the transit services and the pedestrian system, and that parking allocations

be controlled. Densities and staging must also be planned carefully. Without sufficient direction of development in the station areas, the potential of the transit system could be wasted, growth could be curtailed, and the objectives of the centers concept could be lost.

P-b The station area masterplanning process shall be used to develop strategies for parking development in the station areas.

Development may precede transit construction in some station areas, and development may occur more slowly in some station areas than in others. It will be necessary to support station area development with adequate parking in the earlier stages of the rail construction program. In the later stages, when transit services and patronage have increased, parking requirements may be reduced, and some parking areas may be converted to other forms of development. Strategies for acquiring and staging the use of land for parking should be prepared for each center and station area.

P-c The station area masterplanning process shall include plan elements to provide local supplementary distribution transit services.

P-d The Metro Rail Project shall support the centers concept for land development in the Los Angeles region.

The centers concept contained in the City of Los Angeles and Los Angeles County General Plans calls for the location of new development in high density centers interconnected by high capacity rail transit lines. The implementation of this concept will make it possible for RTD to serve a much larger proportion of the travel generated by new growth and land development in the region.

P-e The SCRTD shall actively participate in further definition of the centers plan.

The policy will require the SCRTD to work closely with the responsible land use planning agencies in their further definition of the development centers in the Regional Core and throughout the rest of the region. It is important that the transit stations and routes be planned integrally with the centers so that the efficiency of operation of the pedestrian, rail and supplementary local transit services will be assured, so that land requirements for parking can be defined, and staging of parking and transit services can be planned.

P-f The SCRTD shall undertake long-range planning to develop a plan for the expansion of the initial Metro Rail system to include new lines and new stations.

The high-capacity rail lines that interconnect the high-density development centers must form a system of routes that are easily understood by the general public, that make it easy and attractive for riders to use the system and to make transfers from one route to another. This system of rail lines will provide the basic form for the next phase of high-density urban growth in Los Angeles, and the importance of achieving clarity in some portions of the freeway network can be cited as examples of the confusion and operational problems that can be expected to occur if the Metro Rail system individual routes and their crossings are not clearly conceived and organized.

P-g Where appropriate, the station area/corridor masterplan shall encourage the creation of land use patterns fostering station interconnectivity.

Interconnectivity is defined as the phenomenon whereby land use activities at transit station areas serve as generators for trips originating at other station areas, as distinguished from trips originating outside the station areas. If station interconnectivity develops, it will serve to increase system ridership, with most of this increase occurring during system offpeak ridership periods.

P-h The balance of development among stations shall be distributed to the extent possible over the short- and long-term to allocate an appropriate amount of development to each station area and to avoid physical or economic harm to present businesses; and avoid undue growth at one station area at the expense of other station areas within the regional core.

P-i The distribution, density, scale, use mix and every other physical attribute of new development shall be designed to mix appropriately with the existing and projected physical and economic characteristics of the present community.

P-j SCRTD shall retain full control and authority over bus turnouts, bus layover parking, passenger drop-offs, and other pedestrian related facilities in a designated station area. Where other public or private transit and paratransit operators desire use of Metro Rail passenger facilities, the District reserves the right to determine the acceptability of the request. In some cases, franchise fees may be charged for joint use of facilities.

P-k During Metro Rail construction, local businesses in the construction impact area shall be ensured reasonable pedestrian and vehicular accessibility for their clientele and delivery services. A specific element of the corridor/station area masterplan will be developed to specifically define the mitigation measures required to carry out this policy.

Reasonable access will vary according to the type of business and the phase of the construction process. At times it may be virtually impossible to provide any access for limited periods of time in order to expeditiously proceed with certain key construction operation. When this occurs, businesses would be offered advertising assistance to notify their customers of this fact, as well as when access will be restored.

P-l Full community participation shall be provided in the station/corridor area masterplanning process, thereby protecting area merchants and preserving the integrity of the existing residential neighborhoods.

P-m Preferential parking programs, as authorized and governed by the Los Angeles City Council, shall be used in residential neighborhoods when desired by their residents to mitigate the on-street parking impacts of Metro Rail patrons.

Policy Implementation

The implementation of the SCRTD's station/corridor area master planning process will involve four types of efforts. Initially, the scope and content of the development, physical planning and transportation access issues that must be addressed for each station area shall be clearly defined. Secondly, a determination must be made by the SCRTD regarding the degree to which existing or ongoing redevelopment

plans of the CRA or ongoing project area specific plans being prepared by the Los Angeles City and County Planning Departments adequately address these issues. Based on the results of this analysis, the SCRTD shall identify those portions of the adopted redevelopment plans or specific project area plans requiring refinement, amendment, or detailed analysis. Specific station area masterplanning and work programs would then be developed by the SCRTD for the individual station areas and funding shall be sought to carry out these requisite work programs.

Given the seven to eight year time horizon for implementation of the Metro Rail system, provision shall be made in each of the adopted renewal or project area specific station area master plans to conduct an automatic five year review of the adopted development program. It is now anticipated that there will be at least two to four station areas where a completely new redevelopment plan would need to be formulated. In accordance with SCRTD, CRA, and the City and County of Los Angeles development policies, major emphasis shall be given to provide full allowance for both community and private sector input throughout the corridor/station area masterplanning process.

POLICY ELEMENT THREE — JOINT DEVELOPMENT PROGRAM

Policy Statement

The SCRTD shall adopt an active "project packaging" approach to the joint development of the Metro Rail station areas. This station area joint development packaging effort will be directed through the cooperative agreements between the SCRTD and the Community Redevelopment Agency of Los Angeles, the City of Los Angeles, Los Angeles County and other agencies, as required, and be totally consistent with the adopted station/corridor area masterplans. On an opportunity basis, the SCRTD will infuse leverage capital funds to ensure that successful joint development occurs. Joint development undertaken shall include a compatible mix and diversity of land uses which will attain and sustain the highest level of system operating efficiency and revenue return without interfering with the private marketplace.

Policy Determinants

Detailed case studies of other United States and Canadian cities evaluated by SCRTD demonstrate that a laissez faire and/or coordinated development level of participation in the transit corridor/station area development process are not adequate to ensure the optimum mix, staging and composition of rapid transit station area development. Almost universally, in recent years, the United States public transportation authorities operating and constructing regional rapid transit systems have instituted the more active "project packaging" approach to joint development. Case examples of the masterplanning process include: Washington, D.C., New York, Atlanta, Miami, Houston, San Francisco, Philadelphia and Portland, Oregon.

This decision is further supported by the historical urban redevelopment experience of the City of Los Angeles and the economic development experience of Los Angeles County. In order to successfully package joint development there are essentially five major capabilities that must be entrusted to the entity directing this process. These fundamental capabilities are as follows: 1) comprehensive planning and redevelopment coordination; 2) station facility and related transportation service design and location authority; 3) real estate project packaging

resources and direction; 4) ombudsmen support and inter-agency representation capability; and 5) financial leverage resources and value capture negotiation authority. These transportation and land use development controls can be made available through the future cooperative agreements between the SCRTD and the Los Angeles Community Redevelopment Agency, the City of Los Angeles, and Los Angeles County. Therefore, the fundamental institutional corridor/station area masterplanning and joint development policy statements are consistent and provide assurance of the overall success of the Metro Rail Project joint development program.

Policy Decisions

Presented below are the principal policy decisions reached in relation to establishing and implementing a successful Metro Rail Project joint development program.

J-a Consistent with the corridor-scale institutional approach (outlined above), the SCRTD shall conform in all respects to prevailing community land use procedures and regulations, in effectuating the Metro Rail Project's joint development program.

J-b In cooperation with the Community Redevelopment Agency (CRA) of the City of Los Angeles, and Los Angeles County, and in keeping with the provisions of future cooperative agreements, the District shall formulate a short- and long-term joint development program for each of the Metro Rail station areas.

J-c Primary emphasis shall be given by SCRTD to establishing a predictable and timely joint development project decision making process that will foster a positive investment climate with the private sector.

J-d Joint development programming undertaken within the framework of the station area masterplanning process shall be closely integrated with the transit corridor specific plans prepared by the City of Los Angeles and the County of Los Angeles, respectively. Through this coordination, the resultant station area development program shall provide the requisite flexibility to both ensure certainty regarding the future land use development pattern (to station area residents) and to encourage, where appropriate, high quality joint development projects.

J-e Full community participation shall be invited (and provided for) throughout the station area masterplanning process, thereby protecting area merchants and preserving the integrity and land values of surrounding residential neighborhoods.

J-f The SCRTD shall assume an active private/public coventure position in connection with implementation of the Metro Rail system joint development program. Along this vein, the District will seek to defray the cost of Metro Rail construction and to attain and sustain the highest level of system operational revenue return, without interfering with the private sector marketplace.

J-g When determined necessary, the SCRTD shall on a site specific, opportunity basis infuse public sector capital to leverage successful joint development investment in relation to the subject Metro Rail station areas (on the coventure basis described above).

J-h The SCRTD shall control (in keeping with the previously described cooperative agreements) the Metro rail joint development program under the policy of restricting the exercise of eminent domain exclusively to situations deemed absolutely essential, and when property acquisition does occur, it shall be consummated only in direct relation to bona fide transportation purposes.

Consideration is being given by the SCRTD to joining with CRA or other agencies to provide for the use of eminent domain for development or redevelopment purposes. It is the intent that eminent domain be used as a measure of last resort.

J-i In implementing projects under the Metro Rail Project joint development program, every effort shall be made by the District to afford reasonable opportunities for existing small businesses and merchants (who are displaced by said projects) to economically participate in them. These economic opportunities may take the form of right of first refusal for space available within the project, inverted rent schedules, and other similar mechanisms. Specific neighborhood community needs, such as day-care centers, parking and recreational facilities shall be accommodated (to the extent possible and appropriate) in relation to the new development.

J-j Joint development projects implemented in Metro Rail areas housing low- and moderate-income and elderly persons, will be required to provide for affordable replacement housing of comparative quality and location on a not less than one-for-one basis.

Policy Implementation

The implementation of the SCRTD joint development policy will require the establishment or designation of a highly qualified financial and real estate project packaging staff whose time will be solely devoted to carrying out the adopted Metro Rail Joint Development Program. In addition to these staff resources, a formal project design review and approval process will need to be established in a manner that is legally and institutionally consistent with the existing land use planning programs now governing community and economic development in the Los Angeles metropolitan area. In each Metro Rail station area, a comprehensive urban design, market and financial feasibility analysis must also be conducted as a critical input to the station area masterplanning program, as well as the joint development project packaging process.

In order to optimize the joint development opportunities at the Metro Rail station areas, additional sources of leverage capital funds, for example, HUD-UDAG, UMTA, private/public coventures, must be sought and secured. A single "one-stop" permit decision and coordination point must be designated among all public agencies involved in the joint development packaging program to: 1) facilitate private sector cooperation; 2) provide the required ombudsman support to successfully implement the approved Metro Rail joint development projects . Developers and/or investors who successfully carry out the initial Metro Rail joint development projects should be given priority consideration for subsequent, second-round joint development project opportunities.

POLICY ELEMENT FOUR -- VALUE CAPTURE

Policy Statement

The SCRTD shall secure a sustainable level of value capture revenues from the public sector investment in the Metro Rail Project, for the express purpose of sharing in the economic benefits derived from the system's implementation to support its ongoing operation and expansion. Station cost sharing agreements, connector fees, and land/air rights leasing shall be directly negotiated with existing and future development, physically or functionally linked to each Metro Rail station area. These agreements shall be negotiated by the SCRTD from an equitable and consistent set of pre-established principles. Full consideration shall be given in defining the terms of these agreements to enhance joint development feasibility during the critical first five years of commercial building and system operation.

The optimum level of station/vehicle advertising and station concession revenue shall be sought while maintaining the highest quality amenity and pedestrian-oriented system, along with a consistently high level of patron security. All food, beverage and tobacco concessions will be excluded from Metro Rail station areas, consistent with a prohibition on the consumption of these items on vehicles or in station areas. The SCRTD shall continue to monitor demonstrations of the new audio visual station advertising medium and the "magic teller" station bank outlets to determine their relevant application to Metro Rail stations.

All other viable fiscal approaches to value capture including: 1) tax increment financing; 2) benefit assessment districts; 3) employer contributions; 4) gasoline taxes; 5) transfer of development rights; and 6) assets speculation capital gains taxes -- shall actively be pursued by the SCRTD for inclusion in the Metro Rail Value Capture Program. This shall be accomplished in accord with the demonstrated level of incremental monetary benefits accruing to private sector interests, and in relation to development projects which effectively reinforce the stated design and development objectives of the individual Metro Rail station area masterplans.

The revenue objective for the Metro Rail Value Capture Program shall be to secure a sustainable annual cash flow stream at least equivalent to the capitalized 1982 costs of the Metro Rail station facilities. This is approximately equivalent to 25% of the total Metro Rail system capital costs. This level of private/public coventure participation in the Metro Rail system is consistent with recently attained results and adopted value capture programs in other major U.S metropolitan areas. In addition, the majority of ongoing station maintenance and security costs should be recovered through a successfully targeted and equitable Metro Rail Project Value Capture Program.

Policy Determinants

Formulation of the SCRTD Metro Rail value capture policy fully takes into account the recent private sector responses to reduced Federal funding prospects in virtually all major U.S. metropolitan areas. In addition, because the District is assuming a positive and active joint development packaging posture in relation to the individual Metro Rail station areas, the Value Capture Program is designed to be viewed more as a public/private coventure. Both the public and private sectors are investing in the Metro Rail system and equitable returns are being sought for both.

An additional consideration is to enhance private sector returns made possible through the joint development packaging process that fully coordinates station facility design with private joint development. The advertising and concession value capture policies are formulated from a documented national survey of the recent experience of other rapid transit system operators. The fiscal value capture mechanisms are selected and designed to fully conform with existing statutes as well as national and local precedents. In the case of the transfer of development rights mechanism, special attention is given to creating a means of protecting existing home owners and residential neighborhoods.

Policy Decisions

The key policy decisions related to Metro Rail capture programs are listed below by specific category of value capture mechanism. These categories include:

- Joint Development
- Taxation Approach
- Advertising
- Concessions

Joint Development

V-a SCRTD shall effectively utilize the following three fundamental joint development value capture mechanisms in relation to all Metro Rail stations: 1) station cost sharing, 2) connector fees, and 3) land/air rights leases.

V-b New private sector developers shall be afforded the opportunity to fully participate in the design of the Metro Rail transit stations in return for station capital cost sharing participation.

V-c A unified approach shall be established and pursued with respect to value capture participation in the area of station area capital cost maintenance and security provisions on behalf of commercial building owners and developers, respectively.

V-d Connector fees shall be negotiated with commercial building owners/developers of existing and future buildings for the physical/functional direct link to Metro Rail station facilities.

V-e Prevailing legal authority shall be employed in the area of applying connector fees in the form of either lump sum payments or "in lieu" dedication payments of private property or easements.

V-f The station connector fee value capture mechanism shall be employed in relation to all viable Metro Rail station joint development projects, regardless of the selective application of other related value capture mechanisms.

V-g A uniform and equitable pricing policy shall be implemented with respect to all categories of Metro Rail station connector fees. This will provide for a fee schedule mirroring potential credits for threshold levels of participation in Metro Rail station cost sharing agreements.

V-h The land/air leases value capture mechanism shall be employed in all straightforward negotiations in relation to real property currently owned (or purchased by the SCRTD in the future) for bona fide transportation purposes.

V-i SCRTD shall seek incremental returns on profit percentages above an established private sector level return on investment (R.O.I).

V-j Over the long-term the SCRTD shall execute land/air rights lease agreements in an equitable format based on the private sector's determination of maximum return on investment. Aggreements shall consider near- and long-term market conditions and allow for a "dedicated" stream of income to the District for the operation, maintenance, and future expansion of the Metro Rail System.

V-k SCRTD shall actively seek Metro Rail station maintenance and cost sharing agreements from each joint development project physically or functionally linked to a transit station, and equitable connector fees shall be negotiated with owners of existing buildings.

Taxation Approach

V-l SCRTD/CRA shall investigate the feasibility of using tax increment financing to fund certain redevelopment costs.

Among the redevelopment objectives, tax increment financing shall be used to implement development amenities, and to ensure the safe and efficient operation of the rapid transit stations.

V-m SCRTD shall pursue enabling legislation that would create a "value capture" tax that would also serve as an anti-speculation mechanism.

Such a mechanism would tax a portion of the increased value to real property generated by Metro Rail. Value could be captured through a tax on gross sales receipts, lease rates, or sales price. As with other taxing mechanisms, voter approval would be required. The proceeds of such a value capture tax should be made available to fund Metro Rail system capital and/or operating and maintenance costs.

V-n SCRTD shall seek to involve residents and property owners in a formal and systematic way in detemining the acceptability and equity of various taxing mechanisms.

V-o The use of the concept of transferable development rights shall be examined as one possible mechanism to secure to residents of Metro Rail station areas a means to share in future real estate appreciation potential emanating from implementation of the Metro Rail system, while being allowed to remain in their existing homes.

In the case of the Metro Rail project, the "transfer of development rights" program shall be designed to include residential neighborhoods. This program shall investigate the feasibility of allowing the private sector to purchase development rights from existing residents who would gain economically, and (for select homeowners) this marginal gain would permit them to maintain and retain their residences. Under this program, high density development may be encouraged to occur only within the immediate Metro Rail Station area.

V-p SCRTD shall seek state enabling legislation that would permit it to impose taxes whose proceeds would be used to defray operational and maintenance costs associated with station areas.

V-q SCRTD shall investigate the feasibility of establishing one or more special benefit assessment districts based on Section 99000 et seq. of the California Public Utilities Code. SCRTD shall also seek changes in this legislation that would permit interest rates on associated bond issues to more closely approximate market conditions.

The current six percent cap severely limits the marketability of such bonds.

Advertising

V-r SCRTD shall formulate and administer a coordinated advertising program in association with the Metro Rail Project that: 1) minimizes visual, design and pedestrian user conflicts; 2) assures consistently high levels of Metro Rail station security surveillance; and 3) maximizes system-user orientation and revenue return to the District for the sustained operation of the system.

V-s The latest audio-visual advertising media shall be monitored to determine its acceptability and profitability in relation to the Metro Rail system.

V-t Competitive bids shall be used for all major advertising contracts executed with private firms on an annual basis, and such contracts shall include escalator and renegotiation clauses when formulated on a yearly basis.

V-u Exclusive advertising agreements with private clients shall be entered into when the circumstances ensure reliable, stable, equitable and optimally profitable contractual terms.

V-v Consistent with the overall SCRTD advertising program framework, advertising media that infringes on pedestrian/user orientation or in any way compromises the security surveillance of the Metro Rail facilities shall be prohibited.

V-w All current and future film and movie rights to advertising and promotion related ventures (in relation to the Metro Rail station areas) shall be retained, and such media application shall be shielded from any exclusive contractual agreements.

V-x Advertising media programming shall be complemented with targeted socio-economic market evaluations and targeted direct mail programs in keeping with the user need priorities pre-established by SCRTD.

V-y SCRTD shall approve and support advertising media type and placement that conforms to the preordained parameters of minimizing maintenance costs; ensures user safety and physical environment acceptance; and maximizes potential short-and long-term revenue return, while allowing for the future accommodation (if proven suitable) of the now emerging audio-visual advertising medium.

Concessions

V-z The SCRTD shall prohibit food, beverage and tobacco retail concessions from Metro Rail station areas.

V-aa Except for Metro Rail stations that afford the physical development opportunity for retail concessions connecting to station entranceways, the SCRTD shall pursue only "built in" mechanical retail concession, such as newspaper vending machines.

v-ab The SCRTD shall give full consideration to physical provision for the "magic teller" outlets in the final design of Metro Rail stations, and they shall be located near the fully secured turnstyle of the facility.

V-ac The SCRTD shall make maximum provision for knock-out panels or second level walkways to maximize the physical connection between Metro Rail station facilities and nearby commercial/retail development

Policy Implementation

The implementation of the SCRTD's value capture policy will initially involve establishing a specific set of revenue/cost sharing objectives at the individual Metro Rail station level. Consistent with these objectives, the SCRTD shall develop an equitable set of private sector negotiation principles that would be formally published. The specialized entity (management and staff) responsible for the Metro Rail joint development program shall be given full authority by the SCRTD and other public agencies involved in the joint development cooperative agreement, to fully negotiate all station cost sharing and value capture agreements.

The payment terms and conditions of all station cost sharing and value capture agreements shall be established in a manner that maximizes: 1) front end leverage capital support for successful joint development; 2) establishes a sustainable source of capital and operating funding for the completion of the entire Los Angeles rapid transit system. All revenue from the station cost sharing and value capture agreements will be dedicated to the SCRTD and publically accounted for in the District's annual financial report.

Summary

This chapter has presented the recommended land use and development objectives and policies of the SCRTD. Presented in the following chapters are the bases for these recommendations.

III. LAND USE AND TRANSPORTATION INTERRELATIONSHIPS

Introduction

The Metro Rail Project will introduce within the Los Angeles metropolitan region a new method of transportation. Once the project is in operation, residents of the region will be able to travel within the initial 18-mile service corridor and ultimately throughout the region on a high speed rail line. But the Metro Rail system is more than just a new means of travel. It represents a factor which will have significant and far-reaching impacts on land use and development within the region it serves. To appreciate these impacts and guide them in ways which benefit the residents of the Los Angeles region, it is necessary to understand the nature of the relationship between transportation and land use. This chapter is divided into three sections which examine different aspects of this relationship.

Section one briefly examines the relationship between transportation and land use, and focuses on the land use influences of rail line mass transit systems. Section two contains a historical analysis of this relationship in the Los Angeles metropolitan region. The third section discusses the relationship between the Metro Rail Project and the centers concept of the City of Los Angeles General Plan.

Interdependent Relationship Between Transportation and Land Use

The relationship between land use and transportation is close, direct, and interdependent. This relationship operates at two different geographic scales--regional and local--with different implications at each scale. At the regional scale, the focus is on the interrelationships of transportation and urban form. At the local scale, the focus is on the interrelationship of transportation and private sector land use decisions. The land use influences of a rail line mass transit system may operate at each scale.

TRANSPORTATION AND URBAN FORM

"Transportation" describes the process of moving from one geographic location to another. Many times every day, each of us transports ourselves or is transported from one location to another--from home to work, from work to shopping center, from shopping to home. Most of us think of transportation in terms of the method or mode of travel--automobile, bus, airplane, bicycle, walking. This type of thinking encourages us to regard transportation as an independent, self-contained process.

"Land use and development" encompasses the physical use and development over time of land resources for housing, jobs, recreation, and other purposes. As

individuals, our opportunities to make use of these different land uses is in large part determined by the modes of transportation available to us to travel to them. A job which we may reach by a 30 minute bus ride from our house is much easier and cheaper to get to than a job which requires a 45 minute automobile trip. Land uses which cost less in time and money to reach relative to other land uses are said to be more accessible.

Accessibility of a particular land use is determined in part by what modes of transportation are available to travel to it. For several reasons, all persons within a region cannot enjoy the same level of transportation access to all land uses within the region. The major and most obvious reason for this fact is geography; some people live closer to certain land uses than other persons living within the region. Even if transportation resources were unlimited, it would be impossible to provide a person living 50 miles from his/her place of employment with the same level of access as someone who works at the same location but lives only 5 miles away.

Another major reason is cost. Transportation facilities are paid for by public funds and these funds are limited. Therefore, the level of transportation accessibility provided to a particular area within a larger region must bear some relationship to the number of people residing within this area. For example, it would not be economically possible to provide a sparsely populated rural county with the level of transit service currently provided in Los Angeles County by the SCRTD. Similarly, a fixed guideway rail rapid transit system, such as that proposed by the Metro Rail Project, requires a large, urban region to generate the ridership necessary to economically support this sytem.

Finally, there are limitations as to the amount of transportation facilities which can physically fit within a region. These limitations have two aspects. One, lands occupied by transportation facilities cannot be used for other, non-transportation land uses, unless additional funds are available to build over or under the land. Two, once certain capacity limits are reached by a transportation facility, building additional facilities will not increase capacity and hence accessibility. An excellent example is provided by the freeway system in Los Angeles. It would be practically impossible to achieve any substantial increase in freeway capacity by building more freeways because of the additional traffic conflicts that would be introduced by the closer spacing of routes and interchanges in the freeway grid.

In summary, the degree of transportation accessibility available to the residents of a region is determined by three major factors:

- The geographic distances between residence, place of employment, retail and other service facilities, recreation facilities, and other land uses.
- The overall size and geographic distribution of the population within the region.
- The amount of land available to be used for transportation facilities.
- The level of demand placed on these facilities relative to their capacities.

Each of these factors influencing transportation accessibility is a result of the pattern of land use within the region. Two relationships emerge when land use and transportation are analyzed together. On one hand, a certain land use pattern will require a certain type of transportation system in order for the residents of the

region to enjoy a minimum level of accessibility. On the other hand, a certain level of transportation accessibility requires a certain land use pattern in order to both economically support the transportation system and to not overtax its capacity.

Once these relationships are understood, it is no longer possible to think of transportation and land use as independent of each other. From this understanding flows the further insight that regional land use planning and regional transportation planning must be part of the same process if each is to be done effectively. It is impossible to plan a transportation system without understanding the pattern of land use within the region it will serve. Specifically, how many people live in the region and at what densities, where do they live, work, and recreate, and other land use factors must be considered in transportation planning. Conversely, land use planning cannot ignore the transportation implications of a particular pattern of land use. A land use pattern which requires some form of mass transit in order to function effectively cannot realistically be planned for only automobile circulation.

Within the context of large metropolitan areas, such as Los Angeles, Chicago, and Dallas-Fort Worth, the interdependent relationship between transportation and land use is concerned with the form or shape of the region's urban area. As will be more fully explained in the following chapter, the urban form of the Los Angeles region is a series of compact, densely developed centers surrounded by relatively moderate and low density residential areas. This urban form, combined with the expressed desire to perpetuate it, are givens to which the Metro Rail Project must and is responding in order to adequately serve the region. Therefore, the interdependent relationship between urban form and transportation provides one of the basic reasons for the preparation of Milestone Six: Land Use and Development. The other reason, which is discussed below, is the relationship between transportation and private sector land use decisions.

TRANSPORTATION AND PRIVATE SECTOR LAND USE DECISIONS

The previous discussion of transportation and urban form noted that the accessibility of a particular land use is determined, in part, by what modes of transportation serve it. At the scale of a particular land use or a particular parcel of land, accessibility may be expressed in terms of geographic distance from transportation system access points, such as the driving distance from a freeway interchange or walking distance from a bus stop or subway station. Accessibility also considers how many people may potentially travel via one or more of these modes to reach the parcel, and the associated travel costs.

Accessibility is one of the many factors which determines the value of a particular parcel of land. All other factors being equal, a parcel of land with better transportation access relative to another parcel of land is more valuable because more people may travel to it at lower costs, in less time, or both.

Given these relationships between transportation and land use and their direct influences on future property values, the construction of new access points, such as the Metro Rail Project with its many transit stations, will have dramatic impacts on property values and private sector land use decisions. These impacts provide the other basic reason for the preparation of the Milestone Six Report. Coordinated transportation and land use planning at the transit station area scale can optimize the influence of the Metro Rail Project on directing property gains to existing land owners and future developers, not speculators. From the perspective of fairness or equity, it seems that those who benefit from publicly funded transportation

improvements should help finance their construction by contributing some portion of their benefits. Again coordinated transportation and land use planning at the transit station area scale has application. Planning can enable this benefit sharing to take place in a manner which in fact enhances private investment opportunities instead of restricting them.

In sum, transportation and land use are interrelated and interdependent. At the regional scale, transportation planning must respond to the urban form of the region it will serve. The transportation system can be utilized as a principal tool in developing proper land use patterns, thus allowing land use planning and transportation planning to reinforce one another. An effective regional policy to integrate land use development planning and transportation planning will intensify a regional rapid transit system's catalytic effect upon the distribution of future land use developments.

On the other end of the scale at the local level, transportation planning must recognize and be accountable for its parcel-specific impacts on private sector land use decisions. These two sets of relationships form the substance and rationale of Milestone Six. Thus far we have considered these relationships generally in the abstract. Before applying them to Los Angeles and the Metro Rail Project, it is useful to briefly examine these relationships as they have operated in other North American cities with rail line mass transit systems similar to that proposed for Metro Rail.

LAND USE INFLUENCES OF RAIL LINE MASS TRANSIT SYSTEMS

The influences of transportation on the form of urban development is thoroughly documented in the histories of cities up to the present time. Notable historical examples included the pedestrian routes that established the pattern of Athens, the arrangement of streets in L'Enfant's plan for Washington, D.C., and the development of the new boulevards under Hausman that reorganized Paris and brought new economic growth and vitality to that city.

In the United States in the early 1900's, the effects of commuter rail lines in the New York, Philadelphia and Chicago areas, and down the peninsula south of San Francisco, provided more contemporary illustrations of this influence. In this period, land development, transit operators, and electricity producers combined to produce the "streetcar suburbs" and the once widespread intra- and interurban rail systems that furnished a significant measure of transportation in the era prior to the automobile.

During the post-World War II period of the United States, the automobile emerged as the dominant form of transportation. Through this dominance, the automobile shaped the urban form of the nation's metropolitan regions. Very few rail line mass transit facilities were built in the United States in this period. In contrast to the inter and intra-urban rail lines of earlier years, those facilities which were built seem to have had widely varying impacts on pre-existing patterns of land use and development, both at the regional and local community scales.

Since World War II new[1] regional rapid transit systems (i.e., fixed guideway) have been constructed and begun operations in San Francisco (BART); Washington, D.C. (WMATA); Atlanta (MARTA) and San Diego (Trolley) respectively. The degree, locus, and magnitude of land use influence of each of these systems, and the resultant level of joint development activity, have varied greatly. Extensive case study impact analyses of the BART system[2] indicate a relatively minor level of initial land use development and land value impact (during the first five years of BART's operation). In contrast, the Washington, D.C. system (WMATA) has directly induced nearly $2.5 billion in land value appreciation and influenced the location decisions of over $5 billion in new real estate development in the area immediately surrounding the existing Metro stations. The impact and joint development land use impact experience in Atlanta (MARTA) parallels that of Washington, D.C. while the San Diego experience to date appears to conform more closely to the BART model. Baltimore and Miami are experiencing significant land use impacts and joint development activity prior to system opening.

The development of recent subway extensions in Toronto, Canada, brought intensive new development into the station areas. Market conditions are not necessarily the dominant factor in achieving joint development. The new rail subway line in Montreal, Canada, for example, was closely integrated with new land development in the central district, and that development was extremely successful at a time when economic conditions were generally unfavorable for development elsewhere in that city. In sum, recent experience in the implementation of urban rail projects indicates that the nature, degree, and type of effects on land use and development are a direct function of the public sector development objectives and level of joint development planning.

The lesson for Los Angeles is that planning and design of the initial segment of the new rail system should be prepared in close coordination with the city of Los Angeles General plan and the rail system should be carefully designed to support that plan. The following section provides the background for this coordination by analyzing land use and transportation relationships in the Los Angeles region.

Land Use-Transportation Relationships in Los Angeles Region

The Los Angeles region lies in an irregularly shaped basin bordered by the two-mile high San Gabriel Mountains to the north, lower hills to the east, and the Pacific Ocean to the south and west. The basin is divided in an east-west direction by the Santa Monica Mountains. The mountains, with the exception of the Cahuenga Pass and a few other passes, separate the two great plains of the basin, the San Fernando Valley and the central Los Angeles plain. The very size of the basin served as an obstacle to transportation service because of the great distances which had to be traveled in order to connect the widespread communities.

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[1] Baltimore, Miami, Portland and Detroit are now constructing new fixed guideway transit systems, but these systems have not yet opened.

[2] See: "BART Impact Program: Land Use and Urban Development Project," Study of Property Acquisition and Occupancy/BART's Effect on Speculation, October 1978.

After the railroads provided access to Los Angeles, an electric rail system was built for the explicit purpose of making widely-dispersed areas of land accessible for new development. Most lines were installed by private developers to promote the sale of land and property. The new rail system extended from the center of Los Angeles to San Bernardino, Redlands, and Riverside on the east; to San Fernando on the north; to Santa Ana on the south; and to towns along the coast from Santa Monica to Newport Beach and Balboa. As shown in Figure III-1, Los Angeles was blanketed by electric rail lines which corresponded to early pathways through the basin established by the Spanish/Mexican missions. During the period from about 1890 to 1930, rapid extension of the system to all parts of the basin and the aggressive real estate development helped to establish the basic form of the Los Angeles region by locating the centers of development. This period demonstrates a very close relationship between transit and land development, with many of the transit providers often having a strong development role.

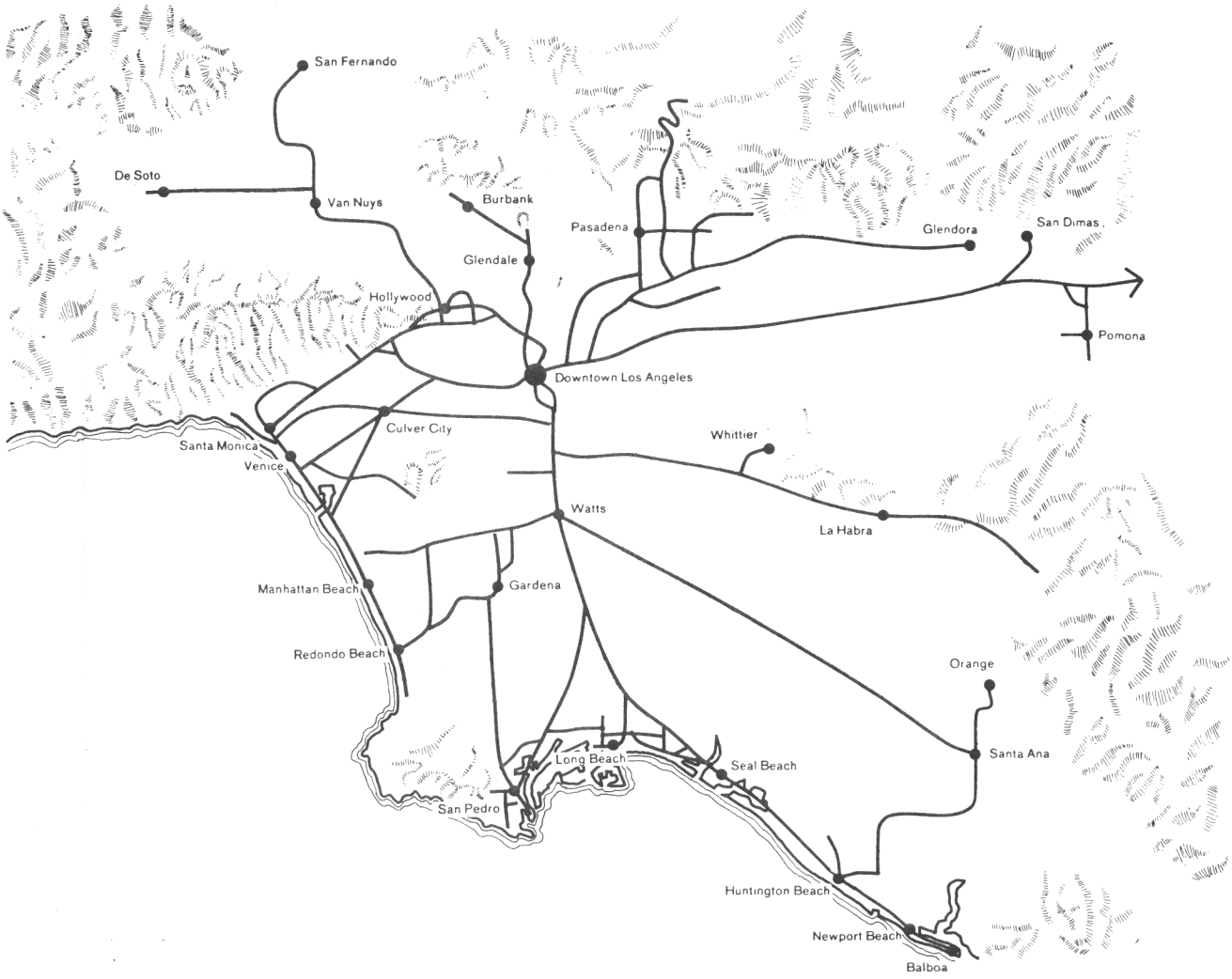


Figure III-1 PACIFIC ELECTRIC RAILWAY ROUTES, 1923

Automobiles became prominent, particularly for local circulation, in the 1920's, and began to dominate in the 1930's. The auto in the Los Angeles region offered greater mobility to travel in the basin. The establishment of an effective grid street system in the basin made land subdivison and land development easier. Development was extended beyond easy walking distance of the electric railway line. Figure III-2 shows the street grid system.

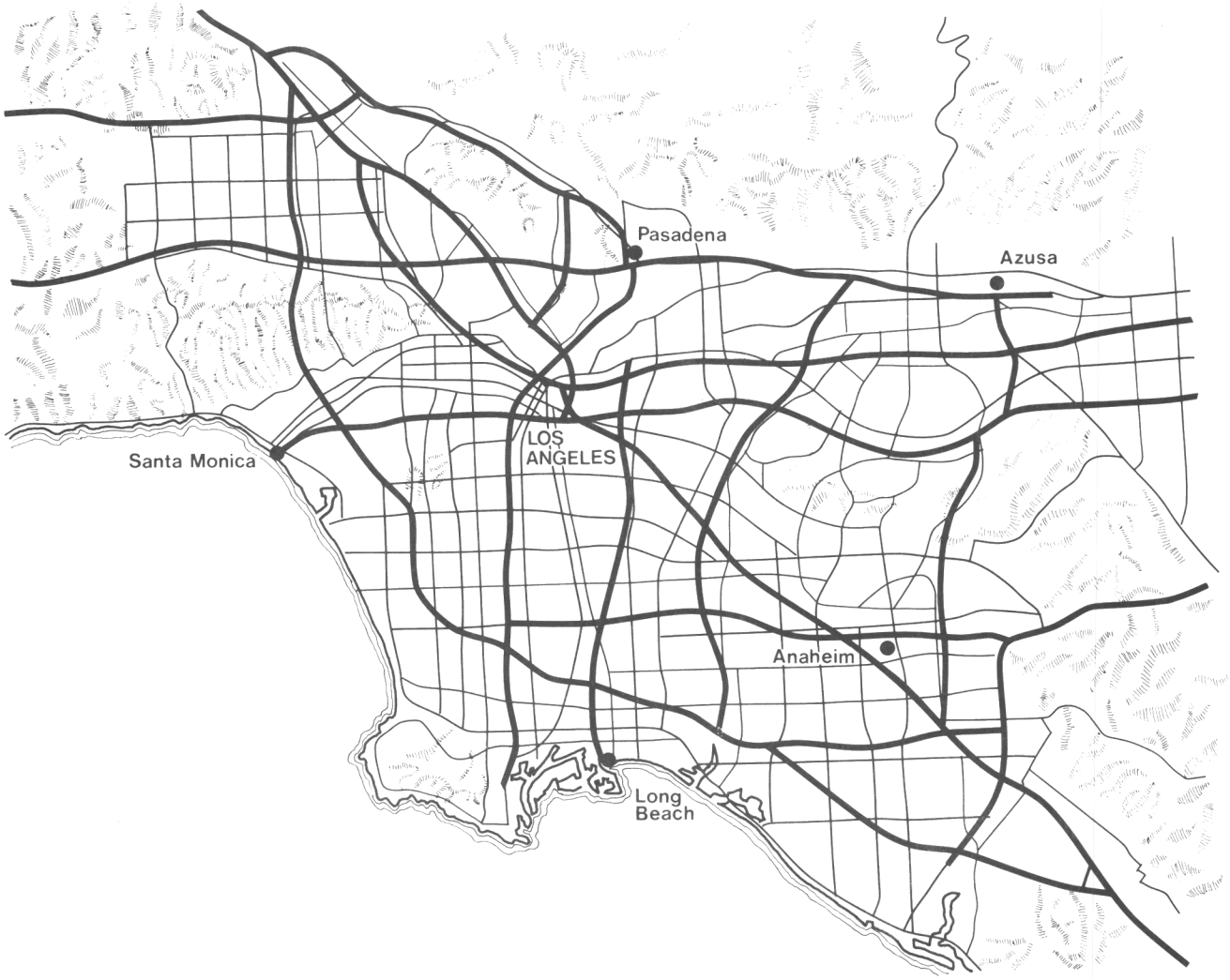


Figure III-2 STREET GRID AND FREEWAY SYSTEM

This period hastened the collapse of the electric rail system though the system still provided an essential service in the 1940's during the period of defense industries and gasoline rationing. After the war, the construction of freeways provided speed and ease of travel by automobile between various parts of the region and expanded access to virtually all the land that could be developed throughout the region, including (by way of local roads and streets) those areas outside the main corridors of travel.

The electric rail system was eliminated at the beginning of the period of freeway construction for a number of reasons. The system would have needed expensive upgrading to eliminate conflicts with automobiles and improve its safety to an

acceptable level. Ridership had dropped off because of the public's preference for automobiles after the war-time restrictions were lifted, and the rail service was no longer profitable. As if those reasons were not enough, some of the people most interested in promoting the use of rubber-tired vehicles took direct action in buying up and removing rail lines, and replacing the rail cars with buses. Availability of automobiles and expansion of the public road system made it possible to market new development on vastly larger areas of cheaper land, so the majority of landowners and developers also profited by promoting the shift from public transit to automobile. The shift started as early as the 1920's, but came into full force in the 1950's. The substitution of buses for rail transit accelerated the shift of commuters to automobiles, and the public transportation system settled into the lesser role of providing only limited and essential bus services for transit dependents.

Most of the freeways were built during the period from about 1950 to 1970. Traffic increased rapidly as the new highways were built and as new development occurred throughout the region. The freeways are now so heavily used that many freeway segments near key interchanges, particularly in areas close to the regional core, are overloaded during peak traffic periods. Traffic exceeds critical densities at those points during peak periods on most working days, and the volume of traffic that can pass is reduced to less than the capacity of the highway. Figure IV-2 shows how the system exists today.

Today transit has the additional role of trying to help relieve freeway congestion by carrying some of the commuters in the heaviest traffic corridors during peak periods, and by adding some peak hour transit capacity in heavily-traveled corridors that now are not served by a nearby freeway. It may be possible to add more traffic to some freeways as some further growth occurs, but the peak periods of traffic congestion will last longer each day. It would be practically impossible to achieve a substantial increase in freeway capacity for new development by building more freeways. Such an increase would cause destruction of established communities, and introduce additional traffic conflicts by the closer spacing of routes and interchanges in the freeway grid.

The traffic congestion and its side effects must inevitably influence decisions on the size and location of new development, and will tend to inhibit and distort investments and plans for further development in the region. The City of Los Angeles has recognized that any additional growth must be directed to locations where its encroachment on established low-density communities can be minimized, and that it must not rely on the existing freeway system for its principal means of access and support.

The Los Angeles Department of Planning has prepared a concept for future development that will direct growth into about 30 or more higher density centers that are to be linked by high-capacity rail lines. The centers concept is the official plan of Los Angeles, and the Metro Rail project is to be the first element of the rail system that will link the development centers. Public transit will again have a new role to play in the centers plan for regional development. Transit must provide the high-capacity links between centers, at least some of the local distribution services within the centers, and some local services to connect the centers to their surrounding communities. Rail transit will again have the key role in accommodating new development in Los Angeles.

The Centers Concept and Metro Rail

The previous section identifies a number of factors, which, when taken together, call for future land use-transit relationship different from that which presently exists. These factors include:

- The need for additional office space, dwelling units, and accompanying retail services in a city where vacant land within a reasonable distance of downtown is virtually not available.

- The strong concern of many homeowners to preserve their single family and low density residential areas; thereby further restricting the availability of land to accommodate additional uses.

- The increasing congestion of the surface and freeway system which given a number of constraints cannot be significantly increased in capacity.

The response of the City of Los Angeles to such issues is embodied in the centers concept, an approach to defining future land use, urban form, and transit.

DEFINITION OF THE CENTERS CONCEPT

The centers concept serves as the basis of the City's General Plan, and each of the thirty-five community plans which apply General Plan principles to the specific needs of each section of the City. The centers concept resolves the polar values of maintaining the low-density character of Los Angeles and the need to accomodate growth by restricting that growth to a number of designated centers within the city, where density would be increased.

The centers concept establishes 56 centers throughout the region of which 37 are located within the City of Los Angeles. Those centers within the Metro Rail Project initial corridor are identified in Figure III-3. They vary in size, shape, and intensity but will become the dominant physical elements of the city. The centers will function as focal points for adjacent suburbs and neighorhood communities. A typical center will consist of a core area with a radius of approximately one-quarter mile. Other characteristics include a balanced range of land uses, a rapid transit station and auxiliary transit systems, and a pedestrian system. Multiple function structures will be encouraged. Residential development will be medium to high density and in the larger centers, will be medium to high rise. High intensity commercial facilities would be located near rapid transit stations. Commercial uses will consist mainly of business offices, department stores, specialty shops and services, entertainment facilities, and convenience retail facilities. An open space network will extend throughout the City and will serve as a major organizing element. A recent report prepared by the City Planning Department, Centers Definition Report, defines three types of centers: community, intermediate, and primary. The intent of all is to have a wide to full range of land uses, with one or more foci of concentrated development. They differ in the range of uses, and scale and intensity of development.

The centers concept establishes a strong physical image and clear land use rationale for the city. Its limitations in terms of differentiation between types of centers and the need to define needed facilities within them, are now being alleviated by a current ongoing study by the City Planning Department. The results of this study will be the definition of long range goals for each center against which measure

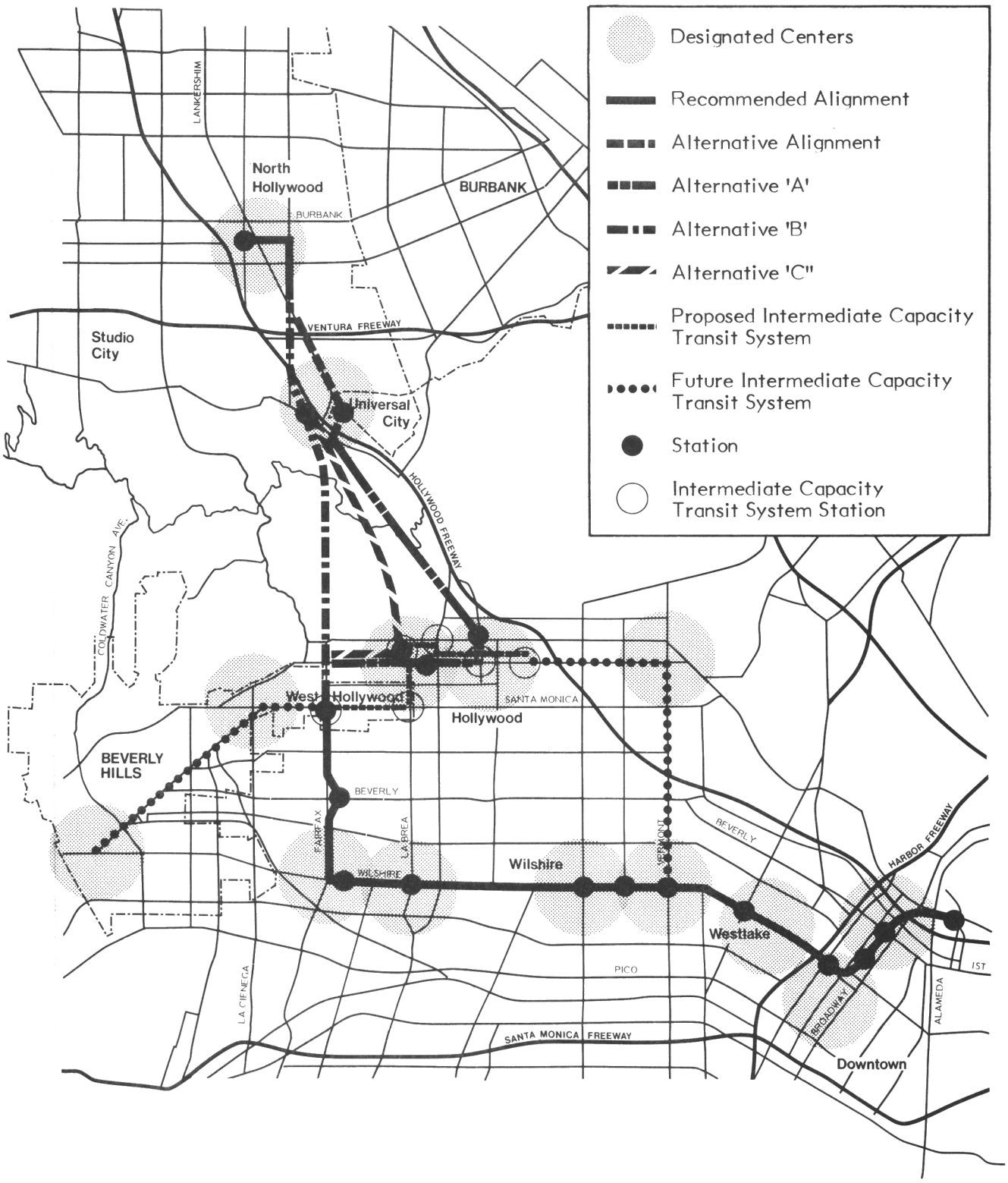


Figure III-3 METRO RAIL AND CITY CENTERS

centers in their present stage of development. Municipal actions will then be identified to bring existing centers closer to an ideal center in terms of the balance of jobs and housing, provision of a range of needed facilities, and adequate transportation.

Also as part of the General Plan process, community and district plans were prepared. These plans document in greater detail the specific land uses, auxiliary programs, and desired level of development for each area. The City is now in the process of changing all zoning to reflect community plan designations.

To help in achieving the goals of the General Plan, the City Planning Department is currently preparing specific plans to include each of the Metro Rail station areas. The intent of the specific plans is to institute those land use controls necessary to concentrate high density development around appropriate station stops. These controls should serve as incentives toward the creation of opportunities for the development of centers, including joint development projects around the stations. The controls would simultaneously create effective land use buffers between existing residential developments and newer high intensity uses. Conversely, at station stops where higher intensity development is more appropriate, land uses would be limited to an appropriate level of development.

RELATIONSHIP OF METRO RAIL TO THE CENTERS CONCEPT

To understand the centers concept, as well as its potential limitations is critical in determining the District land use and value capture policy. The centers concept frames the potential extent of joint development; potentially defines the extent and nature of development programs; sets a context for the integration of local transit systems and parking facilities with Metro Rail; and forms the conceptual basis for the community plans, defining recommended and in some cases mandatory land uses throughout the city, including around station stops.

The SCRTD, throughout its Metro Rail planning process, has realized the importance of gaining consistency with the City General Plan. The goals and objectives of the Metro Rail project are in agreement with the General Plan. Specifically, the Metro Rail system is essential to the achievement of the centers concept. The system will serve to link and connect identified centers throughout the city. Indeed, most of the proposed station stops serve identified centers. These stations include Union Station, First and Hill, Fifth and Hill, Seventh and Flower, Alvarado and Wilshire, Vermont and Wilshire, Normandie and Wilshire, Western and Wilshire, La Brea and Wilshire, Fairfax and Wilshire, Sunset and La Brea, Hollywood and Cahuenga, Tujunga and Chandler, and Studio City. In addition five of the six proposed stops of the auxiliary line would serve the Hollywood centers. Thus, the Metro Rail system would help the City realize its objectives for connecting the centers, while providing greater accessibility to citizens in the region. Figure IV-3 illustrates the relationship between the Metro Rail stations and the city centers.

This chapter has presented a discussion of land use and transportation relationships in the Los Angeles region, specifically focusing on the relationship of the Metro Rail Project to the city centers concept. These relationships raise several issues at the regional and local station area scales. These issues are discussed in the following chapter.

IV. LAND USE AND TRANSPORTATION ISSUES

Introduction

This chapter presents the issues which must be addressed by the District in order to achieve its land use and development objectives, as identified in Chapter II. The issues have differing geographic scales of impact, ranging from general, region wide effects to the very specific, station area effects. For this reason, the issues have been divided into two different levels: the regional scale and the station area scale.

In order to provide a context for understanding the issues, a brief description of the Metro Rail system corridor is provided before the issues section. This description includes a brief discussion of the region's designated centers.

Metro Rail System Corridor

The Metro Rail system will connect a broad range of populations, local economies, and land uses -- all located within the most densely developed portions of the Los Angeles Regional Core. The accessibility and development potential of these areas may be greatly increased by Metro Rail service. According to the city's center concept, most of the region's major growth is planned to occur in the following designated centers: Central Business District, Westlake, Mid-Wilshire, Miracle Mile, Hollywood, East Hollywood, Universal City and North Hollywood. The following description of the centers will briefly summarize existing conditions in terms of land use, transportation, and joint development potential.

CENTRAL BUSINESS DISTRICT

In spite of the comparatively dispersed form of the city, the Central Business District remains the clear center of the city in terms of geographic location, as well as its concentrations of employment, financial, governmental, and cultural uses. The CBD contains a number of sub-districts including Little Tokyo, the Garment District, Skid Row, the Produce and Flower Markets, the Music Center Complex, Government Center, Broadway, and Spring Street. Virtually the entire area is under redevelopment. This has had a significant impact on the current office boom, as well as an emerging residential community serving a wide range of income and age levels. The CBD is also in aggregate an important transit interchange. Union Station is the major intercity bus terminal and terminus for local bus service and minibus lines in the city.

WESTLAKE

This area, served by the Alvarado and Wilshire station, is primarily composed of medium density residential uses with community-serving commercial. It is an

older, densely populated and predominantly low income community with a strong senior citizen population. The area is becoming increasingly Latino. There are very active community-serving commercial frontages along Wilshire, Seventh, and Alvarado. Between Downtown and Westlake on both Wilshire and Westlake are commercially zoned areas which are acting as an expansion area for Downtown office uses.

WILSHIRE

The area of Wilshire Boulevard, from the Westlake community to Fairfax Boulevard, contains the most dense and largest concentration of office and commercial uses in the region outside of Downtown Los Angeles. Older stable, lower-density residential areas lie to the north and south of Wilshire Boulevard. The area served by Metro Rail contains two designated city centers, the Wilshire Center and the Miracle Mile. The lack of good accessibility by surface streets and freeways increased competition from Downtown and the Valley. This and other factors contributed to a considerable loss of office and retail use in the past decades. Wilshire Boulevard, particularly between La Brea and Fairfax Avenues, is beginning to regain tenants and attract some major new office and retail developments. Transit usage in the Wilshire area is among the highest in the region with most bus routes running at capacity. The current flow of traffic through the area will not allow an increased number or frequency of buses. Transit improvements could only occur through either restriction of auto and truck and/or grade-separated transit system.

FAIRFAX

The Fairfax district is primarily a residential area with a large stock of mid-density and high-density rental and ownership units, served by specialty commercial uses which also have a regional draw. Particularly around Beverly Boulevard, the area is an ethnic enclave of older Jewish people, who are within walking distance of synagogues, social services, and community commercial uses. Major commercial/retail facilities are CBS Televison City, Farmers Market and a more standard shopping center across the street at Fairfax and Third. Several major sites east of Fairfax, on Beverly, offer the potential (and possibly a threat) to the existing community for major highrise mixed- or multiple-use development. The District has identified the CBS site for a major Metro Rail regional parking facility. The possibility of a major increase in traffic may also constitute a danger to the existing ethnic/economic balance of the community. Park La Brea Towers, a series of high rise apartment structures, constitute the largest single concentration of apartment units in Los Angeles, if not in the West. Fairfax is one of the most sensitive areas in which to insert new development along the Metro Rail lines.

HOLLYWOOD

Hollywood was one of the early Los Angeles residential suburbs, as well as the site of early office and commercial development. The long-time focus of activity in the community has been movie-making and entertainment. In recent years Hollywood has suffered a serious decline in office and commercial uses. A number of revitalization proposals have been made for the area, including a current study by the Community Redevelopment Agency. One of the limits to Hollywood's resurgence is accessibility to the area from surface streets. Many citizens and businesses in Hollywood feel that the Metro Rail system will be instrumental in revitalizing the area.

STUDIO CITY/UNIVERSAL CITY

The Studio City station location is surrounded by single family dwellings and low rise apartments with some minor commercial uses. The Universal City location would directly serve one of the most important tourist attractions in the region, as well as a growing office and hotel concentration. Structured parking, as well as other uses could be located on the site to serve the Metro Rail users. The SCRTD's planned Metro Rail parking at either of the proposed stations, combined with current park and ride bus facilities and Universal City as a tourist destination, will make the area into a multi-modal transit center.

NORTH HOLLYWOOD

An older, moderate to lower income community with primarily residential, commercial, and industrial uses. The North Hollywood Redevelopment Project, within which the station will be located, includes plans for rejuvenating the blighted area. Local residents have great pride and concern over the importance of maintaining single-family residences. At the same time, the community has strongly supported the sub-regional shopping center planned directly adjacent to the Chandler/Lankershim Station which would involve some residential and commercial demolition. Buildings are almost uniformly low rise. North Hollywood Park is an important open-space resource and the basis for a potential linked open space system. Given proper vehicular access, the station could be the primary access for the portions of the valley north of the Ventura Boulevard and Ventura Freeway catchment area feeding into the Universal City or Studio City station.

Metro Rail Regional Issues

This section identifies the regional planning issues pertaining to land use and development which are to be addressed by District policy. Regional scale issues are not always as apparent or in some cases concrete as those at the station area level. Some aspects of system design and benefit such as system equity, parking policy and future extensions can be understood and dealt with only at the regional scale. Also, there are cumulative effects of development at each of the station areas, such as the creation of an economic and activity focus for the region, which can only be understood and planned for at the system-wide or regional scale.

CONFORMANCE OF THE METRO RAIL PROJECT WITH REGIONAL GOALS

The essential regional goals, as reflected in the city, county and SCAG goal statements have the related intentions of concentrating urban development within an interdependent system of activity centers, and of reducing total vehicle miles of travel within the region and between centers. In restricting most growth to a number of designated centers, the low density character of Los Angeles will be maintained. The provision of Metro Rail service will tend to reduce total vehicle miles within the region by attracting people now using private automobiles to the system. The challenge for the District is to contribute to increasing the range and intensity of land uses within the centers it serves through SCRTD land development activities. This will fulfill public agency goals, as well as the District's needs for patronage and revenue generation.

Current SCRTD land use and development objectives are consonant with the public agency stress on more intensive development within centers. This intensity and

balance of uses allow for cost effective transit, generate 24-hour patronage, create a potential revenue flow for capital and operating costs, and establish a demand for steady growth of the system. District policies will have to address the need for coordinated planning and implementation between public agencies to assure that the common goals are met.

NEED FOR A COORDINATED PLANNING PROCESS

The corridor defined by the initial 18-mile segment of the Metro Rail Project encompasses lands within the City of Los Angeles and the County of Los Angeles. Over time this system will expand to encompass additional city and county lands, as well as lands within other cities of the Los Angeles region. At this regional level, the land use planning objectives of local governments must be coordinated with each other and communicated to the Metro Rail operator, the SCRTD. The SCRTD, in turn, must establish its transportation planning objectives and coordinate them with other transportation providers, including the Los Angeles County Transportation Commission, CalTrans, and the transportation providers of local government. Only through a coordinated planning process, will the Los Angeles region gain maximum benefit from its transportation systems.

REGIONAL FORM

Any construction within centers will effect the local visual character. But it also has consequences at the regional scale in relation to the three major regional form elements: the natural regional visual elements (the mountains, hills, plains, and ocean); the man-made circulation elements, (the surface street grid, the freeways, and any future at grade or elevated transit alignments) and the land development such as the Central Business District which is visible at some distance.

By deliberately relating to the regional form elements, new development will enable the centers to achieve a regional visual identity consistant with their importance as regional destinations. This identity will effectively make the Metro Rail system easier and therefore more attractive to use, as destinations are more clearly visible and imagable. Further, the regional corridor as a whole may have its own visual identity, the outlines of which are already established in the Central Business District and the Wilshire Corridor. In order to achieve a regional core with its own visual identity, careful consideration must be given to the design of each District joint development project, as well as to the balance of projects among the centers.

PARKING WITHIN THE METRO RAIL CORRIDOR

For the Metro Rail system to function effectively, parking, urban growth, and transit service must balance each other -- one cannot change in capacity without the others also changing. Therefore, each factor acts as a limit on the other. In relation to Metro Rail, the vital issue of parking has two aspects: the relation of parking to accessing the Metro Rail system, and the use of parking to serve land uses within the centers Metro Rail serves.

While the District has primary jurisdiction over Metro Rail parking, and the city and county have jurisdiction over minimum parking requirements at the centers, it is important to note that these two aspects of parking are closely related and must be planned together. Further, the parking issue is not one which can be approached on a station by station, center by center basis alone. Parking must be seen as a regional question and both city, county and District policy applied on a regional basis.

There are a number of factors which need to be considered in developing a parking policy, including the following:

- Insufficient Metro Rail parking at certain station locations will be a strong disincentive to bus and rail transit usage.

- Phased development of parking sites and facilities must be planned for. During the initial years of operation, at-station parking will probably be an important incentive for using the system, since it requires one less transportation mode change than if outlying park and ride lots are used. These station parking facilities should be part of the initial project construction. Their locations are critical and deserve extended study.

- Implicit in the centers concept is the goal of reducing auto usage as much as possible, in and between station stops. However, the automobile may remain a necessary mode in the foreseeable future, particularly in the suburbs where adequate public mobility by the bus system alone may be too expensive to achieve.

- Adequate local transit service will be an important factor in reducing auto useage and, therefore, parking requirements within the centers.

It is imperative that the District, the city, the development community and other relevant actors work together to develop a unified policy or set of related parking policies.

REGIONAL EQUITY

For the Metro Rail Project, regional equity refers to the equitable distribution of economic, social, environmental, and access benefits to Metro Rail users, the individual communities and neighborhoods located around station areas and to the region as a whole. The benefits include:

- Improved accessibility, in terms of travel time and convenience, for the areas served. This is especially of benefit to the transit-dependent.

- Economic development and consequent revenue accruing to both the private and public sector (assuming value capture provisions, District land ownership and other mechanisms).

- Environmental and open space improvements which increase the attractiveness of individual centers.

Beyond the provision of basic transportation facilities (stations, tunnels, subsystems, support and control facilities), the question is open as to where the District will allocate its resources for associated development, environmental improvements and the like. Two polar approaches exemplify the range of policy options available. The District can choose to undertake value capture and joint development projects in areas of greatest development potential, or the District can adopt a policy of equitable distribution towards these projects throughout the region. This policy could be based on factors such as greatest developmental need, environmental deficiencies, least cost to the District, a committment to uniformly raise the environmental quality and economic productivity of the corridor as a whole, or other criteria.

In coordination with the specific plan and redevelopment processes, the Metro Rail Project could also be the stimulus for a coordinated series of development projects in the central and most densely developed portions of the region. Given severe reductions in federal, state, and local funding for social services and economic development, land development is becoming a major vehicle for addressing social and economic needs and inequities. The District could address these problems, which in effect are the problems of its patrons, through a variety of means. For example, joint development on sites which are sufficiently attractive to gain public leverage over the developers' plans, the District could negotiate with the developer to provide certain needed community services. Such an agreement could include provisions for a certain proportion of low and moderate income housing, day care facilities, certain commercial or office uses which would make use of the local skills pool, and public open space.

To get involved with this level of concern for public welfare, the District acknowledges and embraces the fact that Metro Rail is not simply the provision of an improved transit mode. Rather, with proper planning Metro Rail is a key element in a long-term major urban development and revitalization effort. This effort has socio/economic consequences, possibilities, such as those described above, and poses specific equity choices which must be addressed by the District.

LINKED OPEN SPACES

An important element of the environmental quality, recreational usefulness and quality, and attractiveness of the individual centers is the deliberate linkage of open spaces (i.e., parks, plazas, landscaped transit corridors). Linking of the open spaces does not necessarily have to be physical to yield regional benefits. For example, a family could take Metro Rail to Hollywood and Cahenga, and then go by bus to Griffith Park. From there they could take the train to the Pan Pacific regional park for an outdoor party and some shopping in the Beverly/Fairfax area, and then later to the CBD for the annual street fair. Metro Rail can make more of the Regional Core accessible, within the same travel times, than is possible without the rail system. Therefore, many destinations within the corridor may receive increased usage.

The District needs to incorporate open spaces in its development projects, as a basic element of a usable and satisfactory environment, and to effectively link these spaces through physical or transit connection. The extent of the recreational and other types of patronage Metro Rail will receive is to some degree a function of the extent of open space provided and effectiveness of the linkages.

LAND USE RELATED TO FUTURE EXTENSIONS

Future extensions of the Metro Rail system, as well as interfacing with possible future modes including intermediate capacity light rail, local rail or bus distribution systems, may place additional demands on the initial Metro Rail facilities and associated land use. These demands need to be anticipated now and include:

- The need for initial stations to be originally sized to accommodate the increased patronage from extensions or interfaces, or to allow for expansion.

- The need for station entrances, as well as present and future station surface access to relate to future potential joint and collateral development.

- The need to accommodate possible additional direct station entrances into future joint development stimulated in part by the additional patronage.

- The need for more, or less parking and vehicular interfaces.

In addition, the District should consider the importance of stations being located at clearly defined locations particularly when extensions or intersections are being contemplated. For example, a Wilshire/Fairfax Station which is not clearly related to that intersection but rather is located to the east may be reasonable on an initial line. However, if the initial line is extended west and south from the station, the specific type of connection and access direction at the main intersection may have an effect on joint development potential, patronage, and the users ability to comprehend the system.

The specific configuration of the intersections, related transit interfaces, and auto access all need to be evaluated at each station in order for the District to establish its land acquisition program.

Station Area Planning and Design Issues

At the other end of the scale from regional planning is land use and development issues at the Metro Rail station area and surrounding local community scale. At this level it is important to identify broad categories of individuals and organizations with specific interests in these issues. One category comprises the local community, including persons who live, work, and operate businesses in the community and who will be directly affected by the Metro Rail project. In a certain sense, this category also represents the interest of the general public which will be less directly affected by Metro Rail. Another category includes persons who desire to make investment and development decisions in the vicinity of transit stations. This category generally represents the larger sector of private enterprise. The final sector is composed of the transit operator, in this case the SCRTD, which represents public sector enterprise. Each of the categories described above has its own particular set of interests and aspirations which are not necessarily always in agreement.

PUBLIC AGENCY INSTITUTIONAL OPTIONS FOR JOINT DEVELOPMENT

One of the major constraints of joint development is that (throughout the United States) local jurisdictional authority remains divided, with no single mechanism in place for overseeing effective coordination of transportation system planning and land use. The comprehensive legal authority and specialized staff resources required to: 1) coordinate the station area development process; 2) package and implement joint development; and 3) provide financial incentives and secure value capture agreements -- are not conferred upon in any "single" public agency in the Los Angeles metropolitan area.

If the SCRTD is to proceed with an effective joint development process, it must decide what institutional arrangements will best achieve the District's objectives for joint development. Potential institutional arrangements which should be considered by the District include 1) the development of a new department within the SCRTD, 2) the development of a cooperative agreement between SCRTD and local public agencies, and 3) development of a transportation development

corporation. These arrangements are further described in Chapter VI, Joint Development.

OPTIONS FOR VALUE CAPTURE

The construction and operation of the Metro Rail Project presents the SCRTD with a wide range of value capture opportunities to recover some portion of the benefits provided at general public expense which will accrue to property owners, motorists, and employers within the Metro Rail station areas. The use of taxation and fees represents one potential value capture technique. Examples of this technique include special benefit assessment districts, tax increment financing, motor fuel taxes, motor vehicle excise taxes, and parking fees. Other options available to achieve value capture include joint development approaches. Examples of this technique are station cost sharing, connector fees, and land/air rights leases. In order to use these joint development approaches to value capture effectively, it is imperative that a consistent and thorough set of joint development policies be established during the preliminary engineering phase. Additional options available to achieve value capture which should be considered by the District are direct marketing approaches. Examples of this option include advertising and the use of concessions or retail outlets in stations. For direct marketing to work, in the stations and on the Metro Rail trains, such considerations as station design, and train design and fire and safety requirements must be studied. Chapter VII, Value Capture, discusses these options in further detail.

STATION AREA PLANNING AND DESIGN CRITERIA

The District will need to define and communicate its intentions regarding station area and joint development planning and design. The District's interests and responsibilities would be best served, at least in the near term, by the independent generation of station area planning and design criteria.

These criterial will be used as a planning and design framework to guide the specific decisions required to accomplish physical change within the station area. These criteria differ from the engineering and station design criteria already established by the District in that they concentrate on the relationship of Metro Rail and joint development facilities to the larger community. The process of generating the criteria will allow the District to approach its participation in the overall station area planning process (through the Specific Plan or some other means) with a more clearly defined statement of its own position. Further, the criteria will give the District the basis for defining specific joint development programs and establishing development standards for specific projects.

The District will need to determine the degree of planning and design control which it wants to exert as it initiates Metro Rail and joint development construction within the communities, and the format or manner in which that control is to be exercised. The District also will need to determine how its own position can be articulated and realized within the multi-agency planning and design control process of the City and County of Los Angeles.

COORDINATION OF SYSTEM DESIGN AND STATION AREA LAND USE PLANNING

It is critical that Metro Rail system design, as well as land use and joint development planning, be undertaken simultaneously and be closely coordinated. Vertical

and horizontal alignments, station design, rolling stock design and other system components must respond to land development and joint development needs and potentials. Conversely, land use planning and many aspects of community design and land development must be coordinated to take advantage of the potential which Metro Rail brings. Important factors to plan for include: a spatially concentrated source of and high volume of potential workers, customers, and public facility users; a market basis for high density retail, office, residential, recreational and cultural development; and, due to the shortened travel time which grade separated rail provides, the ability to attract users from a larger geographic area within the region. As discussed elsewhere in this report, the lack of this coordinated planning has been a major reason for the disappointing record of transit-related joint development in the United States to date. This coordination must be achieved both internal to the Metro Rail Project itself, and in the Project's relation to other public agencies, citizens, and developers.

CREATION OF THE CENTERS AS URBAN, PEDESTRIANIZED PLACES

Vital to District land use development in the centers is the creation or re-creation of the centers as urban places, desirable destinations and environments in which to live and work. The quality of the centers environment, its success as an activity center where people can work, shop, and spend leisure time in places where the automobile does not encroach, is critical in attracting development potential and patronage. This is particularly true for the non-work trips which are more discretionary and which are needed to even out the morning and afternoon peak trip pattern common to transit systems.

The creation of this type of environment is a complex and detailed process. It will require a policy and implementation commitment from the District to coordinate on a continuous basis with other public agencies and developers, regarding land use planning, regulations, developer agreements, design review, transit planning, and a number of other factors. However, these actions are necessary in order that the District can realize the land development and patronage potentials of Metro Rail.

MITIGATION OF CONSTRUCTION PERIOD LAND USE AND DEVELOPMENT IMPACTS

The District needs to determine an approach to the planning and land use process which involves the community in making choices as to the severity of construction impacts the community is willing to bear, and commits the District to a clearly-defined program of mitigation measures.

System and joint development construction will create a series of temporary and possibly permanent impacts on the station area community which will have ramifications for both the local community members and the District. These impacts include potential environmental degradation, traffic disruption, restriction of access to businesses, and possible economic loss to residents and businesses.

The ramifications for the District revolve around its responsibility to mitigate these impacts. The District needs to define an approach to these impacts. In some cases the District can control the extent of permanent and temporary development impacts. Control comes through such means as defining an appropriate level of development, construction technique, phasing, timing, materials, building design, and methods of traffic management. The District needs to define these methods of control. For those residences and businesses which are to be relocated, the District

will need to establish a policy regarding the potential relocation of displacees within or near the project area, and within the joint development project itself. Methods to facilitate this relocation, including the possibility of temporary facilities and inverted rents (adjustment of rent payments of joint development projects to local businesses and residents so they can afford to stay in the community) also need to be addressed.

THE NEED FOR STATION AREA MASTERPLANNING

At each development stage of the Metro Rail Project's implementation, including final engineering, construction and initial and long-term operation periods, the station area will experience both indirect and direct effects of the project. Some of these impacts may be negative. For example, local residential neighborhoods and businesses could be negatively affected by construction activities, as well as high levels of land use speculation. However, many of the effects of the Metro Rail system will be beneficial to local communities. For example, the Metro Rail system may provide increased accessibility and serve as a catalyst for upgrading the overall character of an area. A station area masterplanning process is needed to help provide mitigation of potential negative impacts of the Metro Rail systems development, as well as help assure that the potential benefits of the system are equitably distributed.

In addition, station area masterplanning may be instrumental in achieving density levels around stations which will help support the Metro Rail system. Thus, a station area masterplanning process is needed to achieve local community goals, to mitigate potential impacts of the Metro Rail systems and to assist the District in achieving maximum ridership. The masterplanning process will also be important in defining design controls to assure that future development is consistent in design and architectural integrity with existing buildings. This process may also help identify and thus, develop, certain community services needs such as provisions for needed day care services, low and moderate income housing, retail services, etc.

Station area planning is currently underway with Specific Plans being prepared by the City Planning Department and the County Planning Department. It will be important that a station area masterplanning process be clearly coordinated with this process, as well as any redevelopment plans currently underway or planned for the future.

SPECULATION CONTROLS

The potential construction of rapid transit stations in other cities has caused rapid increases in land value and turnover of ownership, an experience which could easily occur in Los Angeles when system funding is announced. Negative public consequences of this speculation include: 1) the loss of potential revenue to the District, 2) the distortion of existing land values within the local community causing the potential for community disruption, and 3) the possible unavailability, except through eminent domain, of land adjacent or near the station for joint development.

To maintain the economic possibility of joint development, as well as the potential of realizing a rational community development program, public sector control over land speculation related to Metro Rail needs to be instituted.

Factors which the District needs to consider in establishing land speculation control programs include:

- Definition of specific control devices, such as the anti-speculation capital gains tax.

- Authority of the District or other public agency to establish and maintain the program.

- Decisions regarding who will administer the land control devices/taxes and who will get the returns.

- Procedures for implementing the program.

INCREASING PATRONAGE THROUGH LAND USE

The short and long-term maintenance and expansion of Metro Rail patronage is dependent on three major factors: the intensity of land use, the variety and balance of land use, and the quality of the station area and community environment. In turn, the components of this environmental quality include adequate open space related to a pedestrianized network not dominated by vehicular traffic; effective linkages between Metro Rail, the pedestrian network, and other transit modes; a high level of architectural and landscape design quality; and a sense of security.

The intensity of land use refers to the amount of development available and can be measured in such terms as square footage of commercial uses and number of dwelling units per unit of land area. Within limits, the greater the intensity the greater the number of potential trip origins and destinations. The variety and balance of land use refers to the presence of a range of services and attractions covering a wide spectrum of activities, including work, residence, and recreation. The variety of uses fulfills the centers concept goals of urban centers. In the District's terms, the variety contributes to creation of an attractive destination needed to encourage both patronage and joint development. It also will provide a 24-hour source of patronage which, for example, a predominantly single-purpose office area cannot supply. Environmental quality assures that the experience of being within the station area and the immediate community will be satisfying and that people will continue to be attracted to the center.

This issue is one of the key factors in Metro Rail's success. Realizing the land use intensity, variety, and balance of uses, a quality environment will require the coordinated efforts of the District, city, CRA and other public agencies over an extended period.

COORDINATION OF TRANSIT ACCESS POINTS AT METRO RAIL STATIONS

The deliberate location of Metro Rail stations at key intersections within each center brings the stations in direct proximity to other existing and potential transit services and functions. These could include local bus, feeder bus, kiss and ride auto, park and ride auto, local distributor service such as the minibus van pools, commuter bus, commuter rail, and the pedestrian network. The linkage between these modes at the station will be a key factor in encouraging the use of Metro Rail. The linkage also will minimize adverse community level impacts such as surface street traffic congestion, and facilitate joint development projects whose success is dependent on effective access by public transit.

The options in relating the transportation modes range from separating access points for each mode but locating them within the general station area to integrating the access points for as many modes as possible within a transit center. A transit center would allow the grouping of access points to the various modes within close proximity, so that minimal effort is required to change modes. The center could also be located off-street, so that transfer activity would not impede street and pedestrian network traffic. The integration of transit modes would also intensify and channelize pedestrian movement, an essential for successful retail joint development.

A transit center approach may require more land acquisition than is currently contemplated, may change some aspects of current station designs, and will require careful planning as joint development projects are considered. But this approach offers significant advantages to the District and to the community in terms of patronage generation, facilitating joint development potential, and enhancing the quality of the community environment.

STATION DESIGN AND STATION AREA LAND ACQUISITION TO ACCOMMODATE FUTURE CHANGE

In the future, a number of factors may result in the need to change station area facilities including the station and associated facilities. The types of changes required may involve physical alteration of the station, additional land acquisition, development on District-held land, and alteration of parking facilities.

Change inducing factors may include patronage and parking demand levels, the level of development to which stations could be connected, and the need to connect with other transit and access modes. It is important that the District is able to keep open the maximum number of options regarding station expansions and connections, as well as associated land acquisiton, and to prevent these options from being foreclosed by future changes in land use and development. Therefore, station design, access, parking, the initial extent of land acquisition, and the type of development on that land need to be considered in terms of future needs.

Station expansion could take a number of forms. These include: lengthened platforms; increased mezzanine capacity, additional connections to adjacent buildings, insertion of retail uses in station or parking facilities, increased or decreased parking capacity, and the expansion or change of design of pedestrian access facilities.

Land acquisition in anticipation of future changes could be undertaken for a number of purposes including: future station expansion, development of parking facilities, establishment of pedestrian and open space facilities needed to assure a satisfactory level of environmental quality around the station entrance, acquisition of adjacent parcels in anticipation of future land assembly to form a major development site, future construction of a transit center; and acquisition to control future land speculation.

The District will need to carefully evaluate both Metro Rail facilities design at each station area, and land acquisition related to future facilities change and potential joint development. Land acquisition may prove to be a particularly sensitive issue as questions may arise regarding a number of factors including: justification of land acquisition at a future date, land banking, the District's role as a developer or development partner in relation to other public agencies and private sector developers, and taxation of District-owned land.

PROTECTION OF THE LOCAL COMMUNITY INTERESTS

The benefits of Metro Rail such as increased accessibility, joint development potential, concentration of development to create energy and air quality improvements, and the creation of activity centers may have their negative impacts on the local communities, if not carefully treated. Transit ridership in a limited area may also bring increased traffic congestion and noise levels. Demand may increase for new commercial and residential uses which could disrupt the existing community fabric and drive up local land values to the point where existing residents and owners could not afford the increased housing and commercial space costs. Land may be acquired for speculative purposes. This inturn may create pressures to replace existing uses and change existing ownership patterns. The supply of local parking spaces may be exhausted with the increased demand from Metro Rail patrons. New development at higher densities may disrupt the existing community scale.

In response to these types of issues, the District will have to determine its commitment to participating, through the Metro Rail Project and its associated joint development, in a station area masterplanning process, as mentioned previously. This program conserves valuable community assets, responsibly addresses community needs, and values, and encourages appropriate types and levels of new or revitalized development. Aspects of the District's recognition of community values include:

- A residential parking priority program.
- Anti-speculation controls.
- Mitigation measures to reduce or eliminate negative environmental impacts of the system and joint development during the construction and post-construction periods.
- Coordination with other public agencies, the citizens and developers to effectively integrate community values into the planning and construction process. The generation of a strong land use control document such as the specific plan would be an important component.
- Definition of requirements to be met by private participants in the joint development process which would realize community values.
- A commitment that joint development will not necessarily be bound to realizing the "highest and best use" of a given parcel, given maximum financial return, but also will respond to community needs.

V. METRO RAIL STATION AREA MASTERPLANNING PROCESS

Introduction

The station area masterplanning process will play a central role in joint development planning. Through this process, a joint development program will be formulated for each transit station area. Because not all station areas will experience the same level and intensity of joint development, the station area masterplanning process is designed to determine and plan for the appropriate level of development.

The first step in the masterplanning process is to categorize the proposed station areas according to their general suitability for joint development. Six categories of station areas are defined for this purpose by the following section. The next section of this chapter outlines a proposed station area masterplanning process.

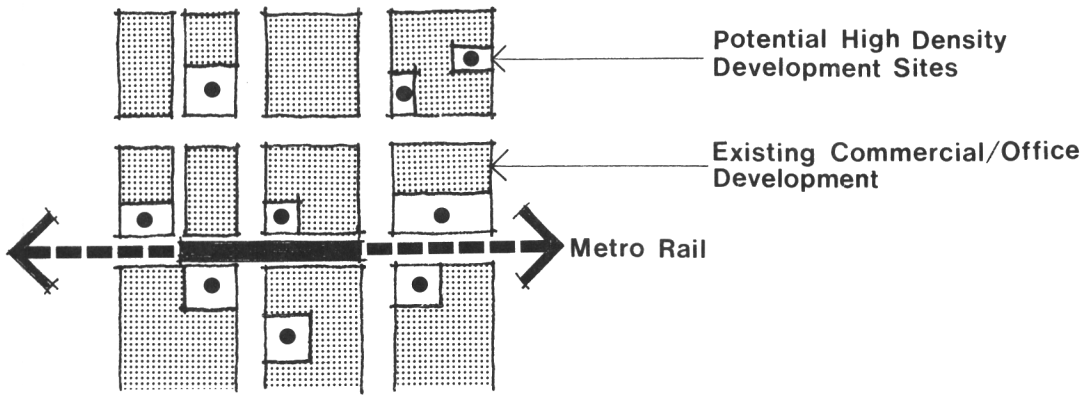
Transit Station Area Development Catagories

To assist in defining some of the major approaches to station area masterplanning and joint development, six transit station area development categories are presented in this section. Because each of the proposed stations has different land use characteristics, market potential, and zoning designations, common characteristics among the stations were used to develop these six categories. The development of these categories is a first step in any station area masterplanning process.

The six categories are designed to visually characterize the major planning and design considerations at the station area level which should be addressed to institute an effective joint development program. Each category is presented in the format of a brief written description, community area land use diagram and an illustrative section.

The six categories are:

Type One:	High Density Downtown Development
Type Two:	Wilshire Corridor Development
Type Three:	Major Independent Development
Type Four:	Strong Local Community Context
Type Five:	Under-Utilized Corridor
Type Six:	Residential Station



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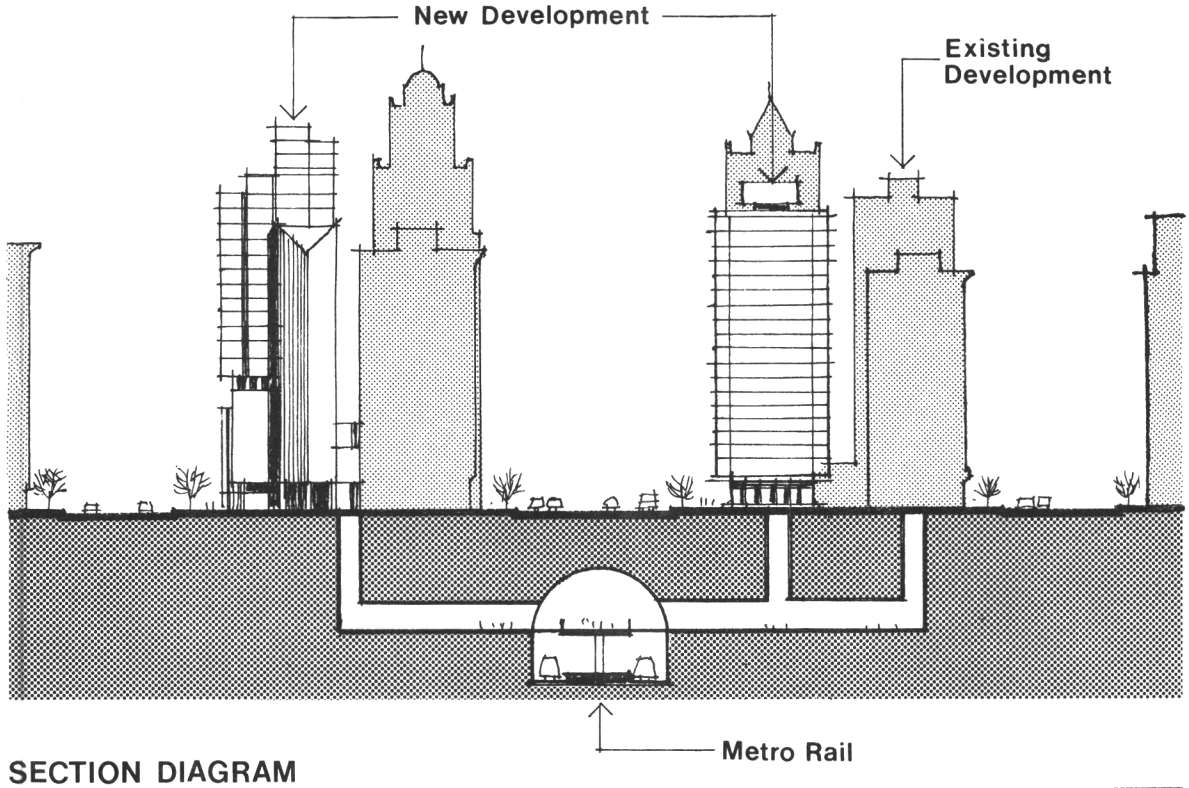


SECTION DIAGRAM

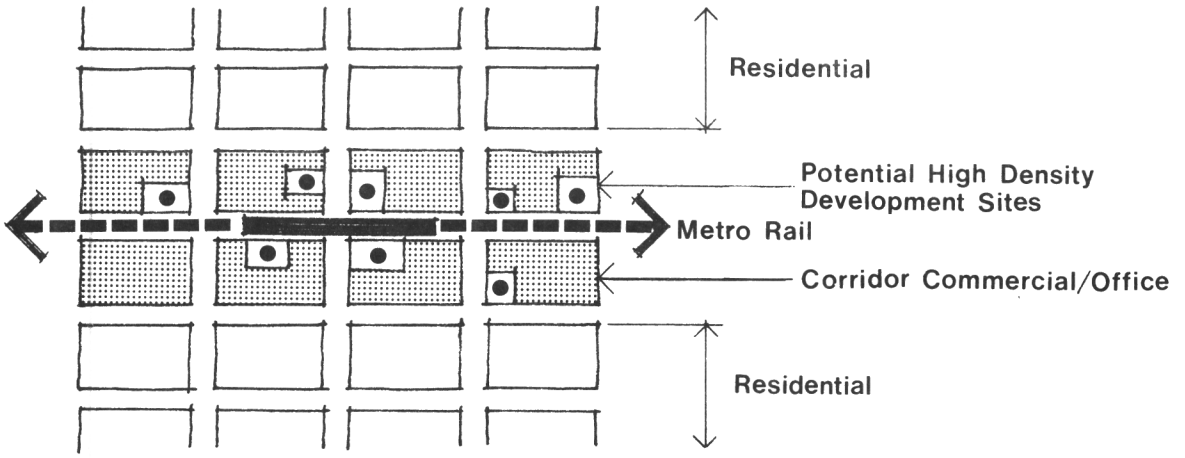
Figure V-1 TYPE 1: HIGH DENSITY DOWNTOWN DEVELOPMENT

TYPE ONE: HIGH DENSITY DOWNTOWN DEVELOPMENT

Stations: 1st and Hill
5th and Hill
7th and Flower

At these locations there is a considerable amount of high density development already. New development, while possible at relatively high densities, will complement the existing stock of office and retail rather than becoming an exclusive activity focus which dominates the station area. Downtown, residential communities are few and do not yet constitute a major interest group. Concerns of transition in scale, while always important, are of less importance here due to the lack of a significant low density and low-rise residential community. (See Figure V-1 for illustration of this design category.)

Land in completely built-up or urbanized areas such as much of the Los Angeles basin is always a precious resource, as there is little opportunity to achieve public goals through land development without causing the elimination and/or relocation of existing uses. In the downtown area this consideration is particularly strong, since existing high-density development has a very long life and is not easily recycled. Any opportunity for new higher density development also carries with it the opportunity, if not responsibility, to incorporate open space and public facilities such as needed social services, housing, day care centers, pedestrian network components, landscaping, transit interfaces, street level traffic flow improvements, and the like. The incentives to developers for providing these facilities can be in the form of density bonuses, parking requirement reductions, transfer of development rights, or other devices. This type of public-related programming for major downtown development sites should be an important consideration. Multiple uses within the structure (for example, retail, office, and residential) should be strongly considered. The amount of parking provided should bear strong relation not only to the private developer's need to attract tenants, but the possible reduction in parking allowed for by the city. Subterranean connections from transit stations to basements level retail, office and elevator facilities are very appropriate in the downtown area.



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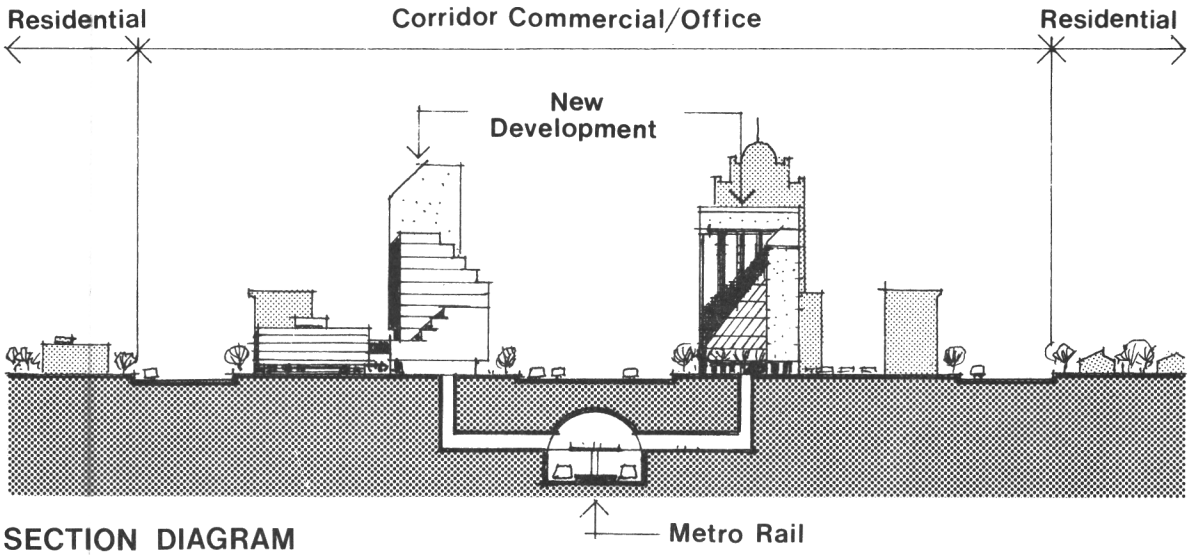


SECTION DIAGRAM

Figure V-2 TYPE 2: WILSHIRE CORRIDOR DEVELOPMENT

TYPE TWO: CORRIDOR DEVELOPMENT

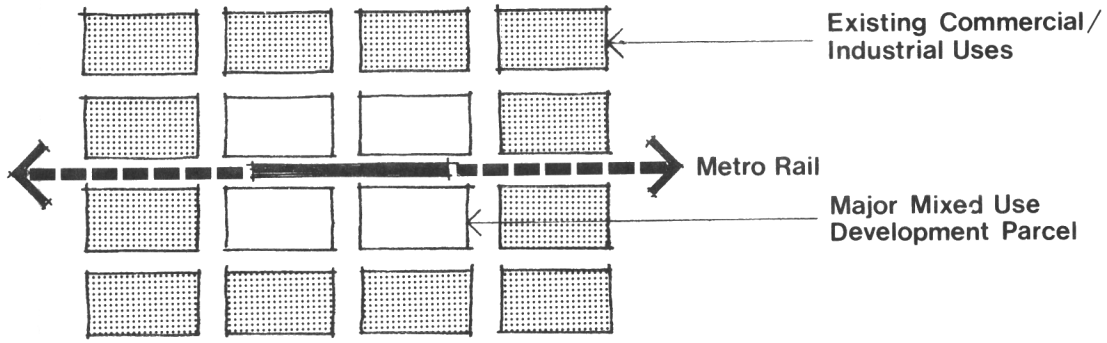
Stations: Wilshire/Vermont
Wilshire/Normandie
Wilshire/Western
Wilshire/La Brea
Wilshire/Fairfax

These stations have in common their location on what traditionally has been a major regional high-density commercial and office corridor extending west from downtown. This development is distinguished from that on Fairfax, for example, by the depth of its commercial/office parcels which allows for structures of significant size. As the plan diagram indicates, to the north and south of the corridor are multifamily and single-family residential uses. Parking often buffers the corridor and residential uses.

The visual form of this development at the regional scale tends to form a high-rise spine which future high intensity development will only strengthen. Opportunities for incorporating public purposes (e.g., community services) into joint development projects within the corridor, and for providing access from the station to development parcels should be considered for this station type. (See Figure V-2 for illustration of this design category.)

Scale relations of multistory development to the adjacent low residential use is of great concern, as is the separation of corridor traffic flows and parking supply from the residential neighborhoods.

Strong consideration should be given to the provision for interfaces with other transit systems without constricting traffic flow, particularly at station entrances. The possibility of these station areas, at least in the near term, sustaining a demand for kiss-and-ride, as well as park and ride facilities needs to be evaluated. There may be many opportunities for joint use of parking facilities, as well as the establishment of District-owned parking facilities which may later be converted for other uses and/or developed with air-rights construction.



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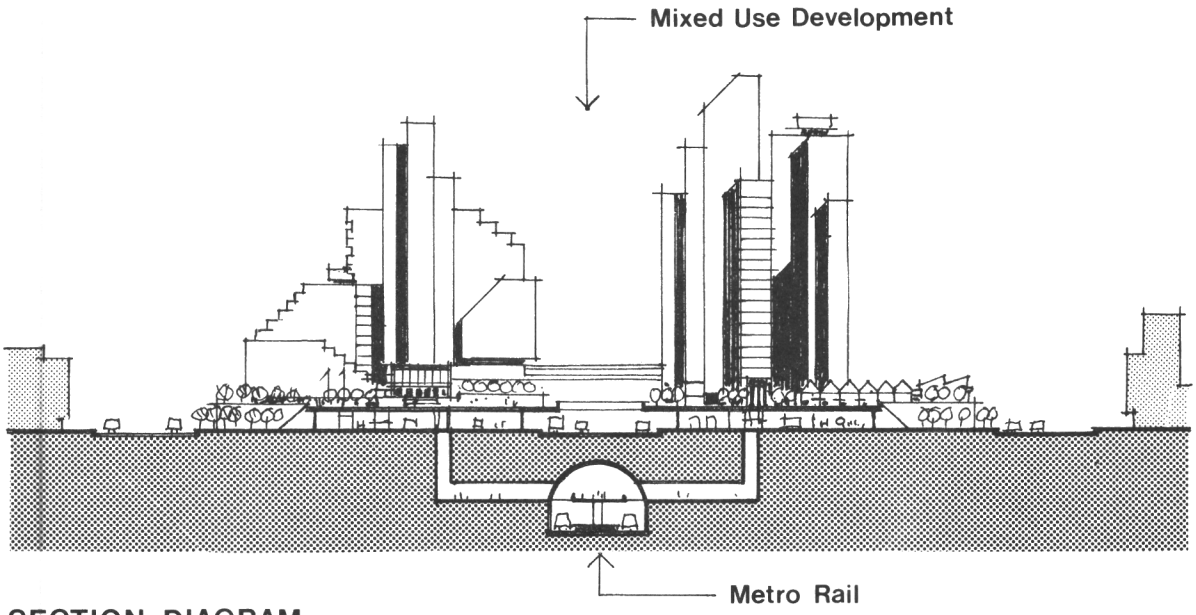


SECTION DIAGRAM

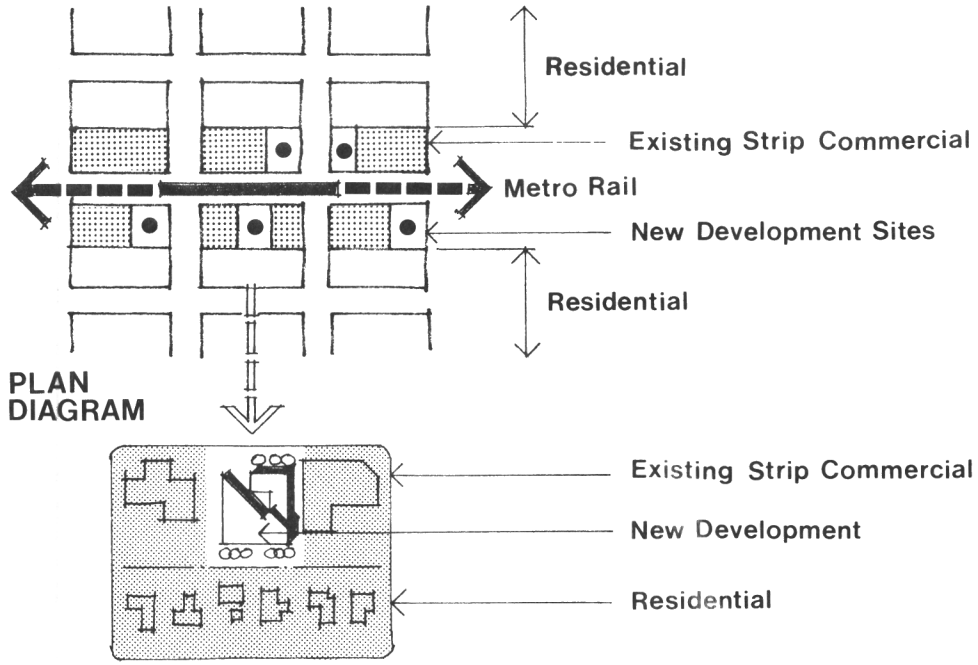
Figure V-3 TYPE 3: MAJOR INDEPENDENT DEVELOPMENT

TYPE THREE: MAJOR INDEPENDENT DEVELOPMENT

Stations: Hollywood/Cahuenga
Chandler/Lankershim
Universal City
Ventura/Vineland (Studio City)
Union Station

These stations are distinguished by the urban form of the communities they serve and the impact of potential development on the community. Unlike the downtown stations, major joint development projects would constitute an important if not major activity focus of the area. With the possible exception of the Chandler/Lankershim, Studio City, and Universal City stations, there is not an extensive low-scale residential community which would make scale relations and buffering of uses a very important consideration. (See Figure V-3 for illustration of this category.)

Joint development projects could become the dominant developments in these areas and could occupy significant portions of the available developable land. These station areas should provide for multiple uses including recreational, open space, and community services. They will be natural locations for an inter-modal transit center, as well as subterranean retail and elevator connection facilities. The visual form of these developments will be particularly critical as they will become dominant architectural elements at the local and regional scale.



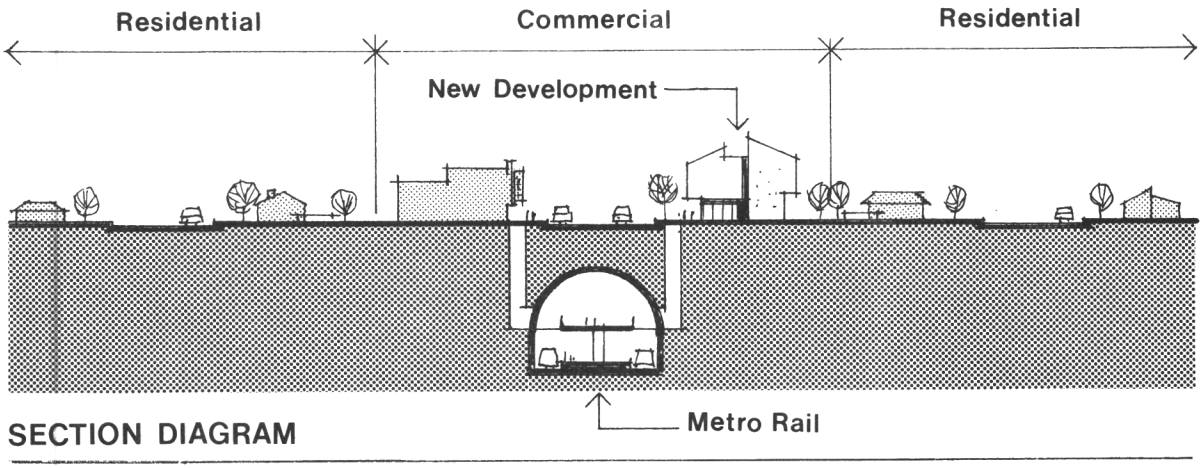


Figure V-4 TYPE 4: STRONG LOCAL COMMUNITY CONTEXT

TYPE FOUR: STRONG LOCAL COMMUNITY CONTEXT

Stations: Wilshire/Fairfax
Fairfax/Beverly
Fairfax/Santa Monica
Wilshire/Alvarado
Laurel Canyon/Chandler

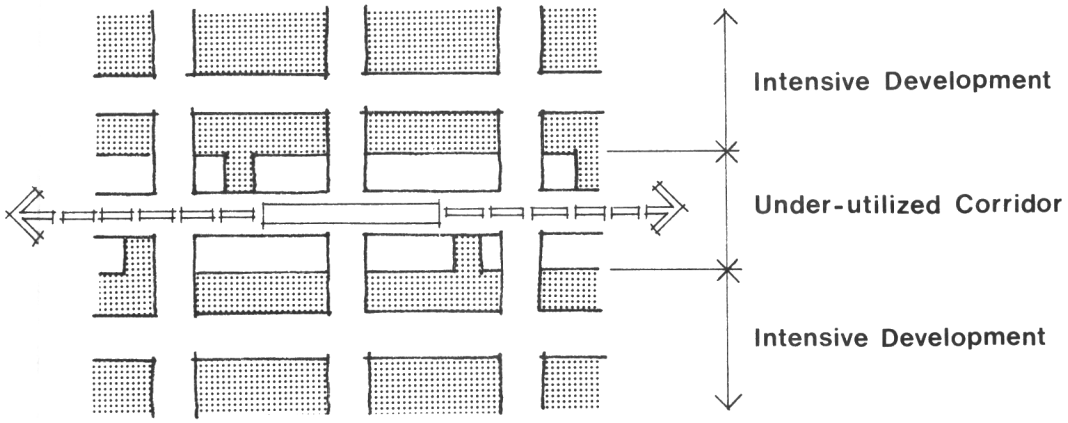
Common to these stations are strong residential communities adjacent to or nearby the station influence area which are served by local commercial uses. Community participation in station area development will be an important factor in several of the stations. Prime development considerations should include community-serving commercial uses, careful consideration of the scale of development and specific land uses, and connections of the new development to the present community fabric. (See Figure V-4 for illustration of this design category.)

A development constraint on some block fronts of all of these stations is the shallow commercial depth, restricted to half of the block depth, with residential uses on the other half.

It is critical that new development not disrupt the neighborhood/community cohesion which these areas exhibit. Construction period and long-term impacts in all categories must be carefully evaluated. New development should be carefully programmed to fulfill, where possible, currently unmet community needs such as for commercial parking, housing, social services, open space, and pedestrianized activity centers.

While the creation of pedestrian access to the station is an important consideration in all station areas, with these stations the need is particularly acute. Portions of these areas' populations are comparatively older, at lower economic levels, and/or more transit dependent compared with other station areas. Walking is an important transit mode, and local community facilities receive heavy usage.

Subterranean station connection possibilities for Type Four stations are fewer than with other types. More likely, entrances will have to be incorporated off-street within existing developments or on vacant lots.



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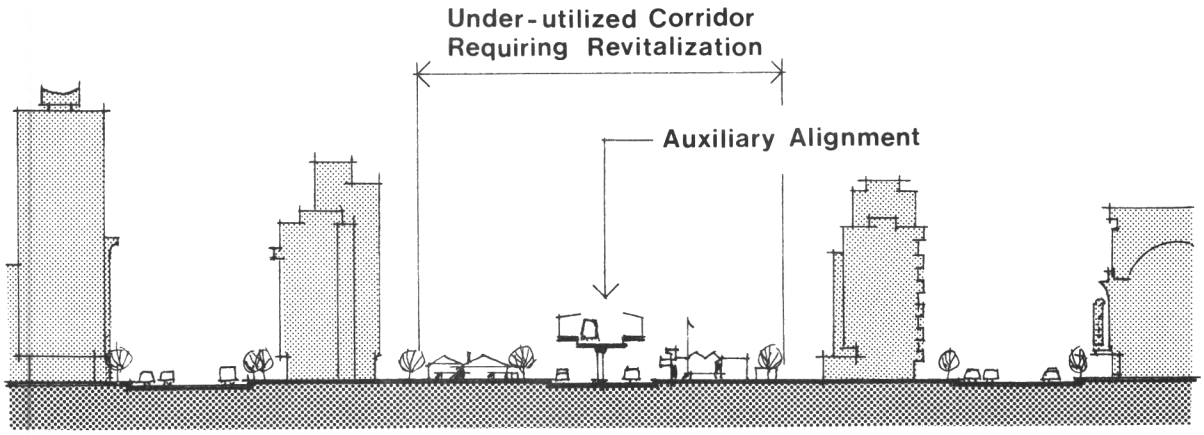


SECTION DIAGRAM

Figure V-5 TYPE 5: UNDER-UTILIZED CORRIDOR

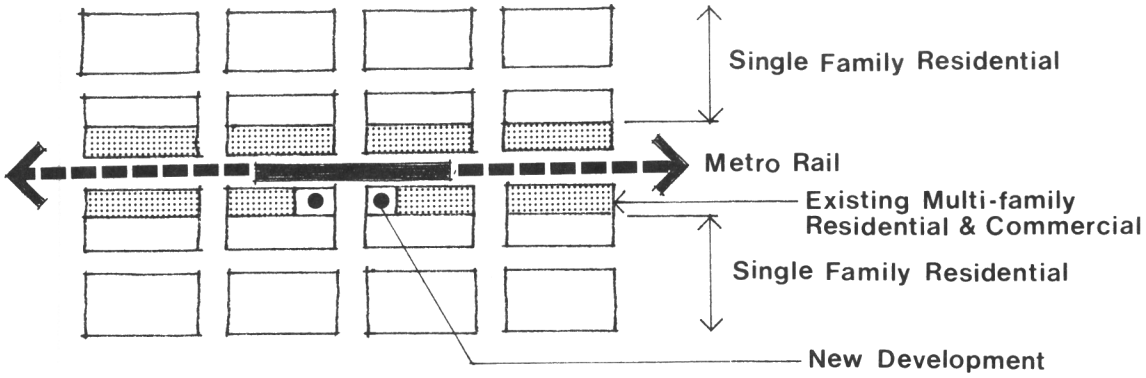
TYPE FIVE: UNDER-UTILIZED CORRIDOR

Station: Hollywood Auxiliary Alignment Stations

This category is defined for the proposed stations along the Selma Avenue corridor which is planned as the route of the Hollywood Auxiliary Alignment. The corridor is unique in several respects: it consists of a narrow street with one lane traffic in each direction; it is bounded by mixed low-rise residential, commercial, and institutional uses many of which appear to be of marginal economic value; and it is midway between two major arteries and linear activity centers, Hollywood and Sunset Boulevards. The intent of this alignment is to allow the Metro Rail system to proceed from Fairfax Avenue directly north to North Hollywood, at a cost savings, while serving the distribution needs of Hollywood in a manner appropriate to its linear commercial core.

The under-utilization of land and the comparatively poor condition of many of the adjacent structures leads to an unattractive overall visual impression. Further, there are few commercial, recreational, or office uses which would form destinations for most Metro Rail users. Riders would have to be attracted to make the one-block walk from the station to Hollywood or Sunset Boulevard. This would require a considerable amount of activity and landscaped pedestrian connections to the major arteries in place at the time the system was opened. (See Figure V-5 for illustration of this design category.)

The scale incompatibilities between the elevated alignment, its stations, and station access from the ground could be severe. Any joint development opportunities along the Selma corridor would have to deal with the difficult problem of relating to both the mid- to high-rise development on Hollywood and Sunset Boulevards, and the low-rise development along Selma. Traffic access to developments along the corridor will be complicated by both Selma Avenue's narrow width and the potential of further encroachment by guideway and station support columns.



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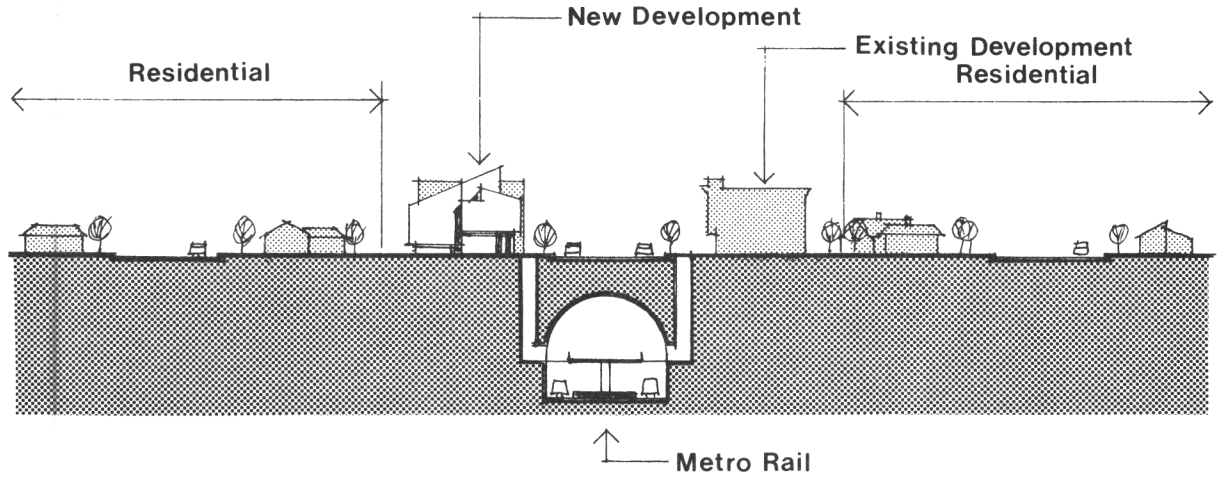

SECTION DIAGRAM

Figure V-6 TYPE 6: RESIDENTIAL STATIONS

TYPE SIX: RESIDENTIAL STATIONS

Station: Wilshire/Crenshaw

This station area is unique in the predominance of single and multifamily residential uses, with little community commercial support. While commercial and office uses are present on Wilshire Boulevard, community sentiment reflected in the Wilshire District Plan and Park Mile Specific Plan put strict limits on the height and character of both residential and nonresidential development on Wilshire Boulevard. Scale and architectural character for new development would be prime design considerations. The provison of kiss-and-ride, bus drop-off and park-and-ride facilities should be considered. Due to community sentiment, it is not likely that new development would serve as a focus for community activity, or a major pedestrianized area. Very few sites are available for joint development. Subterranean connection to new development is possible but not likely due to development controls on site density. The essential purpose of the station would be to serve as an intermodal transfer point from bus to Metro Rail, and to serve the adjacent residential areas. (See Figure V-6 for illustration of this design category.)

Station Area Masterplanning Process

A critical next step for the District after determining its land use and development policies is to establish, with other public agencies, a process leading to specific station area joint development programs. This process has two main and interrelated components: planning, and implementation/negotiation. Planning ultimately has to do with achieving agreement between public agencies, citizens and the development community on what land and community development should be accomplished within the Metro Rail regional corridor. Implementation/ negotiation making is the "how" of development. It deals with a set of financial and procedural tools, the "rules of the game", which establish the conditions under which the private and public sectors cooperate in development, and the actual realization of development projects.

Planning and implementation/negotiation strongly influence each other and are both essential to realize Metro Rail joint development potential. This section briefly describes important aspects of this program in terms of a series of sequential or simultaneous actions — a station area masterplanning process.

DEFINE APPROPRIATE VEHICLES FOR PUBLIC LAND USE AND DEVELOPMENT CONTROLS AND INCENTIVES

The primary forms of land use and development controls and incentives are specific plans and redevelopment plans, administered by the City of Los Angeles, Los Angeles County, and the City of the Los Angeles Community Redevelopment Agency , respectively. Other potential vehicles are zone changes, community plans and plan revisions, historic overlay districts, and conventional zoning. Given the specific plans and redevelopment plans currently in force along some areas of the corridor, it is likely that specific plans will be used for some station areas, redevelopment plans in others, and perhaps both in some station areas. The level of planning appropriate to each station area is addressed below.

DEFINE RESPONSIBLE REGIONAL AND LOCAL-SCALE PLANNING ENTITIES

The City and County of Los Angeles, the City of Los Angeles Community Redevelopment Agency and the District all have planning and implementation capabilities which are oriented to the particular function of each group. However, the task of corridor-wide community development demands an approach, viewpoint and set of skills which no single agency possesses. The challenge is to orchestrate these agencies to develop a coherent and consistent regional corridor and specific station area development approach. This could be accomplished by each agency assuming specific planning/implementation responsibilities within an overall framework. Alternately, a specifically-formed corridor-wide planning and implementation entity including representatives from the City, County, and the District could be formed. Given the staffing restrictions and high workload which public agencies are now experiencing, it may be most effective to establish a corridor-wide or station area-specific planning and development entity specifically focused on the Metro Rail corridor. The breadth of issues needed to be dealt with may also recommend the latter approach. These issues include: overall regional balances of land uses, zoning controls, implementation techniques and financing, architectural, landscape and urban design. At present, no single agency encompasses and has expertise in all these areas.

An important aspect of the effectiveness of the planning entities will be the generation of political and citizen support at the local, city, county, regional and state levels. Strong political leadership will be a must. A citizen participation program needs to be defined and initiated to be, as has been the case so far, an integral element of the planning and implementation process.

DEFINE LAND USE AND DEVELOPMENT NEEDS SPECIFIC TO THE DISTRICT

The District's perspective on land use and joint development may differ in several respects from the approaches and values of the other participants in the station area masterplanning process. Therefore, the District needs to bring its own distinct definition of land use and development needs to the table, as the actors in the planning and implementation process start their work. This definition could be accomplished internally by the district, or in conjunction with consultants.

DEFINE OVERALL COMMUNITY DEVELOPMENT GOALS FOR EACH STATION AREA

Overall development goals for each station area based on City and County-wide criteria must be determined, both through planning analysis and through citizen participation. This work is an essential initial element of the planning and implementation framework for District action. The work primarily consists of defining those community elements (e.g., types of businesses, housing, circulation, open space, recreational facilities, etc.) which are needed for each station area to become an integrated and self-contained center, per the centers concept.

This work has already been initiated by the City of Los Angeles through two ongoing activities: the specific plan planning process for each station area, and the revision of the centers concept. This revision, discussed in Chapter III, is now only in its initial stages of public discussion. Yet its completion is an important precondition of any other planning work. The City is taking a regional perspective, in terms of defining the needs and specific criteria for balancing development among centers. Yet the City is also making detailed definitions of specific local land use resources which exist and are needed to comprise a 24-hour, balanced pedestrianized and self-contained center, the very model of urban development which best supports Metro Rail.

ESTABLISH OVERALL STATION AREA COMMUNITY PLANS

Based on the previous step, overall station area plans will be developed. Several issues which need to be addressed, from the District's perspective, include whether plans are needed for each station area, and what form the plan would take (e.g., specific plan, redevelopment plan, historic overlay zone, community plan revision). The potential of tax increment financing available only through redevelopment projects may encourage decisions to establish redevelopment projects around staton areas if the finding of blight can be made. A subsidiary issue is whether a redevelopment project or specific plan should be made corridor-wide, subarea wide including a few related stations, or on a station-by-station basis.

For those areas which have a demonstrated potential for joint development, overall planning needs to be accomplished. This includes such factors as specification of all land uses within the area, development incentives, open space and pedestrian networks, urban design factors, localized traffic and transit planning, environmental protection, and historic preservation. Such study areas will assure that

intensification of development is directed to the station area, and that any surrounding lower scale uses, particularly residential, are adequately buffered and protected.

For those areas with lower joint development potential or areas which may not need the comprehensive protection of an overall station area masterplan, a lesser degree of control may be considered. Perhaps the existing community plan, or a revised version may be all that is needed in the near future. As station area potential is increased in the future, then more extensive planning controls/incentives may be instituted.

District parking policy closely coordinated with parking controls of other agencies is a precondition of station area planning. Decisions regarding the extent and location of initial and future parking facilities, at each station area, as well as in outlying park-and-ride lots, need to be made in order that land acquisition and development requirements are known.

As stressed throughout this report, the station area center development needs to be aimed at creating vital, pedestrianized activity centers with a balanced range of commercial, recreational, and residential uses which is both an attractive destination and an origin of 24-hour demand for transit use. This transit-based aspect of community design is achieved only through careful attention to a number of factors including: integration of transit facilities and community design, the creation of an integrated pedestrian-based local circulation system within an attractive pedestrian domain, and careful attention to scale transition between higher and lower buildings.

The plan must closely relate to the financing and implementation available to the District, city, CRA, and the county. In station areas where available funding will be low, a fine-grain scale of relatively low-cost public improvements planning might be undertaken, with incremental increases in investment for community revitalization over time. In other station areas, this level of consideration may not be necessary for the moment as much larger scale improvements may be possible. More immediate issues would be determination of land use, circulation design, allowable densities and other coarser-grain overall guidelines. Transfer of development rights planning will require, for example, a detailed consideration of allowable floor area ratios and building bulk which minor incremental improvements in other station areas would not now demand.

TARGET STATION AREAS AND ESTABLISH IMPLEMENTATION MECHANISMS

Station areas with the greatest potential for joint development will, at least in the short term, be the focus of District community development activity. These stations need to be determined. Appropriate value capture mechanisms are then defined, and any needed legislation initiated. Associated City and Redevelopment Agency responsibilities for achieving broader community development goals will be defined. A multi-year work program will be established which may integrate the efforts of each agency, may define the work of each public entity separately, or may lay out an action plan for a corridor-wide development and planning entity.

The District's efforts will be oriented in two directions: coordinating with the city, county, and CRA as appropriate to establish detailed planning and work objectives as well as financing mechanisms, as well as at the same time establishing the "rules of the game", specific development site studies and development requirements

needed to deal with private sector developers. These rules include a consistent set of development standards and review and processing procedures.

INITIATE DEVELOPER NEGOTIATIONS AND ONGOING DEVELOPMENT PROCESSES

Once the planning and implementation framework has been set up, negotiations with developers can be started on the basis of a known set of powers and incentives in the hands of the public sector. A consistent set of rules and procedures will enable the developers to proceed into negotiations with confidence. The requirements and incentives which the procedures incorporate will assure the developer of a reasonable return. At the same time, they will assure that the specific developments will provide a financial return to the public (including the District) and meet the needs of the station area for public improvements, and the addition of specific types of land uses, possibly including housing and social services.

As the District and other public agencies gain experience in dealing with the initial round of developments at station areas, additional station areas may be dealt with and further planning conducted. Experience with the original institutional arrangements, planning process, citizen involvement, financing and implementation mechanisms, and all other aspects of community development may indicate desirable modifications to the planning and implementation process which should be instituted. The pioneering nature of the District's early planning for land use and value capture and the possibility of a unified development approach to the regional Metro Rail corridor is by its very nature experimental. Certainly better and more effective approaches, as well as changing circumstances will warrant a continuous effort to evaluate and improve the station area masterplanning process.

VI. JOINT DEVELOPMENT

Introduction

Joint development represents one of the most powerful tools the SCRTD has to accomplish many of its land use and development objectives. Joint development may help achieve implementation of regional and city plans, urban design improvements, economic development of the region and station areas, increased transit ridership, cost efficiencies in station design and construction, increased returns on private sector development, and value capture.

Joint development is defined as the planning and implementation of both the transit improvements and changes in land use and circulation within approximately a 2,500 foot radius of a transit station. The planning function refers to the physical planning which must be undertaken to the pattern of land uses affected by the transit improvement, including the transit improvement and local services. The implementation function refers to the administrative and financial action which will be used to construct and operate the transit improvement, and to develop or redevelop associated land uses and services.

Since World War II new[1] regional rapid transit systems (i.e., fixed guideway) have been constructed and begun operations in San Francisco (BART); Washington, D.C. (WMATA); Atlanta (MARTA) and San Diego (Trolley) respectively. The degree, focus, and magnitude of the land use influence of each of these systems, and the resultant level of joint development activity have varied greatly. Extensive case study impact analyses of the BART system[2] indicate a relatively minor level of initial land use development and land value impact during the first five years of BART's operation. In contrast, the Washington, D.C. system has directly induced nearly $2.5 billion in land value appreciation and influenced the location decisions of over $5 billion in new real estate development in the area immediately surrounding the existing Metro stations. The land use impact and joint development impact experience in Atlanta parallels that of Washington, D.C. while the San Diego experience appears (to date) to conform more closely to the BART model. Baltimore and Miami are experiencing significant land use impacts and joint development activity prior to system opening.

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1 Baltimore, Miami, Portland and Detroit are now constructing new fixed guideway transit systems, but these systems have not yet opened.

2 See: "BART Impact Program: Land Use and Urban Development Project," Study of Property Acquisition and Occupancy/BART's Effect on Speculation, October, 1978.

This chapter of the Milestone Six report first discusses the potential benefits related to a well-coordinated, corridor-scale rapid transit joint development program and then presents a discussion of the institutional options which must be addressed in order to establish an effective joint development process.

Benefits of Joint Development

Effective packaging of joint development can result in important economic benefits, as well as important community and regional benefits. Both of these "types" of benefits directly affect the District, the city and county, and citizens of the region. The monetary benefits derived from effective packaging of joint development can be directly measured in terms of land value appreciation, utility and municipal cost savings, increased transit ridership, direct value capture/capital cost recovery, and increased return on private sector investment. The Washington Metropolitan Transit Authority (WMATA) last year conducted an "Illustrative Cost/Benefit Analysis of Two Joint Development Projects". The conclusions of this analysis were:

- The analysis of the approved Bethesda joint development project found that the incremental benefits to WMATA and Montgomery County will exceed costs by $130 million (in terms of present value) over a fifty-year period (i.e., 1985 to 2035). This return represents an overall ratio of benefits to costs of over 40 to 1.

- The proposed joint development project at the New Carrollton Metro Station is estimated to generate benefits exceeding $73 million (in terms of present value) over a fifty-year period (i.e., 1990 to 2040). This return represents an overall ratio of benefits to costs of over 9.5 to 1.

These and other potential benefits related to a well coordinated, corridor-scale rapid transit joint development program are discussed in the following paragaphs.

UTILITY COST SAVINGS

In the majority of metropolitan areas, the major trunk line utility distribution systems were designed with excess capacity.[3] To the degree that the coordinated development of a regional rapid transit system encourages joint development in built-up areas and activity centers (within high utility capacities), there is a potential to reduce the incremental costs required to provide these services for new residents and to support commercial development.

The public development policies that would best support transit development also would encourage more orderly suburban growth. This further reduces the potential need to construct additional utility distribution systems, such as gas, water and sewer mains, and electric and telephone lines to serve the region's future population and employment base.

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[3] American Gas Association Technical Regional Development Commission Study of Utility Cost Savings Related to Coordinated Regional Development, 1970.

All three of the new regional rapid transit systems (i.e., MARTA, WMATA, and BART) that have initiated operations in the United States prior to 1980, are being built in metropolitan areas that are expected to gain at least two million residents by the year 1995. Provision for the infrastructure of this regional growth represents an estimated incremental capital investment in utilities in excess of $3 billion for each of the three cited metropolitan areas.[4]

Based on the documented urban development impacts of the existing regional rapid transit systems in North America, it would be reasonable to expect that a well coordinated regional transit development program could generate four to five percent overall utility capital cost savings.[5] On this basis, a well defined corridor-scale joint development program could result in a minimum utility cost savings of $120 million to $150 million.

CITY SERVICE COST SAVINGS

The correlation between changes in urban density and the per capita costs of providing requisite governmental services has been documented in national and regional case studies.[6] The major categories of city service influenced by density changes are public works, public safety, and general services. In the 20 largest metropolitan areas, these three city service categories represented a public expenditure of about $135 per capita per year in 1980.[7]

Based on the documented case studies of other operating regional transit systems and evaluations of coordinated regional urban development programs, city service cost savings should range from one to two percent overall.[8] In the San Francisco Bay Area, Atlanta, and Washington, D.C., this would amount to between $5 or $6 million in annual costs savings for each of the three respective metropolitan areas.

In the later stages of regional rapid transit development, this potential impact increases on a cumulative basis. The city service and utility cost savings potential are among the most significant regional benefits attributable to the implementation of a regional rapid transit system. Yet, without the benefit of implementing a major, corridor-scale joint development program, few of these potentials will be realized.

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4 Issard and Coughin, "Municipal Costs and Revenues Resulting from Community Growth," AIP Journal 122, 239 (1966).

5 Meyer, Kain & Wohl, Urban Transportation Economics (1964) DRA, Case Study of the Urban Impact of the Operating Transit Systems of North America (1972).

6 Harvey E. Brazer, City Expenditure in the United States, National Bureau Economic Research, New York (1959); Robert J. Harmon and Richard Recht, Open Space and the Urban Growth Process Monograph," University of California, Berkeley (1969).

7 Bureau of the Census, Report of City Finances (1980).

8 American Gas Association Technical Regional Development Commission.

SHORT- AND LONG-TERM COMMUNITY BENEFITS

Within an individual community, successful implementation of joint development projects can:

- Help achieve implementation of community land use and development goals.
- Provide the catalyst for upgrading the overall character of urban development.
- Substantially broaden the local tax base and increase the market capture of commercial trade by existing retail establishments.
- Improve the efficiency and functionability of larger private and public facilities, such as hospital and convention centers.

INCREASED TRANSIT RIDERSHIP

Joint development represents a significant and potentially profitable source of incremental transit ridership. Taking into account only buildings directly connected to Metro stations, joint development represents 3.3 million annual patrons for the Washington, D.C. Metro system. These patrons represent the primary market for off-peak, especially noon-time, riders. Recent national case studies conducted for the Urban Mass Transportation Administration (UMTA), indicate that full realization of the joint development potential of new regional rapid transit systems represents between a 10 percent to 25 percent increase potential in incremental system ridership, with at least 50 percent of this increase occuring in off-peak hours.

The Metro Rail Project has an equivalent potential for increased ridership, resulting from successful packaging of joint development. This is especially true if the development potential of the mid-corridor Metro Rail stations is fully realized. This long-term potential for increased ridership can be greatly enhanced if the pedestrian domain of Metro Rail patrons is extended by second level walkways and other physical and landscape/design amenities that extend the "gateway" from the Metro Rail stations to surrounding residential neighborhoods and viable commercial centers.

COST EFFICIENCIES IN STATION CONSTRUCTION AND OPERATION

Particularly if the timing of the construction of the joint development projects coincides with Metro Rail station construction, or if the design of the station facilities correctly anticipates the appropriate type and scale of future joint development, major cost efficiencies can be realized in relation to both the capital and system operational costs.

For example, in the completed Farragut West Metro station in Washington, D.C., the heating and air conditioning (HVAC) of the station is provided from the physically integrated International Square joint development project. In order to eventually provide direct access to the project through a knock-out panel and sidewalk escalator, the developer provided a temporary HVAC system during the building's construction which was later replaced by a permanent system. In another Washington, D.C. metro station (in Bethesda, Maryland) the heat generated by the Metro system will be harnessed and recycled into the integrated joint development project's heating/air conditioning system to achieve a significant energy savings.

Because knock-out panels are not permanent structures, the Atlanta MARTA system realized station construction cost savings when this accommodation was made for future joint development. Other capital cost savings can be realized through common elevator banks, curb cuts, etc. Each of these types of station features not only save capital costs for the system but also generate higher return for the private sector investment from the buildings that are physically linked to the rapid transit station area.

INCREASED RETURN FROM PRIVATE SECTOR INVESTMENT

Joint development projects generate a higher rate of return to the private sector than comparable projects located in areas of the metropolitan region not directly served by a rapid transit system. For example, in the Washington, D.C. area, joint development office projects command at least a 10% premium in rent levels over buildings constructed at the same time that are located two blocks away from the Metro station. Joint development projects located in the CBD area are capable of supporting larger amounts of retail space, which commands lease rates that are usually at least twice that of the commercial office space. Another factor that increases the net leasable space in a joint development project is the reduced on-site tenant parking requirements.

Close proximity to or physical integration with a rapid transit station can also be an important factor in securing permanent project financing. Long-term real estate lenders now are assigning credit in their loan evaluations for a joint development project's proven ability to sustain premium rents for longer periods of time. Prudential, a national real estate financing company, has recently completed its own joint development projects in relation to both the New Jersey Lindenwold Line and the Washington, D.C. Metro system.

Joint Development Options for Public Agency Involvement

Two sets of options pertaining to public agency involvement must be addressed by the SCRTD in order to achieve an effective joint development program. The first set of options to be presented pertain to levels of public agency involvement. The second set of options relate to the institutional arrangements for joint development.

ALTERNATIVE LEVELS OF PUBLIC AGENCY INVOLVEMENT IN JOINT DEVELOPMENT

Primary decisions regarding the timing and level of public sector involvement in the station area development and joint development process predetermine, to a large extent, the level and type of Metro Rail station area that will ultimately occur. Past experiences of other major U..S metropolitan areas clearly demonstrate that the earliest and most active level of public sector involvement produces the optimum level of joint development.

Certainly other factors, such as the rate of regional growth, the type of station and its urban setting, property ownership patterns, also exert important influences on rapid transit station area development. However, the traditionally held view that the private sector can successfully package the optimum level and quality of joint development with a minimum level of public sector coordination has been proven false.

If the full economic potential and joint development of the Metro Rail system is to be realized, the public sector must position itself in an "active", not a "reactive," posture. This section of the Milestone Six report describes the options for the level of public agency involvement in the transit station development process.

Option I - Laissez-Faire Market Approach

Under this market scenario, the public sector designs and constructs the most cost-efficient system in the most expeditious manner. Comprehensive land use planning is usually not initiated until after system construction is well underway. The "laissez-faire" market approach calls for private sector market forces to solely determine the location, scale, and composition of rapid transit station area development (within the context of locally established zoning codes). Community involvement is limited to public hearings required for local zoning amendments.

The well-documented land use development impact of the San Francisco BART9 and the Southern New Jersey Lindenwold line most closely represent the "laissez-faire" level of public agency involvement in rapid transit station area development and joint development project packaging. The scattered and functionally disaggregated development that occurred at the Walnut Creek station in the BART system and the Lindenwold line terminus station--demonstrates the type of development that is most likely to occur under a "laissez-faire" level of public sector involvement.

Taking into account the lessons learned from these earlier experiences, the New Jersey Department of Transportation is now sponsoring a joint development packaging program to assemble sites and market near-term joint development at the existing Lindenwold line stations. Recently, both the cities of Oakland and San Francisco have successfully utilized financial leveraging resources to package new joint development at selected BART stations. With the increased sophistication that has been added to established land use planning and zoning codes during the last twenty years, a true "laissez-faire" model of public sector involvement will, in all likelihood, never again occur in a major U.S. metropolitan area sponsoring the construction of a regional rapid transit system.

Through the established specific planning process, comprehensive land use planning is already occurring at each of the Metro Rail transit stations. This effort is being conducted by the Los Angeles City Planning Department and the Los Angeles County Planning Department under contract to the SCRTD. In those station areas located in established urban renewal districts, the transit station development process will be governed by the adopted renewal plan.

The Milestone Six Report represents SCRTD's initial effort to assure effective coordination between the transit station design process and the ongoing land use planning activities from the outset of the Metro Rail final design phase. The policy guidelines contained in this report represent the decision and implementation framework that will be utilized to coordinate the Metro Rail transit station devel-

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9 "BART Impact Program: Land Use and Urban Development Project;" Study of BART's Consumption of Land and Property, May 1978; Study of Property Acquisition and Occupancy/BART's Effect on Speculation October 1978; and Study of Retail Sales and Services, October 1978.

opment process. There are two valid choices in levels of public agency involvement in the transit station area development process--given the inappropriateness of the "laissez-faire" market approach. These choices are between a substantive level of public/ private development coordination and actual project packaging (i.e., a private/ public coventure) approach to joint development, with both sectors participating in the economic risks and rewards.

Option 2 -- Coordinated Development

Under this joint development scenario, the public sector establishes a comprehensive land use planning program from the outset of the final system engineering process. Prudent incremental station design investments or design accommodations are made to optimize future joint development opportunities. The "development envelope" for transit station area joint development is established in the local land use planning process, and compatible zoning changes are made in advance of system opening. Major community involvement occurs in both the comprehensive planning phase and the project review and approval stages.

The joint development experience of the Washington, D.C. and the Atlanta, Georgia metropolitan areas during the early and mid-1970's most closely resembles this model of public sector involvement. Major joint development project activity, along with a higher level of pedestrian amenities, were achieved in both these major U.S. metropolitan areas through a coordinated public agency approach to joint development. A coordinated level of public agency development involvement is most effective when the public sector owns substantial parcels of land surrounding selected transit stations, or when the system has an unusually high number of desirable air rights development opportunities.

The limitations of the coordinated public agency approach to joint development is that the private sector normally needs to negotiate with more than one entity. Actual project "development incubation" periods are longer, and land use speculation activity is more difficult to control. The final developer pays a premium and, therefore, incurs a higher risk to construct the proposed project. From the public sector viewpoint, there is a significant level of economic returns and transportation benefits that accrue from this coordinated development approach. However, the optimum level of economic returns to the system, and the potential for second and third-rounds of functionally integrated joint development, are not achieved.

There are considerably fewer developable station area parcels and air rights project opportunities under public sector control in the Metro Rail corridor than existed either in Washington, D.C. or Atlanta. Further, there were a larger number of prospective sites assembled before the market place understood the full value of station locations in both Washington, D.C. and Atlanta. For example, during the late 1960's in Washington, D.C., a single developer assembled five full city blocks or half-city block land holdings that were directly served by Metro stations.

Given the joint development experience of the major U.S. and Canadian development firms, private sector site assembly will prove more difficult in the Los Angeles metropolitan area, under the coordinated level of public agency development involvement. Another important factor is that rapid transit system adoption and construction preceded periods of major commercial office expansion in both Washington, D.C. and Atlanta. The Los Angeles CBD is more completely developed than both these cities. Therefore, one of the unique joint development issues facing the Los Angeles metropolitan area is a major level of physical design

coordination with existing development and/or new development that will occur, well in advance of the Metro Rail system's opening.

Option 3 — Project Packaging

Under this joint development scenario, both comprehensive land use planning and "project packaging" occurs from the outset of the final engineering stage of rapid transit development. The value capture objectives of the local transportation authority are established from national experience, as opposed to evolving over an extended period of time. All available financial leveraging resources are applied from the outset, to optimize station area joint development.

In addition, the comprehensive land use planning process fully takes into account both near-term and long-term joint development potential of each rapid transit station area. Efforts are made to reduce the adverse impacts associated with rampant land speculation. More innovative development incentives, such as the transfer of development rights, are utilized to preserve the integrity of residential neighborhoods surrounding Metro stations. Finally, the private sector is actively approached with respect to joint development opportunities.

The complete model of a true project packaging approach to joint development has not yet been fully developed in the United States. The City of Baltimore, which established renewal districts around each designated station area and then established a Transit Corridor Development Corporation (TCDC), has assumed the most progressive posture towards public agency involvement in joint development. In 1976, the City secured an agreement with the Maryland Transportation Authority to invest an additional $400,000 to send out alternate bid packages (that alternatively included and excluded a major pedestrian plaza at the Lexington Market Station). This incremental investment has led to the construction of a $100 million mixed use joint development project at this station location. However, because Baltimore is a slower growth area than Washington, D.C. or Atlanta, it has experienced a lower level of joint development activity, even with the support of an active project packaging level of public agency participation in the station area development process. The Portland, Oregon metropolitan area has also recently adopted the project packaging level of public agency participation to coordinate and package joint development within a 2,500 foot radius of the Banfield light rail line stations. This step was preceded by comprehensive land use planning and major zoning code changes, supportive of joint development.

For several reasons, the "project packaging" level of public agency involvement in the station area development process, should be adopted in the Los Angeles Metropolitan Area. These reasons include: 1) the ongoing pace and scale of urban development, 2) protecting existing residential neighborhoods, 3) ensuring orderly and compatible station area development, 4) capitalizing on the opportunity to optimize the economic return of the system, and 5) maximizing the transportation benefits of the system. The institutional options, for achieving the optimum level of Metro Rail joint development and compatible station area development, are discussed in the next section of this chapter of the Milestone Six Report.

PUBLIC AGENCY INSTITUTIONAL OPTIONS FOR JOINT DEVELOPMENT

The comprehensive legal authority and specialized staff resources required to: 1) coordinate the station area development process, 2) package and implement joint development, and 3) provide financial incentives and secure value capture agree-

ments -- are not embodied in any single public agency in the Los Angeles Metropolitan Area. This statement would prove a valid observation in every major U.S. metropolitan area that has sponsored the construction of an initial phase, regional rapid transit system during the last twenty years.

One of the major constraints of joint development throughout the United States is that local jurisdictional authority remains divided, with no single mechanism in place for overseeing effective coordination of transportation system planning and land use. (The local institutional options for establishing this essential mechanism are described in the next section of this chapter.) The focus of this section of the Milestone Six Report is to delineate the composite public agency capabilities that are required to achieve successful joint development implementation.

Overall, there are five fundamental capabilities that a public agency must possess to attain the full joint development potential and requisite transportation and economic benefits, emanating from construction of the initial phase of a regional rapid transit system. These essential resources are as follows: 1) comprehensive planning and redevelopment coordination, 2) station facility and related transportation service design and location authority, 3) real estate project packaging resources and authority, 4) ombudsmen support and inter-agency representation powers, and 5) financial leverage resources and value capture negotiation authority. The basic nature, scope and significance of each of these capabilities are described in the ensuing paragraphs.

Comprehensive Planning and Redevelopment Coordination

Without comprehensive planning and redevelopment coordination capability a vacuum is created, that allows system engineering considerations to dominate station location, pedestrian amenities, and portal locations decisions. Too often in other major U.S. metropolitan areas once these decisions have been approved, consideration of optimal land use and development was precluded. The SCRTD is committed to ensure that this situation does not occur in relation to the Metro Rail Project. The bridgeable distance between transit construction and urban development -- in relation to timing and implementation -- must be resolved. Initial actions are already underway to functionally integrate the City and County of Los Angeles' comprehensive planning capability, with the system design of Metro Rail.

The City and County of Los Angeles has an established general and project-specific land use planning process. Metro Rail station area specific land use plans are now being prepared by the Los Angeles City Planning Department and the Los Angeles County Planning Department. These plans will set the effective zoning regulations and overall land use master plan for the designated Metro Rail station areas consistent with the General Plan adopted for the City of Los Angeles in 1974. Planned station locations in North Hollywood and the Los Angeles CBD are within established redevelopment districts, under the authority of the Community Redevelopment Agency (CRA) of the City of Los Angeles. The SCRTD has established formal lines of liaison (and Metro Rail Project coordination) with both of these respective agencies. During the course of completing the future final engineering and construction phases of the Metro Rail Project these activities must become more centralized. In addition, a direct means of coordinating efficient and effective interface -- between the station area comprehensive land use planning process, ongoing community redevelopment activities -- and final station design and engineering must be established.

The comprehensive planning and redevelopment coordination authority required to achieve the optimal level of compatible joint development (in the subject station areas of the Metro Rail system) must encompass both the existing general and specific area planning capabilities of the City and County of Los Angeles and the redevelopment authority of the CRA. In particular, if the flexibility of the existing redevelopment tools of the CRA can be employed in the Metro Rail station area development process, elements of three additional required capabilities (i.e., leverage funds, real estate project packaging, and ombudsmen representation authority) would be acquired by the public agency responsible for implementing joint development. For example, within defined redevelopment areas, the tax increment financing tool can be utilized for infrastructure and community facility improvements. In addition, the agency's proven staff capability and track record in real estate project packaging would be an invaluable asset in the joint development process. Finally, the CRA already has the ability to provide "one-stop shopping" ombudsmen assistance to secure permit and other related development approvals for project implementation.

From both a legal and a joint development project implementation viewpoint, it will be essential that the City and County of Los Angeles's existing comprehensive land use planning capabilities and redevelopment authority be enveloped and coordinated with the Metro Rail station area development process. Of equal importance is assuring that the existing planning procedures of the project-specific land use plan and any redevelopment area plan include provision for full citizen participation. Therefore, the desired community input and local consensus formulation process would automatically be incorporated into the composite Metro Rail station area development program.

Station Facility Design and Location Authority

The authority to oversee Metro Rail station facility design decisions must be conferred on the public agency responsible for carrying out the prescribed joint development program. Currently, this authority is vested in the Southern California Rapid Transit District. In addition to station shell design, a number of other key design/location factors must be fully coordinated with the joint development project packaging and overall Metro Rail station area development process. These include: modification to portal entranceways, supportive circulation and distribution transit service, vehicular accommodation, etc.,

The station design and location authority of the agency responsible for joint development must allow for the direct ability to intercede in the final station design process. This is necessary in order to adapt physical facility and transportation service changes to support Metro Rail joint development. This agency's capacity must also encompass private real estate project design review and approval capabilities to ensure that the land use composition, density, parking, and pedestrian amenities are consistent with attaining optimum joint development. This centralized capability, combined with the application of financial leveraging tools, will enable the subject agency to resolve the functional timing and implementation conflicts between achieving Metro Rail system construction and optimum station area development.

The current commitment of the SCRTD to effectively fuse their station design and location authority with local land use planning and redevelopment functions from the outset of the Metro Rail system's implementation, will set a national precedent for establishing an effective station area development process. The lack of sensi-

tivity and centralized authority to effectively resolve these issues at all stages of rapid transit system development has been the prime determinant of the minimum level of joint development that was attained for example, in relation to the San Francisco BART system and Southern New Jersey Lindenwold Line. More recent examples, including Washington D.C. and Atlanta demonstrate significantly higher levels of station area joint development because more comprehensive efforts were made earlier in the process to coordinate land use and transportation system development decisions.

Real Estate Project Packaging Resources and Authority

Development coordination authority is not sufficient alone to ensure optimum Metro Rail station area land use development. The public agency responsible for this activity must possess the complementing specializing professional staff resources and capabilities required to formulate and actually "package" real estate projects. Generally, this type of real estate expertise is not present in the property management or planning departments of public transit authorities.

Real estate project packaging is a complex process that involves: market and financial feasibility analyses, architectural and construction cost reviews, land use appraisals, and direct private sector negotiations. Essentially, it is an "active," not a "reactive" function, that stimulates financially sound, high quality real estate investment in locations that meet adopted public sector/local community development objectives. In the case of transit station joint development, the professional staff carrying out this function must also be intimately aware of the individual land use market and financial impacts of a rapid transit system. Finally, the staff must have the professional background and ability to effectively interface with the private sector.

Real estate "project packaging" is the central function and prerequisite professional skill and acumen required to achieve successful Metro Rail station area joint development. In general, the private sector is increasingly aware of the real estate market implications of rapid transit system implementation. This fact heightens the potential for a public agency with the requisite level of real estate packaging capability and financial leveraging tools at its disposal, to achieve the optimum quality and scale of Metro Rail station area joint development.

Ombudsmen Support and Interagency Representation Authority

Without ombudsmen support and interagency authority, the private sector will be reluctant to invest in Metro Rail station area joint development. Agreements reached in negotiation with one agency can be negated or delayed by another. This expediting and clearing function has become essential to the successful packaging of any large-scale urban development, due to the extremely high costs of inflation and project financing that are incurred when unnecessary delays occur in securing project approval.

The ombudsmen function literally involves hand-carrying all necessary paper work through all agencies and/or departments involved in the public real estate project approval process. In the City of Los Angeles, for example, this includes: building permits, utilities, zoning amendments, parking rights, development rights, possible street closings, environmental impact review, city traffic accommodation for construction, etc. The public agency responsible for joint development must have the authority to represent projects with all other agencies or departments involved in approval of new real estate development.

The ability to streamline the development approval process by providing ombudsmen support and able representation for a project with other public agencies and departments is essential to forging effective private sector negotiating capability for the public agency that directs and manages the joint development program. Otherwise, the most competent and qualified development firms will not agree to: 1) the level of design accommodation or 2) cost sharing -- required to achieve the Metro Rail System's optimum station area development. Thereby, an equitable level of economic return from the public sector's $2.1 billion invested in this vital rapid transit system project would be foregone.

Financial Leverage Resources and Value Capture Negotiation Authority

In order to ensure that: 1) full pedestrian amenity packages, such as, plazas, second level pedestrian bridges, that maximize the economic and user benefits of the Metro Rail system are included in all station area development, and 2) joint development projects are made more attractive to prospective private sector investors -- it will be necessary that the public agency responsible for joint development have direct program access to alternative financial leveraging resources.

These types of funds reduce the private sector's front-end capital investment costs and are generally referred to as "gap" financing. During the last few years the public sector has more effectively utilized leverage financial support for encouraging large-scale urban development. There has been gradual acceptance by the private sector that in return for this assistance the public sector should share in the long-term economic returns of the real estate project through use of extended payback agreements, land lease payments, etc. Recent joint development project examples[10] of this type private/public financial arrangement include: the Denver Transportation Terminal, the Connecticut Connection in Washington, D.C., and Gallery Place in Philadelphia.

Traditional financial leverage mechanisms should be available to the public agency responsible for Metro Rail system joint development. Such mechanisms include: 1) tax exempt bonds, 2) Urban Development Action Grants (ie., a deferred payment, low-interest second mortgage program of the U.S. Department of Housing and Urban Development), 3) tax increment financing of infrastructure and community improvements, 4) land "write downs", or 5) minimum early year "land lease" payments. In addition, the agency should own and be able to (by sale or transfer of development rights in the station development areas), encourage higher density development in close proximity to Metro Rail stations and protect residential neighborhoods from encroachment by non-compatible commercial development.

Through the creative utilization of these financial leverage mechanisms, the public agency responsible for joint development will be able to: 1) negotiate Metro Rail station capital and maintenance cost sharing agreements; and 2) establish the basis for future commercial benefit assessments and other types of long-term shared return measures, tied to the successful project packaging of optimum joint development.

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10 The Denver Transportation Center will generate over $500,000 in annual lease payments to the Denver RTD. The Connecticut Connection air rights lease payments to WMATA are prorated to level of occupancy and rental rate, and escalate every five years.

Supportive financial leverage mechanisms serve both as an investment incentive and the negotiative basis for solidifying "value capture" agreements. By establishing equitable negotiation guidelines from the outset of the Metro Rail station area development process, the agency responsible for joint development should be in the position to successfully "package" quality joint development projects. The project should provide a sustaining source of revenue for the construction, operation, and expansion of the Metro Rail system.

EXISTING INSTITUTIONAL FRAMEWORK

Under the existing institutional framework, the SCRTD would be responsible for Metro Rail design and construction and could negotiate only air-rights and station cost sharing agreements for a limited number of stations. Comprehensive station area land use planning would be completed through the preparation of the project-specific plans by the Los Angeles City and County Planning Departments. In station areas located in designated urban renewal districts, the CRA would be able to package joint development projects, but would lack the authority to directly negotiate station cost sharing or design accommodation agreements for the subject station facility. In addition, the geographic coverage of the CRA would encompass only half of the sixteen Metro Rail stations currently planned. However, since joint development is not now a designated priority of the CRA this function would not, in all probability, receive the focused attention required to realize the full economic potential of the Metro Rail system.

Assuming even the highest levels of cooperation and coordination among existing public agencies, the magnitude and quality of implementable joint development projects would be severely restricted in the "mid-corridor" and "terminus" segments of the Metro Rail system. Under the prevailing institutional scenario, there would be: 1) less than adequate protection for existing residential neighborhoods against the effects of commercial encroachment and speculative investment, 2) a dissipation in attainable economic returns to be derived from construction of the Metro Rail system, and 3) a virtual elimination of the opportunities for most of the "urban village" and "town center" type joint development projects.

This section identifies the viable public agency institutional options existing in the Los Angeles Metropolitan area which: 1) establish an effective Metro Rail station area development process, 2) possess the necessary joint development project packaging capability, and 3) achieve the highest level of transportation and economic returns from this initial phase of the region's fixed guideway rapid transit system.

Specifically, there are three fundamental options available to the SCRTD. The first option would be to create a new department within the SCRTD that would be staffed with professionals possessing the requisite real estate experience and authority to carry out the Metro Rail joint development program. The second option would be for the SCRTD to enter into a "cooperative agreement" with the CRA of Los Angeles. The third option would involve establishing a transit corridor development corporation. The basic description, national precedents, implementation requirements, advantages and trade-offs associated with each of these options are described in the ensuing paragraphs.

Option I - New District Department

A new joint development department would be established in the SCRTD with the sole function of planning, coordinating, and packaging joint development. Additional staff with senior real estate experience in project packaging would be hired. The director of this department would be given full negotiation authority to modify station design and negotiate land sale/purchases, air-rights/land lease agreements, and station capital and maintenance cost agreements. This individual would also represent the SCRTD in the existing local agency real estate project review and approval process.

Washington, D.C. and Atlanta, Georgia represent two major U.S. metropolitan areas that serve as prime examples of this institutional approach to joint development. In these metropolitan areas, the local communities remain responsible for station area land use planning and coordination, and the regions' transit authority are responsible for all land use acquisition, preparation of station area development prospectus materials, and the negotiation of property sales and leasing. In both instances, the regional transit authorities established a separate, internal department for the express purpose of administering these prescribed responsibilities.

In both of these major metropolitan areas, the local transit authorities have negotiated a number of successful joint development projects. Notable examples include the Connecticut Connection, International Square, and Van Ness Center projects in Washington, D.C.; and the Southern Bell Corporate Headquarters, Atlanta Landmarks, and the Five-Corner development projects in Atlanta, Georgia. Throughout this joint development project experience, these departments prepared established standard joint development prospectus materials for station area development and air-rights/land lease agreements.

The autonomous departmental approach (i.e., self-contained within the local transportation authority) is most effective in packaging joint development when the subject transit authority owns a considerable number of station area development sites. If local communities establish a comprehensive station area masterplanning and zoning modification process that is initiated in parallel to the final station design process, a higher level of compatible development will occur. Then, at least in stations with near term development potential, the proper station design modification will follow. Land use decisions under this approach remain under local control and no new real estate project approval mechanisms need to be established.

While the separate department approach has been successful in packaging joint development in selected metropolitan areas, this institutional approach still requires a high level of private sector initiative and embodies a greater complexity in project negotiations and affords a less than desirable level of ombudsmen support. In most instances, the developer still needs to fully negotiate with both the transit authority and the local community.

In both the Washington, D.C. and Atlanta experiences, final joint development construction costs were more expensive in completed projects (e.g., the Connecticut Connection and the Southern Bell Headquarter buildings). Two primary reasons are given for this, either: 1) the original station design did not fully anticipate the joint development project that occurred, and/or 2) the department within the local transit authority did not have the capability to intercede in the development process to efficiently package the project. Even with the highly competent staffs of these respective departments, the net result of this approach is usually to

make joint developments a "premium" investment, which limits the additional revenue that can be negotiated for support of the rapid transit system.

The separate department approach also limits the level and type of financial leverage tools available to package joint development. MARTA effectively had no access to local financing leverage mechanism. Statutory limitations in the State of Georgia also prevented the local communities from utilizing tax increment financing. This situation prevented several innovative joint development proposals from proceeding in Decatur, Georgia and the Atlanta CBD. Since Georgia state statutes also require that all economic gains accrue only to local communities, MARTA has achieved a limited level of monetary value capture from implementation of joint development of its regional rapid transit system.

WMATA has made effective use of knock-out panels and has negotiated favorable air-rights and land leases to achieve joint development. The real estate department is now taking an active posture in joint development project packaging and negotiations of connector fees. However, if the long-term need to establish a sustaining revenue source had been better understood when system construction began in 1969 and the additional financial leveraging tools had been available, a greater portion of the documented $2.5 billion in real estate appreciation gains (that have occurred since then), would have been available to support ongoing system operation and construction costs. To accomplish these objectives, additional institutional arrangements beyond establishing a separate transit authority real estate department are necessary.

In order to establish a separate real estate department, the SCRTD would be required to hire a senior director and surround that person with a highly competent real estate project packaging staff. The department head would need broad authorization to fully represent the District in all project negotiations. In addition, the SCRTD would be required to assume a more formal involvement in the local real estate project review and approval process with respect to the Metro Rail station areas. Currently, the SCRTD provides input to the Metro Rail station areas, but has no formal decision-making role in the local community development process.

Option 2 -- Cooperative Agreement

Under existing State of California statutes, local public agencies can enter into cooperative agreements and use their combined legal authority to carry out specific development and/or infrastructure-related projects. Under this option, the SCRTD would enter into cooperative agreements with the Los Angeles Community Redevelopment Agency, the City of Los Angeles, and the County of Los Angeles, as necessary. In this manner, the SCRTD's station facility design and transportation service authority would fuse with CRA's redevelopment and project packaging capability and the city and county's land use expertise.

Under such a cooperative agreement, the District would be fully represented in the committees that govern the preparation and implementation of the redevelopment plans that would be formulated for the individual Metro Rail station areas. The CRA's access to the financial leveraging instruments of: tax increment financing, UDAGs and the transfer of development rights -- could be effectively incorporated into the Metro Rail joint development program. In addition, the CRA's staff capability and their private sector track record of successful project packaging would contribute significantly to the initial credibility and long-term success of the Metro Rail Project's joint development program.

One of the first successful joint development projects implemented in relation to the San Francisco BART system (i.e., the Embarcadero Center), was accomplished through a cooperative agreement. In this example, creative tax increment financing was utilized to construct an additional BART station, located in an urban renewal area. The South Boston Intermodal Center incorporating mixed use development involved cooperative agreements between the Massachusetts Bay Transportation Authority, the Boston Redevelopment Agency and the Federal Railroad Administration. The New York Metropolitan Transportation Authority is evaluating this approach to implement joint development in their pedestrian underground tunnel system.

To date, this institutional approach has been successfully employed in the implementation of a cross-section of individual joint development projects. In addition, Baltimore, Maryland created urban renewal districts surrounding each station area of the initial phase of their regional rapid transit system, in order to discourage rampant land speculation and to develop a comprehensive station area master plan. The city subsequently proceeded to establish a Transit Corridor Development Corporation to utilize the city's redevelopment powers, including eminent domain, to package joint development at each of the transit station areas.

The cooperative agreement approach to joint development significantly expands the financial leveraging resources available to the Metro Rail Project joint development program and paves the way for a broader long-term opportunity for shared revenues to accrue to the local transit authority. These agreements usually involve the full participation of the local redevelopment authority. This agency's business competency and real estate accumen is normally viewed favorably by private sector interests. This is generally attributed to their understanding of private sector investment requirements, assuring that an efficient and equitable negotiation will occur. It is also attributed to the support given to expedite the development approval process once an agreement is reached.

In the Los Angeles metropolitan area, a cooperative agreement approach to joint development involving the SCRTD and the CRA, with designation of all Metro Rail transit station areas as urban renewal districts, would furnish two additional major advantages over the separate, internal development approach.

First, designation of each station area as an urban renewal district would cut back on the speculative land use activity that dissipates the potential economic return to the system and restricts land assembly for quality new projects while endangering existing residential neigborhoods. Secondly, the development of the prescribed renewal plan would require major community involvement, resulting in consensus for the plan's proposals, to assure private developers that the rules of the development game are "in place" when they start to invest in the Metro Rail station area. The CRA possesses condemnation powers and could assemble more desirable and a larger number of prime joint development sites than would be possible under "laissez-faire" programs. The CRA's outstanding track record and established reputation with the private sector would be invaluable assets to the Metro Rail joint development program.

The principal trade-offs associated with the cooperative agreement approach involve potential statutory changes as well as undertaking the detailed mechanics of the renewal process. Enhanced legislative authority would probably be required to designate all Metro Rail station areas as renewal districts. Ironically, the

tremendous flexibility of the renewal plan process to address the complexities of orderly and compatible station area development represents a trade-off in the time available to achieve local community consensus. However, since this process could be initiated at the outset of the final engineering phase of Metro Rail implementation, the trade-off becomes an asset, serving as a deterrent to rampant real estate speculation.

The scope and level of authority of SCRTD representation on the project staff under a cooperative agreement with the CRA and the individual renewal area boards would have to be formalized. Individual project approval procedures, interrelations with the SCRTD, guidelines for incurring additional revenue returns to the Metro Rail system, and application of the CRA financial leveraging resources would require assignment, approval, and adoption. Provision would also be exacted for creation of a development rights bank in each Metro Rail station area redevelopment district that could be transferred by private or public agency sale. In addition, overall terms of the cooperative agreements between the SCRTD and the CRA, City of Los Angeles, and County of Los Angeles would have to be mutually drafted and would require formal approval and validation by all respective agencies. Finally, legislation would be required to declare all Metro Rail station areas eligible for renewal designation.

Option 3 - Transportation Corridor Development Corporation (TCDC)

A transportation corridor development corporation (TCDC) is a special purpose public or quasi-public development entity. A major purpose of a TCDC is to coordinate and package new development within the station areas of a "fixed" guideway transit system. In order to achieve its basic development coordination function, a transportation corridor development corporation can be organized as either a management corporation or as a "true" development corporation.

Structured as a management corporation, the TCDC would normally be chartered as a development entity operating under the authority and budget control of a municipality. Under this organizational framework, the TCDC would: 1) manage the corridor's assets (i.e., land), and 2) represent the municipalities' projects, located within the predefined Metro Rail system transit area.

Structured as a "true" development corporation, the TCDC would be chartered as a self-sustaining entity with an independent budget. Under this organizational framework, the TCDC would carry out all the fundamental project coordination and land development responsibilities for which it is empowered. The TCDC's initiation and degree of financial participation in joint development projects would be active. For example, under this organizational structure, a TCDC could under its own authority issue debentures or secure other types of long-term capital financing to sustain the joint development process.

During the past few years, two major U.S. central cities (i.e., Baltimore, Maryland; and Portland, Oregon) have implemented transportation corridor development corporations to coordinate and implement private sector development activity, in conjunction with new regional transportation projects. The Baltimore TCDC recently packaged its first successful joint development project at the downtown Lexington Market Station. Recently, Columbus, Ohio (i.e., I-670 corridor) and Buffalo, New York (i.e., Main Street LRRT System) are giving serious planning consideration to implementing transportation corridor development corporations in their respective locales. If a TCDC was to be established in relation to the Metro

Rail Project, it would have to be closely coordinated with ongoing land use planning, economic development, and redevelopment activity in the City of Los Angeles.

There are potentially higher fiscal and operational returns to be derived from the establishment of a TCDC to carry out corridor-scale joint development efforts. A well-staffed entity of this nature is potentially in a strong position to provide the requisite level of ongoing technical implementation support, marketing, and overall development coordination on a corridor-wide scale that is demanded for a successful joint development program. It is possible that without such an entity or provision for a cooperative agreement, a serious void would exist in the regional institutional framework to provide the Metro Rail Project corridor-wide focus required. It is also possible that such a coordinating entity may enhance the ongoing development capabilities and related market opportunities for each of the involved municipalities in the regional Metro Rail Project.

The largest impetus for station area development occurs after the rapid transit system begins operation. Without provision for an independent entity solely responsible for joint development there is often a tendency by the local transit authority to become more involved with operational issues and, consequently, joint development often receives a lower priority. The creation of a properly staffed TCDC would help ensure that the optimum level of joint development project packaging would be sustained during this critical (i.e., early operational period). In addition, the TCDC affords a "one-stop development shopping" feature for the private sector; whereby they can be assured of the need to negotiate with only one public entity. Finally, the TCDC director generally enjoys wider acceptance among the heads of other public agencies than a transit authority department director and is extended broader access to the private sector financial institutions through the TCDC's board of directors.

The fundamental trade-off associated with a TCDC involves the institutional conflicts and administration efforts to create a viable new entity. First of all, unless the magnitude of documental joint development opportunities related to the proposed transportation facility are viewed to be quite significant, consideration of a TCDC is usually not warranted. For example, if concentrated urban development is likely to occur or is delimited at only one or two transit station areas, and/or the relative complexity of the proposed development projects is comparable to those now carried out by the local community development authority, it would be more appropriate to place responsibility for joint development within an existing entity.

Secondly, an extremely high level of coordination must take place between the TCDC and the District. Therefore, if a course of action were taken to pursue implementation of a TCDC in relation to the Metro Rail Project, the SCRTD should fully participate in the TCDC feasibility studies and formally concur in any recommendation for its adoption and ultimate implementation. Unless a cooperative agreement were made between the CRA and the TCDC, the entity would have greater project packaging capability than a separate SCRTD department, but would not have the ability to coordinate the station area development process.

The implementation of a TCDC initially involves the preparation and filing of non-profit incorporation papers and the establishment of a board of directors comprised of metropolitan area public or private interests. While a TCDC can eventually become self sustaining, an initial administration budget of $300,000 to $350,000 would be required on an annual basis. The SCRTD would also need to formally

designate the TCDC as their agent, authorized to deal with joint development on its behalf. In turn, additional agreements with existing public agencies would be required in order to assure the TCDC ombudsmen role during project implementation.

Summary

Joint development may be used to accomplish a variety of objectives, including economic development, implementation of regional and city plans, urban design improvements, increased transit ridership, cost efficiencies in station design and construction, increased returns on private sector investments, and value capture. The SCRTD, through Milestone Six, is exploring all of these possibilities.

In principle, it is recognized by the District that there needs to be a single point of contact and a specialized development staff function devoted solely to managing the station area develoment process. This fact is supported by both national experience and inputs received during a private sector seminar conducted as part of the Milestone Six information gathering process.

In order to expeditiously formulate and effectively implement the joint development program prescribed for the Metro Rail Project, this report recommends that the SCRTD adopt an active "project packaging" approach to joint development and enter into cooperative agreements with the Community Redevelopment Agency of Los Angeles, the City of Los Angeles, and the County of Los Angeles, as necessary. This institutional approach to the packaging of joint development will not require the establishment of a new entity nor major staff hirings.

VII. VALUE CAPTURE

Introduction

Value capture represents an important tool the District may use to generate funding for a portion of the capital and operating costs of the Metro Rail system. The inherent nature of induced development frequently will generate the potential for windfall profits, which historically in the United States have accrued primarily to real estate speculators. Thus, the greatest portion of the monetary benefits derived from public investment in a regional rapid transit system are lost from the perspective of the public interest. A high percentage of these profits could be captured to help: 1) offset the original system cost, 2) guarantee provision of desired public amenities, 3) finance incremental public support systems, and /or 4) pay for the ongoing operation and maintenance costs of providing public transit.

"Value capture" is the process by which the community shares to some degree in the economic benefits from publicly funded transportation improvements and facilities. Value capture also may be referred to as cost recovery or benefit sharing. Until the Federal cutback in "new start" capital funds occurred in 1981, the value capture potential of fixed guideway transit systems was viewed as a minor supplemental source of transit funding. In the late 1970's,[1] several U.S. cities, including Los Angeles, St. Paul, and Miami, secured private sector commitments for operating costs support, through the creation of benefit assessment districts. These districts accrue an annual rate equivalent to between 4¢ and 10¢ per net leaseable square foot of commercial space to be served by their proposed systems. These commitments were viewed as evidence of local private sector support, rather than a major funding source.

In 1981, in order to secure full funding[2] for their downtown people mover system, Miami Downtown Component of Metrorail, the Miami Downtown Business Community committed voluntarily to support a $20 million capital bonding program to be paid from a benefit assessment on CBD properties. This is equivalent to 15¢ per net square foot of leasable space and this is less than the average maintenance and operating costs for elevators in a modern office building. An additional $5 million to $10 million is expected to accrue to the system from capital cost sharing

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1 See: Los Angeles DPM Financial Plan, prepared by Robert J. Harmon & Associates, Inc., July 1978; St. Paul DPM Financial Plan, prepared by Robert J. Harmon & Associates, 1978; (submitted to Minnesota State Legislature, January 1979).

2 See: Miami DCM Full Funding Program, prepared by Robert J. Harmon & Associates, Inc., September 1981.

by joint development projects and station connector fees. In total, the value capture/cost recovery of the Miami DCM system is equivalent to 25 percent of the total system costs estimated at $116 million. However, measured in terms of monetary return accruing to the private sector, the value capture/cost recovery is estimated at only 10 percent of the attainable cumulative economic benefits to be gained from full implementation of the DCM system.

The construction and operation of the Metro Rail project presents the SCRTD with a wide range of value capture opportunities, provided the District is committed to planning for these opportunities during the preliminary engineering phase of project design. The SCRTD has elected to make this commitment. This chapter will consider three approaches to value capture which are available to the District. These include taxation and fee approaches, joint development approaches, and direct marketing approaches.

Tax and Fee Approaches to Value Capture

This section discusses methods of recovering, through the use of taxes and/or fees imposed by SCRTD or other government agencies, some of the financial benefits associated with Metro Rail from those to whom the benefits may accrue. This section identifies three general types of benefits on which value capture taxes and fees may be based:

- Increases in real property values in proximity to station sites.
- Improved access to transportation systems by those who utilize motor vehicles along or near some portion of the project route.
- Benefits to employers located in proximity to station sites.

Two major factors constrain the ability of SCRTD to impose taxes and other revenue raising measures on those receiving financial benefits from the project. One of these is the District's lack of statutory authority to levy taxes or impose fees except in a few well defined areas. The other major limiting factor is Proposition 13.

In general, the District's taxing authority is limited to levying ad valorem taxes on property for the purposes of repaying bonded indebtedness and related costs associated with capital projects under certain conditions. The District is not empowered to collect any kind of tax for operations and maintenance purposes. Thus, no mechanism exists for the District to collect any sort of ongoing taxes and/or fees from benefiting segments of the public to be used for operations and maintenance purposes.

Proposition 13 further restricts the District's revenue raising ability by requiring two-thirds voter approval of any property tax measure or any special tax. Generally, some form of ad valorem property tax is used when instituting a value capture mechanism based on increases in real estate values. In addition, almost any type of tax to be imposed on those benefiting from Metro Rail and to be returned to SCRTD for use on purposes associated with the project, might well be construed as a special tax. Proposition 13, or course, applies not only to the District, but to all local government agencies. Thus, Proposition 13 imposes the requirement of achieving two-thirds voter approval on most types of taxes which might be

considered for value capture purposes. Historically, it has been highly unusual for tax measures to receive such a large percentage of voter approval.

It is worth noting that both of the previously described limitations could, under certain conditions, be overcome. With regard to lack of taxing authority on the part of SCRTD, two kinds of alternatives are available. Legislation could be passed at the State level to authorize the District to levy certain taxes and fees for operation and maintenance purposes. The District also could enter into a cooperative agreement with other agencies of government -- the City, for example -- whereby the other government agency could levy a tax or fee within its authority and turn all or part of the revenues over to the District for transit purposes.

With regard to Proposition 13, the recently enacted one half cent sales tax increase, which is to be used solely for transportation purposes, and which therefore might be construed as a special tax, has been ruled constitutional by the State Supreme Court. That decision offers some hope that other similar revenue raising measures might also require only the approval of simple majority.

TAXES BASED ON INCREASES IN REAL PROPERTY VALUES

Ideally, a value capture mechanism based on increases in real property values would identify that portion of increase in a parcel's value that is attributable to the project and then apply a publicly agreed upon tax rate to that increment. Both the precision of property valuation techniques and current public law make such an approach impractical. There are property taxing methods available in current law that would allow the District, at a minimum, to ensure that property owners paid some of the costs associated with the project. With certain legislative changes, such mechanisms could be transformed into true value capture techniques. These mechanisms are the special benefit assessment district and tax increment financing.

Special Benefit Assessment Districts

Section 9900 et seq. of the California Public Utilities Code provides for creation of special benefit assessment districts for the purpose of funding transit related capital projects with the proceeds of bonds. Such bonds are repaid from assessment taxes levied on property within the benefits district. Formation of such a benefit assessment district requires, among other things, that the SCRTD Board find that the property within the assessment district receives special benefit as a result of its proximity to a transit station. Each special benefit district is subject to approval of the voters within the special district. Special benefit assessment taxes, like other property taxes, constitute a lien on the property and are collected by the County Tax Collector and distributed to the District.

The Code further provides for zones within each special benefit district and requires that "each zone within a special benefit district shall be an area adjacent to a transit station . . ., but all zones within a special benefit district need not be adjacent to the same transit station."[3] Zones within a special benefit district may be either contiguous or noncontiguous.

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[3] California Public Utilities Code, Section 99001.

Within any special benefit district the ad valorem assessment must be uniform for all zones. However, several separate benefit districts may be created along the Metro Rail route. Thus, for any single station or group of stations around which a special benefit district is formed the benefit assessment tax rate must be the same. But the tax assessment rate can vary from one special benefit district to another.

The provision for multiple zones and special benefit districts would allow SCRTD a range of geographical options in creating districts, zones, and tax assessment rates. These options include: each station area could comprise a single special benefit district, two or more station areas could be combined to form two or more special benefit districts, each with zones corresponding to individual stations, or all station areas could be combined into a single special benefit district with each station area comprising a separate zone.

Use of special benefits offers SCRTD several advantages. The District could recover all or a portion of station construction costs, as well as portions of other system costs, from property owners in areas adjacent to stations. The District could also create a number of special benefit districts and zones, as described above, in order to take into account variables among stations such as projected differences in benefits accruing to property owners, size and cost of station facilities, political support of voters within the districts. The enabling statute is already present in the law, and the district forming process could be initiated with only minor statutory changes required.

Major disadvantages and shortcomings of special benefit districts in terms of value capture for Metro Rail include the following. Assessment taxes collected from such special benefit districts are limited in amount to that required to repay construction bonds and would not provide any ongoing operational revenues. Because special benefit assessment tax rates are determined by the amount of money required to repay construction bonds and not by the amount of increased value accruing to the property, this mechanism effects only limited value capture and does not recover for the public any of the Federal, State or County funds invested in the project.

Formation of special benefit districts requires approval of at least 60 percent -- and probably two-thirds, depending on interpretation of State law -- of the voters within each of the special benefits districts. Existing law does not provide for variable assessment rates within an individual station area to account for differences in benefits accruing to various parcels in relationship to their distance from the station. Assessments would be levied upon formation of the special benefit district before the financial impact of the station on property values would be assessed. This would allow for considerable divergence between the amount paid by a property owner and any change in value that actually occurs. Currently, the Public Utilities Code limits interest on special benefit district bonds to six percent, a figure that is approximately one-half of current market rates for tax exempt bonds.

Tax Increment Financing

Used principally by redevelopment agencies, tax increment financing provides for earmarking of property tax revenue derived from a constant tax rate applied to an increasing tax base. Assessed values of properties within the redevelopment area are "frozen" at the time the project area is officially created. Thereafter, taxing

agencies other than the redevelopment agency continue to receive the revenues generated by the tax rate as applied to the frozen base while the redevelopment agency receives the revenues generated by the combined tax rate as applied to the increase in assessed valuation in the project area. The revenues so received by the redevelopment agency are used to pay construction bond repayment costs and certain other costs associated with redevelopment until the bonds are fully repaid. At that time, the other taxing agencies are once again entitled to the full amount of property tax revenues generated by their proportionate share of the combined tax rate as applied to the full assessed value of the tax base.

There is historical precedent for the use of tax increment financing for transit purposes. The BART Embarcadero Station in San Francisco, for example, was partially financed with the use of such funds. Such financing, however, can only be accomplished by a redevelopment agency working in conjuction with the primary unit of general government -- city or county -- appropriate to the redevelopment project area.

Use of tax increment financing for transit related purposes in Los Angeles County is specifically provided for in Section 33448 of the State Health and Safety Code. The Code also requires the Los Angeles Community Redevelopment Agency to enter into an agreement with the rapid transit district to participate in the precise location of the project area and the design of the transit facilities and to operate and maintain the transit system and facilities. It should be noted that the Code refers to "transportation, collection and distribution systems," a designation which, according to Suzanne Griffin, Deputy Legal Counsel for SCRTD, may be intended specifically to apply to systems such as the Downtown People Mover, but which may not necessarily embrace the Metro Rail project. Ms. Griffin notes that Section 33448 of the Code was adopted specifically as enabling legislation for use of tax increment financing in conjunction with the Downtown People Mover project.

There are several advantages of tax increment financing as a means of value capture for Metro Rail. An important advantage of this mechanism over all other tax, assessment, and fee approaches is that no voter approval is required. The decision to earmark taxes on the incremental value of property can be made by the Redevelopment Agency and the city. Enabling legislation authorizing the use of tax increment financing for transit purposes in Los Angeles already exists and requires State Legislative action only for clarification as to the statute's applicability to Metro Rail.

There are also disadvantages and difficulties associated with the use of tax increment financing as a value capture approach. Tax increment revenues derived from a redevelopment area are generally limited in purpose to payment of capital construction bond costs and certain other land acquisition and other capital related costs. Such revenues are limited in time to the completion of bond repayment. Thus the District could not derive any ongoing value capture for operations and maintenance purposes through this mechanism.

Tax increment financing would require a joint powers agreement between SCRTD and the Redevelopment Agency. Precedent for such an agreement was established for the Downtown People Mover Project. The Health and Safety Code's guidance as to the respective authorities and responsibilities of the two agencies is only broadly defined. Thus, considerable negotiation would be required to work out the respective roles of the agencies.

California redevelopment law requires a finding of "blight" as a prerequisite to the formation of a redevelopment project area. While considerable latitude has been exercised by redevelopment agencies in making such findings in other areas, some of the Metro Rail station areas may not qualify under current definitions of "blighted".

Tax increment financing raises some questions of equity in relation to value capture. Under Proposition 13, property taxes can only be increased by two percent per year unless property is transferred between owners or substantially improved. As a result, certain parcels could benefit considerably by proximity to a station without experiencing increased property tax payment requirements. For example, if an existing commercial use located within a redevelopment area adjacent to a station were not substantially improved or transferred in ownership, its assessed valuation would increase only two percent a year while at the same time deriving substantial benefits due to its proximity to a station.

TAXES BASED ON MOTOR VEHICLE USE

Value capture through taxes on users of motor vehicles is aimed at recovering some portion of the benefits that such uses would gain as a result of the Metro Rail project. Such benefits fall into two categories: increased access to highways, streets, and parking facilities and standby transit service.

The first type of benefit is based on the fact that a significant proportion of Metro Rail riders would be using automobiles and other personal transportation modes for their travel if the project were not built. Their use of the project will make room for others to use the highways, streets, and parking facilities abandoned by the Metro Rail passengers. It can be argued that the streets will still be congested even with the project operating, since streets, especially at certain areas at certain times, tend to fill up to whatever their practical capacity is. The displacement of Metro Rail passengers from the streets allows others to gain access to street capacity that would not be available without the project. Those who place a premium on the qualities associated with automobile usage are offered increased opportunity to use the streets and parking lots. Value capture on this benefit would recover for the general public some portion of the financial benefits associated with convenience gained by auto users and forgone by Metro Rail riders.

The second benefit, standby transit service, refers to Metro Rail's ability to provide a backup transportation mode to automobile drivers when they are unable to use their autos due to maintenance requirements, fuel shortages, demands by other family members for a vehicle or other reasons. Value capture of this benefit would be similar to the availability and standby charges used by water and wastewater utilities, among others. Nonusers and occasional users would bear some of the cost associated with the benefit of availability which they gain by the project.

The most frequently used kinds of vehicle taxes and fees are discussed in the following sections as possible value capture techniques.

Motor Fuel Taxes

Taxes on gasoline have traditionally been used for road and highway construction and maintenance, although in recent years portions of such funds have been made available for mass transit purposes. A per gallon tax would provide the advantage of generating ongoing revenues that could be used for Metro Rail operation and

maintenance purposes. Such a tax would not need to be restricted as to purpose or time within the overall context of Metro Rail, and it would offer an additional advantage in varying with fuel usage and to some extent with the amount of benefit derived. Application of an additional tax on gasoline for the purpose of capturing value that accrues to motorists as a result of Metro Rail would impose two major difficulties. First, such an increase would require an affirmative vote of qualified electors affected by the tax. Whether such an election would require two-thirds voter approval is open to question. As previously noted, a countywide increase in the general sales tax for transit purposes was recently approved by a majority of Los Angeles County voters (54%) and was found constitutional by the State Supreme Court without a two-thirds majority despite the fact that the tax's proceeds are earmarked for a special use. How the Court might rule on a gasoline tax increase cannot be accurately predicted.

The second major difficulty would be in levying the tax in an equitable manner. Imposition of the tax only on those motorists who benefit from Metro Rail, as described earlier in this subsection, would for all practical purposes be impossible. Such motorists do not necessarily purchase gasoline from stations located along or near the Metro Rail route. Furthermore, if an additional tax on gasoline were imposed within an area adjacent to the project route, the tax would place owners of gasoline stations within the designated area in a disadvantageous position relative to other owners with stations located outside the boundaries of such an area. The difficulty could be overcome by applying the per gallon tax to the entire County. It can be argued, however, that such broad imposition of the tax would also be highly inequitable since motorists in many areas of the County are unlikely to receive substantial benefit from the project. Certainly their benefit would not be equal to that accruing to motorists in the vicinity of the project route.

Fees on Motor Vehicle Ownership

A surcharge on vehicle license fees has a partial precedent in Washington State's two percent tax on the value of motor vehicles. The proceed of that state tax are shared with local transit districts. Like other motor vehicle based value capture approaches, an increase in license fees to support Metro Rail would need to be limited in purpose to capital construction and in time to the end of repayment of bonded indebtedness. While such an increase would not achieve equity by varying with vehicle usage as a gasoline tax would, such an increase would achieve equity by being more readily directed to motorists in the project area. Imposition of the incremental fee within zip code areas served by the project would provide one means of localizing the application of the fee. Implementation would have to be worked out with the Department of Motor Vehicles. As in the case of the fuel usage tax, an incremental registration fee would require voter approval. This would consitute a major impediment to institution of the fee, epecially if a two-thirds majority were required.

Toll Charges

While direct charges for the use of streets would probably constitute the most equitable means of capturing a portion of the value accruing to motorists along the project route, such charges also represent the least practical means of effecting value capture. Not only would the physical requirements for collecting tolls on surface streets be highly expensive to construct and exceedingly disruptive of traffic flow, but such charges would almost certainly be overwhelmingly unacceptable to motorists and other citizens.

Parking Charges

Parking charges on surface streets are already collected through meters by the city. A surcharge within the project area would, with the cooperation of the city, be relatively easy to collect. From an equity standpoint such a surcharge would be paid by motorists who would have increased access to on-street parking as a result of a significant number of potential motorists using Metro Rail. The increase might well be construed as a special tax rather than a fee, since it would be used for transit purposes, and therefore would be likely to require voter approval. Such a surcharge, like other motor vehicle based approaches, could be used for operations and maintenance purposes.

TAXES BASED ON BENEFITS TO EMPLOYERS WITHIN STATION AREAS

Employers with businesses located adjacent to transit stations will enjoy three major benefits as a result of their close access to Metro Rail: 1) they will have access to a larger and more varied pool of people from whom to draw their employees as a result of increased mobility, 2) there will be greater transportation reliability for ensuring a means for employees to get to work, both by reducing congestion and by providing a backup mode to the automobile or bus, and 3) less parking space for employees will be required.

Two transit agencies in Oregon impose an employee payroll tax of approximately one-half percent on wages and salaries throughout their districts. Such taxes could certainly be levied on employers within a designated Metro Rail service area. The proceeds of the tax could be used for any Metro Rail purpose and could possibly be collected by the State and returned to the district.

The degree of equity that such a tax would achieve would vary somewhat from employer to employer. Those businesses that draw -- or would like to draw -- employees from a wide geographic area and those businesses that provide employer paid parking will derive the greatest benefit from Metro Rail. Businesses in which the employees are local, do not drive, or do not receive employer paid parking will benefit the least. Any employer payroll tax should be designed to exempt businesses in the latter categories.

An employer payroll tax for transit purposes would almost certainly be classified as a special use tax and would therefore be subject to the two-thirds voter approval requirement in the area in which it would be levied. Since the tax would be paid by employers, while the qualified electors would be made up of all registered voters within the area, the tax might stand a better chance of passing than a tax that would be paid by a broader base of residents.

Joint Development Approaches to Value Capture

Traditionally, joint development approaches to value capture have involved holding/selling or leasing real property that was purchased for bona fide transportation purposes. Immediate sale of excess land parcels (i.e., not required after rapid transit station construction) has produced only minimal, one-time revenue, not reflective of attainable future development. For this reason, most public transit authorities and municipal redevelopment agencies during the last several years have invested in the time and additional financial resources of

packaging a complete development prospectus[4] for the subject properties. Further, these sites have been placed on the private market-place for award on a "competitive bid" basis, under a long-term leasehold arrangement. In certain instances such as the Denver Transportation Center, the lease agreements have included actual public sector participation in the income stream generated by the real property. An alternate approach has been to structure the terms of the joint development lease in a manner that is indexed to a predetermined occupancy level and/or overall income level realized by the subject project (e.g., the Connecticut Connection in Washington, D.C.). To date, there are no joint development project examples in the United States whereby the leasehold agreement allows for five, ten, or fifteen-year renegotiation clauses. However, this type of leasing practice has been established in relation to Toronto and Montreal joint development projects and has proven successful in capturing a higher portion of the true value of the rapid transit station property.

Within the policy and historical context outlined above, the SCRTD could utilize three fundamental types of joint development/value capture mechanisms. These include the following: 1) station cost sharing and maintenance agreements, 2) connector fees, and 3) land/air rights leases.

The most efficient and suitable joint development/value capture program must be: formulated with the full cooperation of the private sector business community, take fully into account the realities of volatile and complex real estate marketplace, and be approached from the viewpoint of the private/public coventure.

STATION COST SHARING

In recent years major developers and building owners who have elected to have a fixed guideway transit station interconnected or integrated with their commercial facilities, normally absorb a major portion of the capital construction costs. In return, their investment: 1) ensures them of the development opportunity to proceed with their projects in advance of system operation, and 2) furnishes a long-term competitive market advantage for their projects. The ability to participate fully in the design of the transit station generally enhances the overall quality of the joint development project.

The SCRTD currently has the legal authority to negotiate this type of agreement with the private sector. The actual terms of these station cost sharing agreements should remain flexible prior to negotiation, in relation to both content and payment schedule. Station cost elements that should be included in the negotiated agreements are: escalators, elevators, entranceways, station structure, HVAC systems, security and maintenance of the subject facility. Terms of payment for station-related capital cost elements should be extended over ten-to-fifteen years, and vary in annual amount. Station maintenance and security agreements should be annualized with inflation escalator provisions, allowing for the payment amount to be fixed in relation to the individual building owner/developer's share (i.e., of his/her project's share) of the total development area functionally linked to the Metro Rail station.

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[4] This packaging process normally involves formulation of a defined development concept and envelope that are supported by financial and market analyses.

The station capital cost sharing potential of the Metro Rail Project cannot be precisely estimated. However, prior national experience in applying this joint development/value capture mechanism reveals that it is generally easier to secure private sector investment in relation to escalators, elevators, entranceways, and knock-out panels, etc.; rather than the actual station facility. Assuming that the District is successful in securing private sector capital cost sharing committments for a representative number of the Metro Rail stations (for the above referenced non-structural elements), the revenue potential to be derived from this joint development/value capture mechanism, would be between $25 million and $100 million.

Annual maintenance and security costs incurred for all sixteen Metro Rail stations are currently estimated at approximately $6.5 million. Assuming that, ultimately, there is a threshold level of joint development functionally/ physically linked to twelve-or-thirteen of the sixteen Metro Rail stations, the SCRTD should be able to secure between $4 million to $5 million annually in station maintenance and security service agreements. At least 50 percent of these agreements should be fully executed prior to the Metro Rail system's opening.

Since the SCRTD already possesses the legal authority to negotiate station cost sharing agreements, there are no additional institutional requirements to utilize this joint development/value capture mechanism. The Metro Rail station capital cost sharing agreements will require normal contract administration to ensure prompt and accurate payment. Station maintenance and security service agreements will require additional cost accounting efforts, to separate out actual individual Metro Rail station costs and the pro rata application of eligible amounts to the agreements struck with individual building owners/developers.

Prior to 1975, minimal consideration was given to the employment of station cost sharing in implementing fixed guideway station financial plans. The City of Los Angeles was the first U.S. city to have negotiated an individual station maintenance and capital cost sharing agreement for a then proposed downtown people mover system. The Connecticut Connection and International Square Buildings in Washington, D.C. are two recent project examples of private sector cost sharing in the construction and maintenance of rapid transit stations. In the case of the International Square development, the building owner provides all the heating and air conditioning for the Farragut West Metro Station. Other recent examples of transit station cost sharing include the Lexington Market Plaza in downtown Baltimore, the Five Corners station development in Atlanta, and the Biscayne Boulevard Gould development in Miami.

These cost sharing agreements are directly applicable to station area or future pedestrian causeway elements of the Metro Rail Project. In addition, the sharing of internal escalator/elevator costs represent other valid applications of this joint development/value capture mechanism. Station cost sharing is restricted only at Metro Rail stations which serve public facilities, exclusively.

As indicated, employment of station cost sharing generally assures an improved overall design of the subject station area, and affords the participating development interests an improved short- and long-term competitive market advantage. Further, it represents one of the most direct and equitable forms of capital funding, while reducing the requisite level of local and state financial requirements. An added advantage inherent to station cost sharing is the inflation coverage it offers. Intrinsically, it furnishes the short and long-term ability to

increase Metro Rail system ridership in relation to the employment-based development it interconnects.

In many cases, station cost sharing agreements require advance determination of overall business community financial participation and the accepted formulation of joint development program guidelines. Full utilization of this joint development/value capture mechanism results in a "permanent" configuration of the subject Metro Rail station. Generally, its application requires interim and long-term cost sharing considerations on behalf of the owners/developers of adjacent building connections, via pedestrian bridges.

It is important that a consistent set of joint development guidelines be established during the first set of negotiations to assure the equitability of this approach. Currently, there are at least four Metro Rail station areas experiencing new development implementation. These projects underscore the imminent need for the SCRTD to formulate a viable Metro Rail station area cost sharing policy. As discussed above, consideration should be given to the application of this joint development/value capture mechanism to Metro Rail station maintenance and security fees, along with the identified capital construction cost sharing.

Connector Fees

Connector fees can be charged to the owners/developers of both existing and future buildings for being physically connected to a station facility. Traditionally, these fees have been either: 1) lump sum payments to cover the capital costs of knock-out panels, plaza areas, etc., or 2) "in lieu" dedication of property for station areas or easements. In the case of entranceways to retail facilities station connectors can be constructed and later assessed on an annual basis.

The SCRTD currently has the legal authority to receive connector fees or accept "in lieu" dedication of private property or easements. The terms and conditions for these agreements should be established in advance of Metro Rail construction. In contrast to the station cost sharing agreements, it is likely that most of the connector fees will be lump sum payments. If these payments are extended, the time period should not extend beyond five years, except in the case of retail facilities.

Based on prior national experience, connector fee revenue potential of the Metro Rail system should be at least $500,000 to $1,000,000 per physical station connection to existing or future commercial development. The ultimate connector fee potential will depend on the precedents that are established in the initial round of private sector negotiations. The "in lieu" dedication of private property or easements should be accepted as an offsetting payment against connector fees, when the building owner is also making additional Metro Rail station cost sharing payments.

Since the SCRTD now possesses the legal authority to negotiate Metro Rail station connector fees, there are no additional institutional requirements to utilize this joint development/value capture mechanism. There are two types of administrative requirements. First, a common set of published negotiation principles must be forged. Secondly, the individual Metro Rail station connector fee contract agreements require monthly monitoring to insure timely payment.

One notable example of rapid transit station connection fees involves the Woodward & Lothrup Department Store in Washington, D.C., which paid $500,000 for a knock-out panel to provide direct connection into the basement level of their building. The store experienced an initial 53 percent increase in retail sales volume and to date, has realized a subsequent increase each time the Washington, D.C. Metro system has expanded. There are even private sector precedents for this type of fee. In Houston, for example, in order to ensure connection to the second level pedestrian bridge system, a new building owner recently paid $1 million in connector fees to an adjacent building. This was in addition to constructing the incremental second level bridge facility at their own expense. Dade County is currently expected to receive $5 million in connector fees from their Downtown Component of Metrorail system. In relation to this project, downtown Miami building owners that agree to pay a station connector fee in advance of system opening will pay a lower fee than those who make agreements after the system opens.

In summary, there is a significant level of successful public sector experience in receiving station connector fees from private building owners and developers for fixed guideway transit systems. In return, participating private sector interests have generally attained a very favorable net return on their investment in this form of joint development/value capture mechanism.

Land/Air Rights Leases

This transportation value capture mechanism involves a straightforward negotiation of a long-term land/air rights lease for real property now owned or purchased in the future by the SCRTD for bona fide transportation purposes (i.e., station facilities, parking, etc.). In the United States, the terms of this type of lease have traditionally been set for 99 years and are usually established at a 3 to 7 percent rate of payment of the total property income. More recently, in cases where the lease payments are reduced during the first five- or ten-year project operating period or indexed to occupancy rent levels, the public sector has received a percentage of the profit above an established level of return on investment to the private sector (e.g., usually above 18 or 20 percent).

The SCRTD has the current legal authority to negotiate land/air rights leases. The principles under which these leases are to be negotiated should be established in advance of the completion of Metro Rail system construction. Consideration should be given to renegotiation of lease terms every 10 or 15 years, provided the most favorable long-term conditions cannot be reached in the execution of the original agreement.

The lease/air rights revenue potential of the Metro Rail system cannot be precisely estimated at this time. In addition to future SCRTD land/air rights, consideration should also be given to the sharing of lease revenues from other publicly owned properties that may eventually be packaged into a legitimate joint development Metro Rail project. The combination of land/air rights leases, station cost sharing agreements, and connector fees ultimately should be able to recover the original public sector investment in the Metro Rail station facilities.

Since the SCRTD now possesses the legal authority to negotiate Metro Rail station land use/air rights leases, there are no additional institutional requirements to utilize this joint development/value capture mechanism. There are two types of administrative requirements. First, a common set of published negotiation princi-

ples must be established and then formally applied. Secondly, the individual Metro Rail land use/air rights leases will require monitoring to ensure timely and accurate payment. Following the initial Metro Rail Project operating period, payment should be scheduled, in advance, of at least one quarter of the eligible land/air rights lease payment to recover the administration cost.

Currently, the Washington, D.C., METRO system is packaging joint development at all future rapid transit stations. Under this joint development program, the primary value capture mechanism will be land/air rights leasing. To date, these agreements have been forged at the Van Ness Center, Bethesda, Connecticut Connection, Gallery Place, and Metro Center stations, respectively. The San Francisco Bay Area BART system is also now actively seeking land use/air rights leases in their ensuing round of joint development packaging activity and private/public negotiations. This mechanism is also being utilized in inter-modal transportation center projects, now being developed throughout the United States. Recent examples include the cities of Denver, Colorado, and Columbus, Ohio. There is also local precedence for acceptance of long-term land/air rights agreements by the private sector, as recently demonstrated by the City of Los Angeles Community Redevelopment Agency, in relation to the downtown Bunker Hill Project.

The land/air rights lease is one of the most equitable forms of joint development/value capture. The reason for this is that the payment terms of the prescribed schedule are negotiated based on the private sector's determination of how they can maximize their return on investment, which fully takes into account near- and long-term market conditions. The nature of the lease payment provides a long-term dedicated stream of income that should tangibly support the operation, maintenance, and future expansion of the Metro Rail system. The revenue capacity of this value capture mechanism is sustainable in that inflation can be fully taken into account in negotiation of the terms of payment.

The long-term lease revenue from air rights/land use leases are difficult to determine, and their negotiation involves the need for specialized joint development packaging skills. It is important that the terms and principles of the air rights negotiations are set in advance, and are equally applied to each joint development project. If this approach is not taken, there will be an unsettling effect on the private sector's willingness to negotiate and implement these types of projects.

As indicated above, it is imperative that a consistent and thorough set of joint development guidelines be established, to ensure an equitable and efficient application of the land/air rights lease value capture mechanism. Conscientious negotiations must be consummated with interested private sector development interests in an effort to secure a favorable Metro Rail system operation return, while solidifying the future development success of the subject joint development projects at all of the prospective Metro Rail stations.

Direct Marketing Approaches

There are certain areas of value capture in which the transit agency may directly market services and business opportunities within its exclusive control. These areas are advertising and concessions and each is discussed below. Table VII-1 provides a summary of direct marketing revenues obtained by major cities in the U.S.

ADVERTISING

The transit advertising industry is essentially an industry whereby two major firms have been primarily responsible for organizing print media clients and providing virtually all poster advertising for kiosk, panel boards (i.e., outside, inside train and station areas), etc. National survey results disclose a median of approximately 1.5¢ per passenger in annual passenger revenue attributed to this mode of advertising. Based on current ridership estimates of 313,000 daily passengers, SCRTD would earn an estimated $2 million in 1982 dollars annually in poster advertising revenues.

Generally, placement of larger (i.e., 4 ft. x 5 ft.) laminated posters generate the highest revenue per maintenance dollar. Even if an advertising management firm assumes the responsibility, an exclusive use of this size and type of advertising poster would produce a higher annual revenue agreement. Train poster board locations are standardized and should be taken into account in the vehicle specifications. Exterior advertising is optional and its incremental revenue should be weighed against achieving a higher level of station coverage.

The primary and most secure location for station area poster boards is determined to be across the track from the boarding platform. This location must be serviced between 12 p.m. or 1 a.m. and system opening. If 24-hour service is contemplated, this location cannot be utilized. Discreet locations along station entrance-ways and above seating areas represent the next most desirable poster board locations.

From a security standpoint, kiosk advertising in stations should be avoided. National experience indicates that these units represent a hindrance to security by shielding areas that cannot be monitored by TV units. Several cities, most recently San Francisco, have experienced acute vandalism problems in association with kiosks and, therefore, are eliminating them.

New York will be the first U.S. city to formally introduce the audio-visual medium. The initial equipment will be installed in approximately seven months. For proprietary reasons, detailed information is not currently available to the public. This program should be monitored closely and a complete audio-visual package should be prepared for competitive bid, based on a thorough review of the New York City experience. Our investigations indicate that no unusual mechanical or electrical accommodations to station designs are required; higher ceilings at point of "patron entry" to the Metro Rail station are useful.

Long-term contracts are negotiable and transit authorities in major U.S. cities with coordinated programs are arranging a 15-25 percent increase in annual guaranteed revenues. In our opinion, SCRTD should prepare a comprehensive bid package modelled after the Boston and New York City transit authorities who are achieving the highest revenue per passenger and are successfully negotiating annual guaranteed rate increases. Future movie and film rights should remain discrete from this form of exclusive agreement.

Essentially, there are two primary types of advertising media that find application in Metro Rail facilities across the United States. They are print media and audio-visual media.

Printed forms of advertising in Metro Rail facilities take on varying forms with respect to : size, texture, and presentation format. Locational factors (e.g., entranceways, platform areas, exterior and interior areas of rail cars, etc.) often

TABLE VII-1

SUMMARY OF DIRECT MARKETING REVENUES

Location/System	1982 Estimated Rail Patronage	Operatinal Stations	Miles	Annual Advertising Revenue	Advertising Revenue Per Passenger	Annual Real Estate Revenue
Atlanta, GA MARTA	84,656,000	16	12.5	$539,000	0.6¢	minimal, only parking
Boston, MA MBTA	89,262,000	80	124.5	$2,190,000	2.5¢	not available
Chicago, IL CTA	145,276,000	146	175	$2,500,000	1.7¢	$1,000,000
Cleveland, OH RTA	9,274,000	17	33	$100,000	1.1¢	not available
Philadelphia, PA PATCO	11,074,000	14	30.5	$175,000	1.6¢	$25,000
Philadelphia, PA SEPTA	81,794,000	125	250	$800,000 (bus)		$2,200,000
New York City, NY MTA	950,000,000	500	707	$17,000,000	1.8¢	$4,000,000
San Franciso, CA BART	58,486,000	34	142	$375,000	0.6¢	$2,000,000
Washington, D.C. METRO	93,710,000	44	33	$1,600,000	1.7¢	no concessions

SOURCES: American Public Transit Association; Represented Transit Authorities; Robert J. Harmon & Associates

determine program criteria, along with the physical surroundings of the subject station area. San Francisco's BART system, for example, is governed by program policy that insists that all platform-oriented advertising be exhibited on walls behind the tracks, facing BART patrons. This policy has proved a major deterrent to graffiti. Poster panels vary dramatically in size by system from approximately 11 inches by 21 inches to as large as 8 feet by 8 feet for expansive "urban panels."

Advertising print media in Metro Rail station areas are housed in a myriad of ways, including: surrounding subway clocks, on kiosk panels, on the above-referenced entranceway urban panels, in free-standing exhibits, on station walls, within the interiors and on the exterior surface of the rail cars, and on self-supporting panels suspended from the station ceilings. As described in more detail below, the revenue potential associated with these various advertising formats varies dramatically. Further, media impacts are directly correlated to the manner, postion, and nature of the subject advertising. Advertising directors of selected major U.S. transit authorities have openly shared lessons learned from their experiences, and, in all likelihood, the SCRTD will benefit considerably from insights gleaned from their collective experience.

With the exception of the New York City MTA, all systems are awaiting the perfection of the emerging audio-visual technology prior to implementing it. Apparently, some fundamental technical problems must be ironed out prior to broader acceptance. New York City interests are scheduled to go-ahead (in approximately six to eight months) with the employment of this progressive advertising medium.

Current District advertising policy establishes accepted advertising guidelines and reserves the authority to review and determine the acceptability of any new forms of advertising media in relation to its bus fleet. However, the District has entered into an exclusive agreement with a private advertising firm, Winston Network, Inc., which is, in turn, responsible for marketing all SCRTD-related print media. This form of commercial advertising is confined currently to the exterior and interiors of the SCRTD bus fleet. The Los Angeles City Board of Public Works oversees bus shelter-related media relations, currently under an exclusive agreement with Shelter Media, Inc., and oversees advertising in relation to bus benches throughout the city.

In the fall of 1976, the SCRTD sent out a formal Request for Proposal (RFP) to prospective regional and national advertising firms and invited formal proposals under a "sealed bid" agreement. On January 1, 1977, a three-year exclusive contract was awarded to a La Mirada firm (Transit Ads, Incorporated), with provision for a guaranteed annual level of revenue to the District. Upon expiration of this contract on December 31, 1979, the contract was renewed for an additional three calendar years, and in September of 1980, Transit Ads, Incorporated, was acquired by Winston Network, Inc., a New York based firm with a regional office located in Los Angeles. The existing three-year contract with said firm expires at the end of calendar year 1982.

During calendar year 1981, the District received its guaranteed annual revenue of $1,391,000, calculated under the prescribed terms of the agreement at an estimated 51 percent share of total advertising receipts accruing to the SCRTD. Original terms of the most recent three-year contracts stipulate a guaranteed increase of approximately 7 percent annually. Terms of the agreement call for the District to participate at a 51 percent share of annual gross advertising revenues that exceed the guaranteed amount.

Representative prices for varying sizes and types of SCRTD poster board advertising areas follows:

- King Size (30 inches by 104 inches) @ $83 per month
- Jumbo Queen Size (30 inches by 88 inches) @ $49 per month
- "Trail" Board (21 inches by 72 inches) @ $67 per month

These above-quoted prices are for exterior, framed poster boards. Prices are determined by quantity and length of the advertising contract. For example, one "King Size" ad running for twelve calendar months is priced at $66 per month (reflecting an approximate 20 percent discount). Interior advertising posters, 11 inches by 28 inches, are of a singular type and are priced at $5 per month.

The District previously experimented with "Adhesive Ads" that ran virtually the entire length of the bus and were applied directly to the surface (i.e., not enclosed in a poster frame). These adhesive ads met with mixed reviews and are generally viewed as unattractive and inappropriate for application to the new line of buses in the SCRTD fleet.

Recently, the SCRTD's advertising department was approached by a private firm with respect to installing small, closed-circut cameras in selected buses on selected routes on an experimental basis. These cameras would be used to promote specialized advertising in which the District would share revenue receipts. However, express concern was raised over a number of issues relating to ths type of medium, including: the acceptability of presenting such advertising in the prescribed format to a "captive" audience; the overall volume of the accompanying audio portion of the advertising; and language employment, given the high percentage (i.e., 25-35 percent) of SCRTD patrons that are of Hispanic origin and many of whom do not speak English. Acknowledgement was made that major modifications and refinement in this technical medium may ultimately make its utilization suitable, acceptable, and profitable.

Concessions

The American Transit Industry distinguishes between mechanical or "vending" concessions and retail outlets with sales clerks and cashiers in reporting revenue, and in the application of location, management and licensing policies. The physical form of the concessions varies from the modern "magic teller" bank outlets now being placed in selected New York City subway stations to standard food dispenser or newpaper vending machines. It should be noted that pay telephones are also considered a concession and represent a significant portion of the total rapid transit system concession revenue.

In most older rapid transit systems in the United States, the retail outlets take the physical form of stalls, or the classic newspaper stand. In the more modern systems, the kiosk form of retail outlet has been introduced in compliance with more uniform and higher aesthetic standards. In certain rapid transit systems, such as Boston, the "hawkers" or "street vendor" type retailers are allowed to peddle wares (e.g., flowers, cigarettes, souvenirs) from floating locations.

Major retail stall-form concessions require incremental climate control (i.e, heating/air conditioning); piping (i.e., water) and lighting accommodations in the station areas. If food/beverage outlets are excluded from the station areas, then there are no additional water/piping needs. Individual retail stalls require between 150 and 250 square feet of floor space. Depending on the specific Metro Rail station design, it may have false ceilings and supplemental wall structures. The kiosk design form of retail outlet reduces the structural requirements.

Vending machines have only potential electrical and related wiring utility requirements. In modern U. S. rapid transit systems (i.e., San Francisco, the Washington, D. C., and the Atlanta systems) all vending machines are either "built in" to the station walls or are structured as parts of kiosks. The new "magic teller" bank outlets require major station wall structure accomodations for security, wiring, and potential surface-street entry needs for repair and servicing.

The maintenance of retail areas is usually assigned to the concessionaire. In New York City, for example, station entranceways through buildings to the retail concessions are also maintained by the building owner in exchange for increased FAR density bonuses. Non-food and beverage vending machines are maintained by the licensed vendor. Food and beverage retail outlets and vending machines require considerable incremental station area and rail car refuse and litter maintenance costs. To date, the kiosk-related retail outlets have experienced considerable vandalism, especially in the San Francisco BART system. The built-in vending machines located near the turnstile/ticket areas of rapid transit stations require no additional security cost and have experienced minimal or no vandalism. Magic teller bank outlets are planned for these locations in New York City, but there is no operational record yet to determine security costs or incremental level of crime problems

Fire and safety requirements for retail concessions primarily involve inspection and surveillance to ensure proper wiring and building code enforcement. Wall-encased fire extinguishers are provided in areas of litter collection. In additions, fire-resistant metal cannisters should be utilized for waste collection. As noted in the previous discussion of advertising, kiosk design retail outlets can pose a safety/security problem by creating areas that cannot be adequately covered by TV monitors.

Mechanical built-in vending machine (i.e., non-food and beverage) and public telephone concessions represent incremental revenue potential for the Metro Rail system that will not require incurring additional station area maintenance cost. Based on the past revenue experience of other U.S. rapid transit systems, this type of retail concession should generate approximately $1 million in annual revenue for the Metro Rail system measured in 1982 dollars. This revenue stream should keep pace with, or increase faster than, the annual rate of inflation.

The "magic teller" bank outlet type of vending machine could be supported by the expected level of patronage at the Los Angeles CBD and possibly the Miracle Mile stations. New York City is currently installing these machines on a "competitive bid" basis in selected downtown Manhattan stations. Final awards have not been made; however, revenue potential is expected to double or triple the annual vending concession revenue for the New York MTA. Based on the initial private sector responses, it is estimated that the Metro Rail system could realize at least an additional $2 million in annual revenue from the inclusion of this type of retail outlet in their station facilities. Terms of the magic teller concession agreement

should ensure that the stream of revenue increases at a rate equal to or greater than inflation.

The revenue percentage or "sales override" type of retail stall lease has proven unmanageable in relation to most U.S. rapid transit systems. It is now common practice in the industry to use a simplified annual concession fee under a "master lease" agreement, to reduce management costs of this type of retail concession. A full complement of kiosk or retail stall facilities located in Metro Rail stations would generate between $750,000 and $1.5 million in annual revenue to the SCRTD.

If the SCRTD utilizes connector fees to retail concourse areas that are functionally linked to Metro Rail stations, there is a direct conflict or trade-off in achieving retail stall lease revenue. In addition, a policy that would prohibit food or beverage retail outlets would further reduce this type of revenue potential for this type of retail concession to the Metro Rail system. Depending on the District's final policy relating to these aspects of retail outlet concessions, retail stall or kiosk revenue for the Metro Rail system is estimated to range from zero to an amount in excess of $1 million annually.

Summary

Value capture techniques represent important revenue sources to support construction costs and ongoing operation and construction costs of the Metro Rail system. Special benefit assessment districts and tax increment financing probably represent the two most viable tax and fee approaches to value capture for use by the District. Formation of special benefit districts will require approval of at least 60 percent and probably two-thirds of the voters within each assessment district. Tax increment financing requires no voter approval with the decision to use this form of financing to be made by the CRA and City of Los Angeles.

Station sharing costs and connector fees to be paid by developers and/or building owners, who would like to have a direct connection or integration with the station, represent other important value capture techniques which should be considered by the District. Dedication of Metro Rail station entranceways, functionally integrated heating and air conditioning systems, and common escalators and elevators are among other candidate cost sharing approaches being evaluated for inclusion in the District's overall joint development/value capture program.

Land and air rights leasing or sale of transferred development rights should also receive full consideration by the SCRTD as a potential revenue source. In the case of development rights transfer, this candidate development mechanism would be designed to reinforce compatible development patterns and protect existing residential neighborhoods.

Maximum annual advertising and concession revenues can be achieved while maintaining the highest priority levels of system and pedestrian orientation, information displays, and station security. Utilization of standard interior and exterior vehicular locations, wall space, access from loading platforms, and discretely selected station entranceway and platform waiting areas for commercial poster board advertising is generally sufficient to maximize advertising revenue. To enhance station security and minimize vandalism losses, national experience indicates that kiosk advertising should not be done in the Metro Rail station areas.

The management experience of transit authorities in other metro rail cities indicates that, with the exception of newspaper vending machines and automatic bank tellers, the inclusion of other retail facilities especially food and beverage outlets is generally not conducive to clean and efficient system operation. Retail concourse areas directly connected to the station areas should be encouraged in the major commercial centers served by the Metro Rail system. Major automatic bank teller outlets are now being considered for inclusion in station areas in New York City and Washington, D.C., respectively. If these vending outlets are located in areas of high station security and surveillance, they represent a major potential revenue source to help offset Metro Rail station maintenance costs.

APPENDIX A: PUBLIC COMMENTS AND RESPONSES

This appendix presents the public comments on Milestone Six: Land Use and Development which were received at a series of community meetings held on September 28, 29, and 30, 1982. This list of public comments is organized by specific meeting. Each comment is followed by a response, which in many cases refers the commentator to a specific section or policy of the Milestone Six report. Related comments have been grouped and are followed by a common response. The commentor's name is stated only when the person identified himself/herself.

COMMENTS FROM MILESTONE SIX COMMUNITY MEETINGS: CBD (SCRTD BUILDING) 9/28/82

J-e. Will community participation be at the same level as RTD has done up to now or will it provide for more meaningful input by public?

Ref. to special studies and station masterplan process. Is intention to have identifiable group of citizen/community groups provide all the community input?

Glen Blossom. Need close working relationship between RTD and City's community participation programs. Committee of 40 may be too restrictive in terms of community representation.

RESPONSE: The community participation process to be used by the SCRTD in station area masterplanning has not yet been determined. The intent of policy J-e is to assure that a process will be developed which will allow all citizen/community groups who have an interest in such a planning process to express their opinions and have them considered by the SCRTD.

When would value capture tax be implemented as an anti-speculation mechanism?

RESPONSE: A value capture tax would not be used as an anti-speculation mechanism. The only anti-speculation mechanism to be considered by the District is the anti-speculation capital gains tax. A tax of this type would be directed only at the increment of real estate appreciation attributable to speculation and would not attempt to tax value appreciation resulting from the general increase in real estate values. This tax, if imposed in a particular situation, would be in addition to state and federal taxes. Consideration of this mechanism has not progressed to the point to address the issues of the taxing entity and revenue receiving entity. If used, this tax would encourage present property owners to either develop their properties or sell them to developers, as opposed to selling their properties to speculators who in turn would sell to developers.

What will be the area encompassed by the proposed benefit assessment districts?

RESPONSE: As provided by Policy V-q, contained in Chapter II, benefit assessment districts will be investigated by the SCRTD. If used, the size of any district will vary from station to station according to the geographic distribution of the benefit.

How do the land use activities of the City and of the CRA relate to RTD's proposed activities in joint development?

RESPONSE: Please refer to Chapter VI, under the heading of "Option 2 -- Cooperative Agreement" for a discussion of the relationship of the CRA and the City's land use activities to the SCRTD's proposed joint development activities as recommended in this report.

Why is the RTD proposing to prohibit concessions?

RESPONSE: Experience from other cities with rail systems has shown that maintenance costs of stations with concessions exceed the incoming revenues. New York City is currently closing their concessions primarily for this reason. Further discussion of the reasoning behind the decision prohibiting certain types of concessions is found in Chapter VII, under Concessions.

How does J-i proposed policy favoring right of first refusal for displaced small businesses relate to V-2 prohibiting concessions in station areas?

RESPONSE: Policy V-z prohibits certain types of concessions only in Metro Rail stations. Policy J-i relates to any and all joint development projects which surround or are above the station, not in the station.

Glenn Blossom. We need to quantify potential benefits from joint development to show opportunities available.

RESPONSE: Quantification of potential benefits from joint development is beyond the scope of Milestone Six which is a policy document. This level of analysis will be undertaken (along with consideration of other factors, as well) in order to determine which joint development and value capture techniques should be adopted by the SCRTD.

On the other hand, additional taxing mechanisms could discourage some development around stations. You should mention that there are benefits to the developer from a private financing standpoint of adoption of these joint development policies and procedures.

RESPONSE: It is true that some taxing mechanisms in specific areas may discourage development around certain stations. The benefits to the developer from the joint development policies are discussed in Chapter VI of this report.

In reference to Section (P-b), what mitigation measures in terms of street capacities will be implemented?

RESPONSE: The station area masterplanning process will consider the parking demands of each of the station areas with joint development potential. The existing capacity of street parking, as well as parking structure capacities will be examined to determine future parking requirements due to joint development.

COMMENTS FROM MILESTONE SIX COMMUNITY MEETINGS: CBD (BONAVENTURE HOTEL) 9/28/82

In reference to Section (P-f) , what is the District's jurisdiction in the long-range planning process compared to the role for LACTC?

> **RESPONSE:** The District has jurisdiction to develop transit plans for their service areas. These plans must be reviewed by the LACTC for their consistency with the Regional Transportation Plan and in order to obtain funding.

How much joint development are you foreseeing? Enough to pay for the stations? What are the boundaries of the program?

> **RESPONSE:** Without detailed study into market conditions, land supply factors, growth conditions, etc, it is impossible to forecast the extent of the joint development potential. These studies are beyond the scope of Milestone Six, but will be undertaken as a part of the station area masterplanning process.

What is an active co-venture role for SCRTD? This task is normally done through CRA - How will SCRTD do it?

> **RESPONSE:** Chapter II, under Policy Element One -- Corridor-Scale Institutional Framework describes in detail what is meant by the SCRTD's active coventure role towards joint development.

SCRTD is assuming that property values around stations will increase. What is the possibility of a depreciation of property values occurring? Slow rate of development around stations may have an adverse impact on land values.

> **RESPONSE:** The SCRTD is not assuming that the property values around all Metro Rail stations will increase. It is entirely possible that the value of some properties near station areas will decrease or not be affected at all.

It is unclear what kind of taxes are involved. What will they be imposed on? Will it be a property tax to property owners around stations? And could the tax revenues be used in other parts of the system? Could the monies be used to underwrite the deficit that will occur elsewhere in the system? Who will be the parties to the cost-sharing agreements?

> **RESPONSE:** Please refer to Chapter VII, under Tax and Fee Approaches to Value Capture which provides a discussion of the methods for recovering, through the use of taxes and/or fees, some of the financial benefits associated with the Metro Rail system.

There are city and county funds in the development of the system?

> **RESPONSE:** Please refer to Chapter I which discusses the sources of funding for the Metro Rail project.

Will developers be able to influence the design of the stations?

> **RESPONSE:** By starting the joint development process early on in the Metro Rail Project, it is hoped that developers will be able to influence certain

aspects of the design of stations. Joint development experience in other cities has proven that the selection of entrance points to the station, in particular, is extremely important in the completion of a successful joint development project.

Could it be private developers sole responsibility to maintain stations? Conceivably there may be no need for assessments or taxes if this is the case.

RESPONSE: It is feasible that private developers would assume total responsibility for the maintenance of a station in exchange for receiving a substantial level of benefits, including direct access to the station. It should be remembered that maintenance constitutes one of the many costs of the station (others include cost of heating, cooling, electricity, station operators).

Why wouldn't newspaper, magazines etc. be allowed in the stations?

RESPONSE: Please refer to Policy V-ab which allows for built-in newspaper vending machines. Newspapers and magazines are not banned from the station when sold from these types of machines.

Concessions could be used as a safety mechanism.

RESPONSE: This comment is noted. Please refer to Chapter VII, under Concessions, for further discussion of this subject.

Litter problem is not a good answer for leaving concessions out. Stations are dull. London Underground is exciting.

RESPONSE: Experience from other cities with rail systems has shown that maintenance costs of stations with concessions exceed the incoming revenues. New York City is currently closing their concessions primarily for this reason. Further discussion of the reasoning behind the decision prohibiting certain types of concessions is found in Chapter VII, under Concessions.

District will not get return if (newspapers) concessions are placed outside. Who will clean the litter outside station? Who will pay for cleaning?

RESPONSE: It is true that the District will not get any return from concessions placed outside of the station. However, the District does plan to allow certain "built-in" concessions in the station (e.g., newspaper machines, magic bank tellers, etc.) The responsibility for picking up the litter outside of the station will most likely be shared by the District and the responsible public entity.

To what extent is all this value capture return being considered in the total financing of the project? Is value capture a minor or major portion of the funding picture for the project financing?

RESPONSE: The potential value capture return being considered in the total financing of the project is undetermined and is beyond the scope of Milestone Six. The introduction to Chapter VII provides some information on the value capture return experienced by other cities.

Type I development -- what is the difference between density and high intensity development?

RESPONSE: In Type One development, which is downtown development, the terms density and intensity are often used interchangably. However, the two terms do have different meanings. Density usually refers to the number of people or units per geographic area, e.g., 12 housing units per acre. Intensity usually refers to the level of commercial development, as measured by Floor Area Ratio (FAR). FAR is the amount of development per total land area.

Additional high density construction should not occur -- example CBD -- it would mean more congestion would occur. Metro Rail will not reduce congestion unless a land use policy is implemented.

RESPONSE: Additional high density contructions, if served by a transit system would not necessarily mean more auto congestion. Milestone Six contains land use policies which are directed towards the reduction of auto congestion.

Need to call moratorium on additional commercial development in favor of residential development.

RESPONSE: The SCRTD has no control over the setting of land use policy for the city. However, the District will support both residential and mixed use joint development projects.

What are the boundaries of taxing areas around stations?

RESPONSE: As provided in Policy V-q contained in Chapter II, benefit assessment districts will be investigated by the SCRTD. If used, the size of any district will vary from station to station according to the geographic distribution of the benefit.

How will you solicit developer's proposals?

RESPONSE: In some instances developers may initiate the joint development proposals, while in other instances the District may need to actively solicit proposals.

What will be more attractive (commercial versus residential development) in determining the type of development around station?

RESPONSE: As it stands now, the SCRTD has no policy for the preference of commercial versus residential property. Thus, the type of development will largely be determined by the market.

Is there a conflict of interest between SCRTD and residential vs. commercial development -- referring to subsidies received through value capture? Maximum amount of value capture versus the number of riders -- what factor will be more favorably weighed?

RESPONSE: There is no conflict of interest between the SCRTD and commercial versus residential development. Both types of development have potential value capture return and will serve to increase patronage.

COMMENTS FROM MILESTONE SIX COMMUNITY MEETINS: HOLLYWOOD (CITY COLLEGE) 9/29/82

Ref. to P-b. Does parking development policy include possible park/ride services?

RESPONSE: Parking policies as developed in the station area masterplanning process will include possible park/ride facilities for certain stations.

Ref. to P-g. Ask for clarificaion about the meaning of station interconnectivity. This planning jargon should be better defined.

RESPONSE: Interconnectiveity is defined in the paragraph immediately following policy P-b in Chapter II.

Ref. to P-I. Clarification needed on preferential parking program. Why is additional parking needed? Won't people walk or take bus to stations?

RESPONSE: Preferential parking programs in certain station areas will be examined by the District in order to address potential future on-street parking conflicts between residents and Metro Rail patrons. Residential permit programs are utilized in other U. S. cities and give priority to the residents of certain areas for street parking by limiting the areas and the time in which nonresidents may park.

Ref. to P-I. Abe Falick. I object to the construction of parking facilities as part of the Metro Rail system. People should not be encouraged to drive to stations.

RESPONSE: The SCRTD recognizes the need to limit parking facilities around stations in order to encourage people not to drive. At this time parking structures are only being considered for key access points to the system, such as the terminal points.

Ref. to J-c. Abe Falick. Station sites should not be firmly fixed until after developer bidding process is complete to give public advantages of possible developer competition for sites.

RESPONSE: This comment is noted.

J-f. What are examples of public/private coventures?

RESPONSE: The leasing of air rights to a private developer by a transit provider and the direct participation of a transit provider in a joint development project represent two examples of public/private coventures. The leasing of air rights to a private developer is the only example currently being pursued by the SCRTD.

J-e. Too late on scene in regard to full community participation policy. The decision to conduct North Hollywood and Hollywood special studies efforts is an indication of the inadequate community participation up to now, resulting in lack of community consensus on the issues.

RESPONSE: This comment is noted. Policy J-e in Chapter II refers to the community participation process for the station area masterplanning and not to current Metro Rail community participation. The community participation process for the station area masterplans has not yet been determined.

J-j. Will replacement housing be located in existing areas?

RESPONSE: Policy J-j in Chapter II refers to the location of replacement housing with regard to joint development.

V-d. Will connector fees pertain to elevated or subway profiles or both?

RESPONSE: Connector fees may pertain to both elevated and subway profile rail systems. It is possible to physically link new and existing development to both elevated and underground rail stations.

V-p. Clarification needed. Will project developers be asked to support maintenance costs of stations?

RESPONSE: It is possible that a joint development project developer may be asked to support maintenance costs of the station, especially in direct access connection areas which have been built to connect the project to the station. Otherwise, it would be unlikely the developer would pay the high maintenance costs of a station.

V-p. Where will the proposed assessment districts be implemented? Under what condidtions?

RESPONSE: As provided by Policy V-q contained in Chapter II, benefit assessment districts will be investigated by the SCRTD. If used, the size of any district will vary from station to station according to the geographic distribution of the benefit. Benefit assessment districts are further described in Chapter VII, under Tax and Fee Approaches to Value Capture.

V-w. Does that mean no movie company would get exclusive right to film in a station?

RESPONSE: Yes, no one movie or advertising company, etc. would have exclusive film rights to any of the Metro Rail stations.

V-2. Concessions are a good revenue source. These should be allowed at least in non-paid areas of the stations.

V-2 It is a convenience to the public to allow food concessions on the platform.

RESPONSE: These comments are noted. Policies for concessions are located in Chapter II and a general discussion of the reasoning behind the policies of concessions may be found in Chapter VII under the heading, Concessions. Food concessions have been prohibited in stations to protect the general public, minimize station maintenance costs, and provide efficient rider access.

V-2. What is the policy on concessions in Europe and Japan? Do they prohibit concessions?

RESPONSE: Provisions have been made to accommodate certain concessions in proximity to stations in European cities. However, investigation will be needed to determine Japan's current policy on concessions.

Abe Falick. Ref. to joint development opportunities by station and community areas. Despite reference to the need to preserve existing community scale in the Fairfax community, the Fairfax and Beverly site is an excellent opportunity for major new development at the CBS location and would return substantial development income to system.

RESPONSE: This comment is noted.

Is RTD going to prohibit major developments at stations because of community objections?

RESPONSE: This question cannot be answered categorically. It should also be noted that the SCRTD will not exercise exclusive jurisdiction over development proposals but will cooperate with the City of Los Angeles, County of Los Angeles, and CRA, as is appropriate. Community review on development proposals will be solicited as an integral part of the station area masterplanning process. In some instances development proposals may not be approved based upon community objections. In other instances development may be improved in spite of community objections, where other factors would warrant this decision.

Abe Falick. I object to the statement that a quarter mile distance is too far for joint development.

RESPONSE: This comment is noted. A 2,500-foot radius is commonly cited in the joint development literature as the maximum distance, but there is nothing sacred about this distance.

What is the ICTS system?

RESPONSE: It is the Intermediate Capacity Transit system that is being considered by the SCRTD to serve as an auxiliary system to the Metro Rail project in Hollywood. This system is shown in Figure III-3 of the Milestone Six Report and is discussed in detail in Milestone Three.

Abe Falick statement. Joint development milestone excellent. But these kinds of considerations should have been a part of the earlier basic system decisions. This milestone is a micro analysis effort when macro-analysis or an economic strategy should have been a part of the basic system decisions. The Milestone Six effort is great but much damage has been done in terms of achieving optimum site locations that will maximize development opportunities, especially for Los Angeles CBD and Hollywood stations.

RESPONSE: This comment is noted.

COMMENTS FROM MILESTONE SIX COMMUNITY MEETINGS: WILSHIRE (TEXACO BUILDING) 9/29/82

Have you definitely decided on Crenshaw Station? I thought City recommendation is to approve low density station at Crenshaw.

RESPONSE: The decision to have or not have a Crenshaw station is to be decided by _____.

I need clarification. I thought RTD was proposing a low density station area which would meet the specific planning ordinance requirements of the City. RTD should point out to City that present street layout dictates a traffic flow pattern that makes this a logical location for bus transfers and drop offs to take place. This function can take place without having major redevelopment take place around the Crenshaw Station.

RESPONSE: Please see response to above comment.

Need clarification on proposed prohibition on food, etc. in station areas. I don't believe food etc., concessions need to be prohibited in Station areas.

RESPONSE: Policy V-z proposes the probition of food, beverage and tobacco retail concessions from Metro Rail stations. They are prohibited to protect the general public, minimize station maintenance costs, and provide efficient rider access. The reasoning behind this policy is discussed in Chapter VII, Concessions

What is status of Hollywood Bowl Station? It seem that station would produce off peak ridership.

RESPONSE: Please refer to Milestone Four for a discussion of the status of the Hollywood Bowl station.

Are you aware that Cal Fed Savings built a knock out panel for direct access to the Metro Rail system?

RESPONSE: Comment is noted.

What rate of increase in property taxes is being considered for the studied assessment districts around the stations? I'm concerned about how high the increase might be.

Would benefit assessment district be voted on by both residential and commercial property owners?

When would benefit assessments districts be put in place?

RESPONSE: As provided by Policy V-q, contained in Chapter II, benefit assessment districts will be investigated by the SCRTD. Please refer to Chapter VII under Special Benefit Assessment Districts for further detail on this subject. Benefit Assessment Districts will be voted on by both residential and commercial property owners.

What would motivate property owners to vote for assessment districts? Would they be voting for more amenities around stations?

What about state legislation adopted in seventies to allow assessment district to be imposed without vote if transit district needs funding to meet deficit? Many property owners are terrified about this prospect. We fear that we will be taxed for land appreciation accruing from general development in the area without receiving any economic benefits from rail station. For example, I have several properties two blocks from a station. These properties could be taxed through an assessment district yet we would receive no benefits from the system.

RESPONSE: The SCRTD is not aware of the legislation allowing special benefit assessment districts to be imposed without voter approval, but will investigate further. Special benefit assessment districts will only be imposed in areas where benefits will accrue. Chapter VII under Special Benefit Assessment Districts discusses this mechanism in further detail.

There has been de facto abandonment of the centers concept by Los Angeles City by 1976. Many of us developers are not willing to go through the financial sacrifices again which we went through earlier as a result of downzoning from centers concept. Example cited of Wilshire center plan history.

RESPONSE: The centers concept has not been abandoned and its status is discussed in Chapter III.

You should start answering the questions that property owners have to build confidence in us. What assurances can you give us that RTD is going to be effective in overturning failures of Los Angeles City and land use planning policy decisions?

RESPONSE: This opinion regarding the degree to which the City of Los Angeles has been effective in land use planning policy is noted.

I was a member of community citizens planning group in 1974. Our group recommended against a guideway system in favor a comprehensive improved bus system. Rand study advised that guideway is only economically feasible where high density exists or is projected to develop.

RESPONSE: Please refer to Milestone I and 2 for further discussion of the decision to recommend a rail system for Los Angeles.

RTD has not adequately looked at quality of life issues. It has too narrow of a focus.

RESPONSE: An Environmental Impact Statement/Report currently is being prepared which will discuss such issues.

The downgrading of zoning density has been necessary because of mounting traffic congestion not from too many people per se. We need the improved transportation which would result from proposed Metro Rail system.

RESPONSE: Comment is noted.

COMMENTS FROM MILESTONE SIX COMMUNITY MEETINGS: NORTH HOLLYWOOD (HOWARD JOHNSON'S) 9/30/82

In regard to benefit assessment districts. Will tax apply only to commercial property? The Milestone report does not limit tax to commercial property.

RESPONSE: Benefit assessment districts could apply to both commercial and residential properties, but is likely that they will only be applied to commercial properties.

Will parking be in structures or surface?

RESPONSE: Parking structures at key access points along the system have been proposed and are now under study. Limited surface parking will be available at certain stations yet to be determined.

If built aerial, will you build guideway in the streets or over existing buildings?

RESPONSE: An aerial system would use the streets or off street alignments as its guideway, but never over existing buildings.

Will RTD claim tax proceeds from existing CRA tax increment districts in effect, such as North Hollywood?

RESPONSE: No.

What is western boundary of the North Hollywood CRA district? What is the area in which RTD notified property owners? We represent a temple, we own several properties and are considering a building program. What is the possibility of an extension west on Chandler? What impact would this extension have on the immediate area? Who do we contact as to our concerns about such an extension?

RESPONSE: Beck Street is the west boundary of the North Hollywood CRA District. An extension west on Chandler is now being considered as part of the parametic analysis of alternative Hollywood and North Hollywood alignments. The impact of such an extension is now being studied as part of same analysis. Please contact SCRTD Community Relations Department to express your concerns.

In reference to the 40 members on the Citizen Advisory Committee, who are they?

Several questions on role of North Hollywood Committee of 40 omitted.

RESPONSE: Two community groups of approximately 40 members each have been formed to conduct a special analysis of the alternatives in the Hollywood and North Hollywood area. For further information on these groups, please contact the SCRTD Community Relations Department.

In regard to North Hollywood extension, there is a conflict in how alternatives are shown. Also the right-of-way of the Southern Pacific is shown to be relocated on south side of Chandler in one map but not in another.

RESPONSE: The right-of-way of the Southern Pacific is to be relocated to the south side of Chandler.

I get two messages -- one is, Los Angeles City will do the planning around the station. The other is RTD will do the planning.

RESPONSE: The specific content and form of the Metro Rail land use and development program will be established through a station area masterplanning process. The masterplanning process is described in Chapter V. The station area masterplans will build on the specific plan now being developed by the Los Angeles City and County Planning Departments and will be refined through major community and private sector input.

Abe Falick. There is confusion on what we are doing at this Milestone meeting. This is an economic analysis oriented meeting. The committee of 40 is dealing with route and station analysis. Read the Milestone Six report. I strongly support its recommendations and urge you to carefully read it.

RESPONSE: This comment is noted.

Transfer of development rights sounds good, but how would it work?

RESPONSE: The transfer of development rights mechanism is explained in Policy V-j in Chapter II.

Does this mean you are going to rezone with respect to air rights? You mean you are going through a process with community participation to have the station impact areas rezoned, with final approval by Los Angeles City?

RESPONSE: As part of the station area masterplanning process, it may be necessary to have certain areas rezoned. If within the City of Los Angeles, rezoning would require approval of the City Council.

What happens if community does not want development? Will Los Angeles City approve more density? What development rights are possible, if the community around the station does not want any development?

Question to Los Angeles City Planning Representative. I am concerned about land use variances. What control does community have over this occurrence? For example, what about a possible shopping mall around a station?

RESPONSE: This question cannot be answered categorically. It should also be noted that the SCRTD will not exercise exclusive jurisdiction over development proposals but will cooperate with the City of Los Angeles, County of Los Angeles, and the CRA, as is appropriate. Community review on development proposals will be solicited as an integral part of the station area masterplanning process. In some instances development proposals may not be approved based upon community objections. In other instances, development may be improved in spite of community objections, where other factors would warrant this decision.

Al Riley from Committee of 40 and CRA Committee -- Is CRA going to be involved in addition to Los Angeles City Planning? To Los Angeles City Planning Representative. How is Los Angeles City Advisory Committee going to relate to CRA Advisory Committee?

RESPONSE: The cooperative agreement option recommended in this report has the SCRTD entering into agreements with the City of Los Angeles Community Redevelopment Agency, the City of Los Angeles, the County of Los Angeles and other agencies to establish a specialized entity to manage joint development projects. This cooperative agreement is described under Policy Element One in Chapter II and further detailed in Chapter VI.

Is Ventura Boulevard an alternative rail alignment?

RESPONSE: Ventura Boulevard is not an alternative rail alignment.

Reference to taxing mechanisms in report, -- what group of voters will make this decision? City, state or community voters?

RESPONSE: In reference to special benefit assessment districts, the residents of the area delineated for the special benefit assessment would vote.

What part of station construction will developers build? What protection does a property owner have against RTD using eminent domain to assist private developer if there is a hold out property owner who opposes a joint development project?

RESPONSE: In joint development projects of rail systems in other cities in the United States private developers have built their own entranceways, station accessways or knock-out panels to provide direct access into the station. These all represent potential parts of Metro Rail station which can be built by developers. See Chapter II, Policy J-h for the recommended SCRTD policy on eminent domain.

Is sale of development rights permanent? What happens if area changes in 30 years? Should not there be a reconsideration of development rights left to parcels in future if the community changes?

RESPONSE: If development rights were sold off, the sale would be permanent. However, there is always the possibility that any development rights transfer system could be modified in future years by the appropriate legislative authority.

What determines density or growth allowed as part of air rights purchase procedures?

RESPONSE: Current zoning regulations for that parcel(s) of land determines the density of an air rights development project.

What is a transit corridor development corporation? How does it work?

RESPONSE: Please refer to Chapter VI under Option 3 - Transportation Development Corporation for a detailed discussion of this type of development entity.

There is a real possibility that the subway cannot be built without an infusion of private funds. Reference to private financing of Pacific Electric system. What we need is massive private financing to get this rail project underway.

RESPONSE: Please refer to Chapter I under Introduction for an explanation of the financing of the Metro Rail System.

COMMENTS FROM MILESTONE SIX COMMUNITY MEETINGS: FAIRFAX (WOMEN'S CENTER) 9/28/82

Will there be commercial ventures below, as well as above ground?

RESPONSE: It is possible that commercial ventures could occur below, as well as above ground.

Why are you moving the station away from Fairfax and Wilshire?

RESPONSE: The decision for the placement of the Wilshire/Fairfax station is conditioned upon the turning radius of the system, as it turns north to proceed up Fairfax from Wilshire.

Will RTD purchase land for parking purposes in the Santa Monica/Fairfax station area?

RESPONSE: Currently, the District is not proposing a parking structure at the Santa Monica/Fairfax station. However, the parking requirements for Metro Rail currently are under study and a parking structure or surface parking could be built if necessary to meet parking requirements.

What is meant by a full community involvement process, as expressed in P-k?

RESPONSE: The community participation process to be used by the SCRTD in station area masterplanning has not yet been determined. The intent of policy J-e is to assure that a process will be developed which will allow all citizen/community groups who have an interest in such a planning process have an opportunity to have their opinions expressed and considered by the SCRTD.

What kind of power does RTD have in the community to make property owners develop as RTD wishes?

RESPONSE: This question cannot be answered categorically. It should also be noted that the SCRTD will not exercise exclusive jurisdiction over development proposals but will cooperate with City of Los Angeles, County of Los Angeles, and CRA, as is appropriate. Community review on development proposals will be solicited as an integral part of the station area masterplanning process. In some instances development proposals may not be approved based upon community objections. In other instances, development may be improved in spite of community objections, where other factors would warrant this decision.

Was cut and cover done in Berkeley?

RESPONSE: Yes.

What are magic tellers?

RESPONSE: Magic tellers are the automatic banking machines customers may use to obtain cash from their bank accounts.

What does policy recommendation V-3 (p. II-5) mean?

RESPONSE: V-3 is a land use and development objective and not a policy recommendation. In the case of Metro Rail, land use planning and development must be coordinated to take advantage and support Metro Rail. New development should have the ability to attract new users: workers, customers, residents, public facility users, etc. The interrelationship between transit and land use is further discussed in Chapter III.

Los Angeles has had a bad record in destroying existing communities. At these meetings, we have had very few representatives from elderly, low-income community members who are traditionally the ones who stand to lose out the most in public works projects, like Metro Rail.

RESPONSE: The SCRTD has the goal of allowing all community members and groups to participate in any and all public meetings.

Why is there opposition to residential development in Fairfax? Values will rise, rents and small businesses will have to leave?

RESPONSE: The SCRTD is not aware of any opposition to residential development in the Fairfax area.

How will character of Fairfax be preserved?

RESPONSE: The specific plans now under preparation and the proposed station area masterplanning process will address the preservation of the Fairfax area.

Where is the land around Union Station that will be developed?

RESPONSE: Land to be developed around Union station includes the 43 acres of the station, parking facilities, rail tracks, and adjacent industrial sites -- all located around the station area.

What will happen to the buildings on Selma Avenue that will be impacted by the elevated transit line proposed for Hollywood?

RESPONSE: Impacts such as noise, vibration, visual, etc. will vary by building according to the distance from the Metro Rail alignment. These impacts currently are being studied as part of the Metro Rail Environmental Impact Statement/Report process.

Who will determine the size of the buildings that are developed around station areas?

RESPONSE: Size of buildings to be developed around station areas will be largely determined by the specific plan process now underway by the City and County of Los Angeles and by the proposed station area masterplanning process. Any rezonings within the City of Los Angeles will require approval by the City Council.

APPENDIX B: PUBLIC COMMENTS AND RESPONSES

This appendix presents the public comments on Milestone Six: Land Use and Development which were received at a series of community meetings held on September 7, 8, and 9, 1982. The list of public comments is organized by specific meeting. Each comment is followed by a response, which in many cases refers the commentator to a specific section or policy of the Milestone Six report. Related comments have been grouped and are followed by a common response. The commentor's name is stated only when the person identified himself/herself.

COMMENTS FROM MILESTONE SIX COMMUNITY MEETINGS: CBD (BONAVENTURE HOTEL) 9/7/82

In Los Angeles there has been a political inability to enforce land use planning decisions. In addition to encouraging development around stations, can Los Angeles have a "corollary land use" policy not to allow major development to occur away from stations?

RESPONSE: This corollary policy is the basis of the Centers Concept of the City of Los Angels General Plan, as discussed in Chapter III.

How large will assessment areas be? Will it vary from station to station? What factors will be considered?

RESPONSE: As provided by Policy V-8, contained in Chapter II, benefit assessment districts will be investigated. If used, the size of any district will vary from station to station according to the geographic distribution of the benefit.

Permit parking. Will this supersede L.A. City's permit parking procedure? What criteria/procedures will be used? City now uses petition requirement. Development of off-street parking facilities should be required as a part of the Metro Rail project, otherwise the parking shortage problem will become intolerable for adjacent communities.

RESPONSE: If permit parking is used, it would be accomplished under authority of City of Los Angeles ordinance No. 152,722, effective September 2, 1979.

Economic analysis needed for station location decisions. COMSAT type organization should be considered as an institutional change. (Abe Falick).

RESPONSE: Station location decisions should and will be based on economic analysis, as well as other relevant factors. See Chapter VI for a discussion of the institutional option of a TCDC (Transportation Corridor Development Corporation).

What procedure will be employed in soliciting developer proposals? Where there is a good community and economic environment developers will initiate proposals.

RESPONSE: As this comment points out, in some instances developers will initiate proposals, while in others they will need to be actively solicited.

What is relationship between specific plans and the opportunity to negotiate with developers? If the plans are precise ordinances it seems there will be little opportunity for negotiation.

RESPONSE: Specific plans will establish the parameters for development negotiation. Such parameters may include building bulk envelope, uses, design requirements, etc. The challenge will be to design plans which provide the local community with a reasonable certainty of future land use, while at the same time providing for development flexibility.

COMMENTS FROM MILESTONE SIX COMMUNITY MEETINGS: HOLLYWOOD AREA (LOS ANGELES CITY COLLEGE) 9/8/82

Annett O'Key. Assessment District is this fair to property owners? Seems like developers are getting a big break.

RESPONSE: As discussed in Chapter VII under taxation approaches to value capture, equity or fairness is a major issue associated with benefit assessment districts. If any districts are established, community comments will be sought.

Why have a subway compared to a monorail system? Is not monorail cheaper and quicker to build? Is not security a bigger problem with a subway.

RESPONSE: These issues are addressed in Milestone One -- Preliminary System/Operational Plan, Milestone Two -- System Design Criteria, and Milestone Seven -- Safety, Security, System Assurance.

Intermediate Capacity Rail System. How will it be integrated into Metro Rail system?

RESPONSE: This subject is discussed in Milestone Three -- Route Alignment.

Charles Torvino. Will merchants within station areas have right of first option to participate in joint development? (His firm represents displaced commercial property owners in North Hollywood area).

RESPONSE: See Chapter II, Policy J-i, which addresses this subject.

Robert Campbell. What is political basis for the Metro Rail Program? From a funding standpoint, how does this program compare with the 1968 rail program which was defeated by the voters?

RESPONSE: See the Introduction to this report for a general discussion of these subjects.

When will real estate acquisition begin? Won't certain joint development options be lost if land acquisition does not proceed soon?

Will land acquisition start in 1984?

RESPONSE: No schedule for joint development-related real estate acquisition has been established at this time. Policies contained in Milestone Six, as ultimately adopted by the Board of Directors, will govern any real estate acquisitions which may occur. Early joint development planning through Milestone Six will assure that the maximum number of options in this area are preserved, although it may not be possible to preserve <u>all</u> options.

What if property owner does not want to sell property? (In reference to eminent domain description).

RESPONSE: See Chapter II, Policy J-h, for the recommended SCRTD policy on eminent domain.

People in the community should come forth and express their views about joint development/value capture. People in the Hollywood residential areas are not taking this project seriously. (Reference to person's own Hollywood neighborhood).

RESPONSE: SCRTD urges and welcomes community participation in all aspects of the Metro Rail Project.

Hollywood is dead. Metro Rail will not help.

Dave Paris, Director of Hollywood Chamber of Commerce. Metro Rail is key to revitalization of Hollywood.

RESPONSE: Based on the documented experiences of other cities, rail line mass transit, when coordinated with land use through joint development planning, can significantly improve the vitality of urban areas. See Chapter VI -- Joint Development.

Dave Paris. Joint development is more important now due to budget cutbacks at all government levels.

RESPONSE: The economic benefits of joint development are discussed in Chapter VI.

Station locations are very important despite need for station construction cost cutting measures.

RESPONSE: Station locations are discussed in Milestone Four.

Paris. Important to get big developers back into regional core area from suburban areas.

Small developer needs to be encouraged to come back also. (In reference to Paris statement).

RESPONSE: Joint development policies, as set forth in Chapter II, are designed to provide opportunities for all types of developers.

We have small untouched neighborhood. Afraid that big developers will buy out neighborhood. If they do, as a residential property owner, we will sell out because we do not want to be the only single home preserved in our neighborhood.

RESPONSE: Chapter II, Policies P-k, J-d, and J-e, are intended to protect neighborhoods such as those described in the comment.

From our viewpoint, community cannot give a lot of input until route and stations are fixed.

RESPONSE: The Metro Rail Project Community Participation Program is described in the Chapter I Introduction. It is the objective of this program to solicit and integrate community input throughout all phases of this project.

What is anti-speculation capital gains tax? Anything to keep land prices down to make land redevelopment more feasible sounds good.

RESPONSE: A tax of this type would be directed only at the increment of real estate appreciation attributable to speculation and would not attempt to tax value appreciation resulting from the general increase in real estate values. This tax, if imposed in a particular situation, would be in addition to state and federal taxes. Consideration of this mechanism has not progressed to the point to address the issues of the taxing entity and revenue receiving entity.

Will above tax discourage present property owner from participating in joint development?

RESPONSE: No. If used, this tax would encourage present property owners to either develop their properties or sell them to developers, as opposed to selling their properties to speculators who in turn would sell to developers.

How will above tax work compared to Federal and State present capital gains taxes? Who will levy tax and who will get the money?

RESPONSE: Please see responses to two previous questions.

What is the definition of "regional multi-purpose centers"? What is the purpose of designating these centers where there is no Metro Rail Station. (Reference to regional core map contained in Milestone 6 report.)

RESPONSE: These centers are described in Chapter III. Given the limited scope of the initial 18 mile segment of the Metro Rail Project, many designated centers are without proposed transit stations.

I welcome opportunity to begin intelligent dialogue on route and station location decisions.

RESPONSE: This subject is covered by Milestone Four.

Are proposed advertising and concessions policies based on experience of other transit agencies?

RESPONSE: Yes. This experience is documented in Chapter VII.

Why prohibit or restrict advertising?

RESPONSE: Policies on advertising are contained in Chapter II under Value Capture. Advertising policies are designed to maximize revenue consistent with visual and design objectives, station security surveillance, and transit user orientation.

How would station area master plan procedures apply with each of the three institutional change proposals cited?

RESPONSE: See Chapter VI for a discussion of these three institutional proposals and their approaches to station area planning.

In regard to institutional change alternatives, we need an organization with nucleus of expertise, necessary authority, sense of judgement to work with people in community with proper mix of interests, opportunity for review and appeal procedures. These capabilities could be obtained from a variety of institutional arrangements.

RESPONSE: See response to previous comment.

What is policy on underground parking garages?

RESPONSE: At this time no policy has been formulated in this area.

What is difference between proposed and future ICTS? (Reference to map in Milestone Six report).

RESPONSE: This subject is discussed at length in Milestone Four.

COMMENTS FROM MILESTONE SIX COMMUNITY MEETINGS: NORTH HOLLYWOOD AREA (HOWARD JOHNSON'S HOTEL) 9/8/82

Capital Gains Tax - how does it work?

RESPONSE: A tax of this type would be directed only at the increment of real estate appreciation attributable to speculation and would not attempt to tax value appreciation resulting from the general increase in real estate values. This tax, if imposed in a particular situation, would be in addition to state and federal taxes. Consideration of this mechanism has not progressed to the point to address the issues of the taxing entity and revenue receiving entity.

TDR - who sets the values? Do property owners have to purchase them?

RESPONSE: If this mechanism is used, the value or price of a TDR would most likely be determined by supply and demand, although other options, such as a minimum guaranteed price, could be used.

What kind of stations will be developed with aerial alignments?

RESPONSE: This subject is discussed in Milestone Four.

How much will taxes be increased?

How to identify income from development for taxing purposes.

RESPONSE: As provided by Policy V-8, contained in Chapter II, benefit assessment districts will be investigated for their potential application. No decisions have been made at this time as to whether they will be used, or their likely tax increases.

How to prevent RTD from taking too much land?

Does RTD have the right of eminent domain?

A crucial issue is, should policy be set to limit land taking to minimum requirements for rapid transit construction or should additional taking of land be permitted for joint development?

How will it be determined how much land should be taken around stations?

What will prevent RTD from taking land for temporary purposes and then later selling land for development, i.e., take home for gravel dump and then later sell to developer?

What protects homeowners from RTD making deals behind backs of property owners (reference to specific plan process).

RESPONSE: RTD may exercise the right of eminent domain within specified limitations, as provided by Section 30503 of the California Public Utilities Code. Policies contained in Milestone Six, as ultimately adopted by the Board of Directors, will govern the exercise of this right with respect to joint development. Chapter II contains a preliminary draft of this policy, designated as J-h.

How is RTD going to work with CRA and City Planning ordinances which are already established?

RESPONSE: RTD will conform to any applicable requirements of these ordinances, as provided by Policy J-a, found in Chapter II.

How will specific plan process work to specify land use plans, density levels?

What is RTD's role in 3-month specific plan process now underway by Los Angeles City Planning?

When will RTD reach decision point as to specific land use designations and how will this relate to community input procedures of 3-month period? What happens after this period with regard to specific community input?

RESPONSE: The station area specific plans being developed by the City of Los Angeles and Los Angeles County will use conventional land use planning and regulatory mechanisms, as well as innovative techniques where appropriate. These plans are being prepared by these governments with funding provided by SCRTD and with the District's participation. This planning process will continue over the next several months. Community review and comment is an integral part of this process.

It seems that decision on aerial or subway profile is needed first before station location and joint development details are determined.

RESPONSE: Detailed joint development planning will follow these decisions. Milestone Six is intended to set the policy framework for these decisions.

What legal authority does RTD have to implement these mechanisms?

RESPONSE: This authority is contained in the District's enabling legislation contained in the Public Utilities Code. Several of these mechanisms would require the SCRTD to either seek changes in its enabling legislation, or enter into cooperative agreements with other agencies with these powers.

Attraction of maximum private dollars to joint development projects should be achieved.

But not at expense of forcing out homeowners in area.

RESPONSE: Policies contained in Chapter II respond to these comments. Specifically see Policies I-c, J-e, and J-f.

How has proposed bullet train financing been able to bypass environmental impact requirements?

RESPONSE: It is our understanding that this proposal is in the discussion stage and has not yet achieved the status of a "project" requiring the preparation of an environmental impact statement.

Will tax increases related to value capture mechanisms cause present homeowners to have to sell out? When will these decisions be made?

RESPONSE: It is not the intent of any taxes which may be proposed to displace homeowners. Specific tax decisions of this type will be made only after the adoption of Milestone Six by the Board of Directors.

How will Hollywood ICTS Study Committee work relate to decision step of Milestone Six?

RESPONSE: The results of committee work, when available, will be examined for its applicability to Milestone Six. Committee work will likely have direct application during detailed joint development planning which takes place subsequent to the adoption of Milestone Six by Board of Directors.

Does community want the higher building density necessary for developer to make profit and still return portions of his income stream to the transit district?

RESPONSE: The community review process of Milestone Six is designed to answer this question.

Proposed capital gains tax should be applied to commercial property, but not to residential property.

RESPONSE: No decisions have been made in this area at this time. This comment is noted for future study.

More up to date and accurate mailing list for each meeting announcement will help improve District's credibility as to its general competence.

RESPONSE: This comment has been noted by the Community Affairs Department of RTD.

COMMENTS FROM MILESTONE SIX COMMUNITY MEETINGS: FAIRFAX AREA (WOMEN'S CENTER AT COUNCIL HOUSE) 9/1/92

Where will joint development take place in terms of distances from the stations? When will these development decisions be made? How will land be taken? By eminent domain? or voluntary sale? Is excess condemnation allowed? Can RTD take land for speculation? What right does property owner have to participate? To get land sold back after initially sold to RTD?

> **RESPONSE:** Joint development could take place over a transit station or near it. A 2,500-foot radius from the station is commonly cited in the joint development literature as the maximum distance, but there is nothing sacred about this distance. A schedule for specific development decisions has not been established, but they would take place at some future time after the adoption of Milestone Six. It is the intent of the SCRTD that lands for joint development projects be assembled by the private sector wherever possible. The District's proposed policy on the use of eminent domain is contained in Chapter II, Policy J-h. The SCRTD is not permitted to purchase lands for speculative purposes. Existing owners of properties within proposed joint development projects would be encouraged to participate in these projects. If the SCRTD purchases a parcel of land in fee simple, the former owner would not have any further rights in the purchased property.

How would RTD participate in project financing, such as the mentioned tax-free corporate bonds?

> **RESPONSE:** Tax exempt equity share corporate bonds would be backed by the corporation issuing them, not the SCRTD.

Joint development concerns. This is a vague all encompassing conceptual proposal. There is no specificity as to property taken, who will take, for what purpose; community should have right to develop land as owners see fit, without interference from big developers and public agencies.

> **RESPONSE:** The level of detail specified in the comment is beyond the scope of Milestone Six, but these details will be subject to public review as they are developed through the station area masterplanning process. This process is designed to ensure that community desires receive full consideration in the station area development process.

Property taken for project and then not needed after construction should be allowed to revert to original owners.

> **RESPONSE:** The District is considering the option of leasing rather than purchasing property required only for construction staging purposes. However, when property is purchased by the District in fee simple, the former owner would have no further rights in the property.

Concern that small property owner may be forced out. Low and moderate income housing removed by RTD should be replaced within area.

Someone has to be in control of meeting community needs; for example, we need desperately more housing. (In reference to station area plans.)

RESPONSE: Chapter II, Policies J-e and J-j are responsive to this comment.

CRA has poor track record; it favors big projects over desires of present small-scale communities and small property owners.

RESPONSE: This comment is noted by the SCRTD.

What about the large number of poor, elderly people, many of them Jews, renters, both residential and commercial who will be forced out. The entire Fairfax community will be destroyed.

Need to stress more importance of small scale character of Fairfax community; not enough emphasis was placed on this in the presentation.

Considering need to maintain integrity of the Fairfax area, perhaps the alignment is in the wrong place.

RESPONSE: Not all station areas will experience the same level of joint development. The station area masterplanning process, as described in Chapter IV, will be responsive to this fact. A first step in this process will be the categorization of the different station areas. As shown in Chapter IV, one category of station area includes stations surrounded by strong residential communities, such as the Fairfax community. In these communities, the station area masterplanning process and the resulting joint development program will respect the integrity and vitality of the community.

Should be station at Hollywood Bowl. It is a good location to intercept travelers to downtown Los Angeles.

Concern about whether too many stations on Fairfax from standpoint of protection of the scale of community.

RESPONSE: Station location is addressed by Milestone Four.

What is the viability of Metro Rail project? (In reference to cuts in Federal funding).

RESPONSE: Please see the Chapter I Introduction to the Milestone Six report.

What part will CRA play in these proposals?

RESPONSE: It is proposed that where it is appropriate, the SCRTD and CRA shall enter into a cooperative agreement to undertake joint development projects.

Joint development goes beyond scope of rapid transit if what is being proposed involves excess condemnation.

RESPONSE: The recommended policy on the use of eminent domain is contained in Chapter II, Policy J-h.

Concern for low income tenants can be taken care of through protections established (in station master plans) and still have the benefits of stations on Fairfax Avenue.

Specific plans should be programmed to increase housing; the specific plans could impose limits on rent increases; eminent domain can play a constructive role in creating additional housing through station specific plan mechanisms.

RESPONSE: As this comment points out, the station area masterplanning process is designed to achieve these objectives.

How would local community mechanisms work? (In reference to explanation of TDR's, also reference to Milestone Five). But renters would receive no protection.

How far could TDR's be transfered? Beyond station area? To other areas of City or RTD?

* RESPONSE: Chapter II, Policy V-j addresses TDR's. If this mechanism is used, TDR's would be available only to property owners. Since the object of awarding TDR's is to preserve existing residences from speculative purchase for potential development, renters living in the residences thus preserved would benefit. How far TDR's will be transferred with regard to the Metro Rail Project has not been determined. TDR transfer zones would need to be established as part of a specific planning process or redevelopment plan.

Redevelopment definition stated in Q and A is too narrow -- residential redevelopment as contrasted to commercial redevelopment should be specified and emphasized in proposed policies.

RESPONSE: This comment is noted and the definition of redevelopment will be expanded to include residential construction.

Institutional mechanisms. Other options should be considered involving concentric circle boundaries for the following: station area master plans, assessment districts and for corridor development corporations.

RESPONSE: These other options are noted and will be considered.

Has joint development ever been implemented in other cities without the use of eminent domain?

Eminent domain should be used by government agencies only when it is an absolute necessity. (In context that eminent domain powers should not be exercised for Metro Rail Project).

RESPONSE: Specific joint development projects have been accomplished in other cities without the use of eminent domain where the private sector has been able to assemble the necessary land. Project examples include International Square, Washington, D.C.; King Street, Alexandria, Virginia; and Five Corners, Atlanta, Georgia. The recommended SCRTD policy on eminent domain is contained in Chapter II, Policy J-h.

Emphasis on joint development described here could cause transit agency to turn to real estate development activities to the detriment of the need for proper management of the public transportation system.

RESPONSE: As described in Chapter III of the Milestone Six report, the experience of other cities demonstrates that proper management of a public transportation system requires consideration of its land use effects, including its effects on real estate development. This is because land use and transportation are closely interrelated. Consideration of these effects does not mean that the SCRTD will become a real estate developer and ignore its responsibility as a transportation provider.

Proposed approach of transit agency to attempt to benefit from increased land value is okay because it will relieve burden on taxpayers, but there are a number of concerns: benefit assessment districts can have very unequal application to property owners; in terms of taxing new wealth, capital gains tax appears better approach. It is not clear how far from station joint development projects would occur.

RESPONSE: The concerns in this comment are discussed in Chapter VI, Value Capture/Cost Recovery. Joint development will occur at varying distances from stations.

Is there any provision for opportunity of land to revert to previous owners for parcel remnants not used after construction?

RESPONSE: The SCRTD is considering the option of leasing rather than purchasing property required only for construction staging purposes. However, when property is purchased by the District in fee simple, the former owners would not have any further rights in the purchased property.

The community needs rapid transit; we should not let eminent domain problems prevent support for rapid transit.

RESPONSE: The recommended SCRTD policy on the use of eminent domain for joint development purposes is contained in Chapter II, Policy J-h.

COMMENTS FROM MILESTONE SIX COMMUNITY MEETINGS: WILSHIRE MEETING - 9/9/82

I am a staunch supporter of capitalism. Speculation is a desirable part of the capitalist system. Developers have the right to make maximum profit any place, any time they can. I object to the presumptuous statements made by the RTD presentors that value capture, meaning taxing increased land values, is desirable for the community.

> RESPONSE: An anti-speculation tax would not be directed toward developers, but toward speculators who buy lands from the original property owners and then sell these lands to the ultimate developers, who will be required to pay the full speculative cost of these lands.

Joint development and value capture are different. Voluntary joint development is okay, but mandatory value capture is different.

> RESPONSE: The recommended SCRTD policies on value capture are contained in Chapter II.

Has Centers Concept planning moved to the point that various implementing mechanisms are available to prospective developers, such as reduced parking requirements? If joint development is to have much effect around stations, it is important that these mechanisms be implemented very soon.

> RESPONSE: The Centers Concept has not yet reached this detailed level of planning. These mechanisms will be incorporated in the station area masterplanning process.

How come there is not a station for the Crenshaw area? Is the decision final? What agency do we see to urge a Crenshaw Station?

I am a developer, Lloyd Nowell, and would be happy to pay my share of the taxes from a benefit assessment district because the increase accessibility will increase property values many times. I am very unhappy that Crenshaw Station has not been approved. I urge that decision be reversed.

> RESPONSE: This subject is addressed in Milestone Four, final adoption of which has been deferred by the SCRTD Board of Directors.

Developers are compensated in part on the basis of risk. My company's properties in Wilshire area are not likely to benefit from rapid transit system, yet my properties face the risk of high taxation from possible benefit assessment districts. We will have to consider selling our properties in the Wilshire area. Centers Concept has been in effect abandoned by L.A. City. What makes RTD think L.A. City and RTD will reverse present anti-development procedures (bureaucratic delays, etc.) that have existed for 30 years.

> RESPONSE: If a benefit assessment district is used, it would apply only to properties which experience some level of benefit from their proximity to a rapid transit station. The Centers Concept has not been abandoned and its status is discussed in Chapter III.

What kinds of joint development are likely to occur? What will be the likely cost to developers?

How would joint development occur? Is it for benefit of present property owners or will land be acquired for redevelopment forcing out present owners?

What are examples of voluntary and involuntary joint development and value capture?

RESPONSE: Please see Chapter VI of this report for a discussion of this subject.

I am also a developer. I have visited Toronto and found that businesses have substantially benefited from their rail system.

RESPONSE: The City of Toronto provides an excellent example of joint development planning which occurred concurrent with the design of the rapid transit system. It is the goal of the SCRTD, through the Milestone Six process, to emulate this approach and the resulting benefits.

Will CRA be used to redevelop land around Wilshire stations? How can this be done under the present required legal finding of "blighted" community conditions.

RESPONSE: As the comment points out, CRA could become involved in joint development planning only in station areas meeting legal requirements for classification as blighted.

Will RTD take more land than is required for the rail system itself?

Explanation of legal findings required for condemnation proceedings by participant.

RESPONSE: The recommended SCRTD policy on land acquisition and the use of eminent domain for joint development purposes is contained in Chapter II, Policy J-h.

Will the bus system be rearranged to serve the rail system?

RESPONSE: The bus system will serve as "feeders" to the rail system, which will require some rearrangement.

The stated RTD objective to protect community interests seems to be low in priority based on the chart and on the presentation.

RESPONSE: The order of representation is not a reflection of priority. Please see Chapter II, Policy P-K, on the station area masterplanning process.

What does a political decision mean in reference to public purpose?

RESPONSE: A political decision is one reached through the political process in which various, sometimes competing, members of the general citizenry attempt to convince the decision makers that their particular point of view represents a public purpose.

There is reference to mixed land use in hand-out, yet Los Angeles City has consistently opposed proposed developments with mixed use. (As developer, specific instances were cited).

RESPONSE: It is hoped that mixed use, in the context of station area joint development, will receive favorable future consideration.

Is there adequate funding to build the system?

RESPONSE: Please see the Introduction of this report for a general discussion of this issue.

How will centers be used other than for commercial uses? Such as day care centers, senior citizens, health centers, and uses focusing on pedestrian access.

RTD should help promote day care centers and other employee oriented and pedestrian oriented activities as part of the station Master Plans.

The City has opposed specific day care projects (specifics cited) and this negativism should be reversed in regard to these much needed social service type activities.

RESPONSE: Policy J-i in Chapter II addresses this comment.

What does a station area Master Plan consist of? Who develops it and who promotes it?

What are the next steps in the station specific plans? What are the citizen advisory committees doing? (L.A. City Planning representative explained procedures and next steps).

There have been long delays in Wilshire area special land use studies by Los Angeles City Planning. Maybe the Metro Rail Planning will cause City to expedite its plans.

Will RTD activities dove tail with Los Angeles City specific plan steps?

RESPONSE: Please see Chapter V of this report for a discussion of this subject.

More small group meetings should be held to promote the station area Master Plan throughout the communities.

RESPONSE: Meetings of this type will be held.

RTD is being presumptuous in talking about expanding its powers and functions. It should stick to trying to better run the bus system.

RESPONSE: Chapter III of this report explains the interdependence of land use and transportation.

RTD can serve as a catalyst for causing planning decisions to come about, which in turn, could cause much needed revitalization and redevelopment.

RESPONSE: This is the overall goal of the Milestone Six Report.

Favor TCDC type development around stations because this type entity is more likely to be responsive to community and neighborhood scale.

RESPONSE: The analysis of this and other joint development institutional options, including the reasons why the TCDC option was not selected, is contained in Chapter VI.

RTD should not acquire additional powers. It should work through existing agencies.

RESPONSE: Working through existing agencies by means of cooperative agreements with them is the institutional approach to joint development which is recommended to the SCRTD Board of Directors by the Milestone Six Report.

Correct me, but I believe RTD is just trying to serve as a catalyst for joint development around stations.

I favor an integrated approach to encouraging land use coordination around stations.

It is appropriate that RTD should form alliances to encourage joint development. Nobody is thinking of RTD as a principal developer.

As a developer, quantity and quality of pedestrian flows need to be assessed by RTD (income and motivation of pedestrian flows) to encourage suitable development around stations.

RESPONSE: These comments are reflected in the recommended joint development policies contained in Chapter II.

In Toronto, some development around rail stations attracts non-rail oriented business.

RESPONSE: This comment is reflected in Policy P-g, contained in Chapter II.

COMMENT FROM MRS. CARL MCCALLA:
LETTER OF SEPTEMBER 14, 1982

"Opposite ends of the spectrum" list describes my feelings on land use and joint development for the Metro Rail Project in North Hollywood. This phrase is descriptive because what my recommendations would be if RTD goes with an underground system is radically different from what they would be if this is an aerial system.

I am assuming that if we succeed in obtaining a subway in North Hollywood, the stations too would be underground. The disruption to the community -- once the construction is over -- would be minimal and I would wholeheartedly support -- and endorse -- a joint venture (or some sort of private capital development) at these undergound areas. This would be much like on the order of New York City's and Mexico City's (two I am familiar with). I feel there could/should be extensive undergound development; as much as land use analysis says is necessary. I support the idea stated many times by the coalitian for rapid transit to develop private enterprises that could/would make our transportation system self-supporting.

However, IF there is an aerial system planned my recommendations for commercial development around the North Hollywood stations would be at a minimum. The Metro Rail route out here is in a residential area and commercial development above ground would have a much greater impact on living conditions and residential lifestyle patterns. I would therefore be against almost all above-ground commercial)joint venture or any other) development with the possible exception of some sort of development at the station in downtown North Hollywood. Anything else would be detrimental to the community.

It was stated by either Mr. Etzel or Mr. Harmon at the meeting on September 8th that it wouldn't matter which system was chosen; the problems/questions would remain the same. I strongly disagree with that and would appreciate this letter and statement included in the record, along with a reply to my comments.

RESPONSE: An undergound transit station does not necessarily limit joint development to undergound locations. Whether an aerial or below-gound alignment is ultimately selected for the North Hollywood area, the joint development issue facing the community is what type and intensity of development is appropriate.

APPENDIX C: PUBLIC HEARING COMMENTS

This appendix presents the public comments on Milestone 6: Land Use and Development which were received at the Public Hearing on Milestone Six held before the SCRTD Board of Directors on November 17, 1982. The list of public comments is organized alphabetically within four catagories: Comments in General Support of Proposed Milestone 6 Policies and Procedures from Public Agencies' Representatives; Statements of General Support from the General Public Regarding Milestone 6; Other Comments in Regard to Milestone 6; and Other Comments Not Directly Related to Milestone 6.

A. Comments in General Support of Proposed Milestone 6 Policies and Procedures From Public Agencies' Representatives

1. Bob Chave, Assistant Planning Director
Los Angeles County Regional Planning Commission

In particular, support the District's intent to rely on specific station area plans to be developed by Los Angeles City and by the Regional Planning commission for the station in West Hollywood (Fairfax and Santa Monica).

2. Don Cosgrove, Senior Deputy Administrator
Los Angeles Community Redevelopment Agency

Support the proposed cooperative agreement approach between RTD and CRA.

3. Abraham (Abe) Falick, Chairman
Coalition for Rapid Transit

Support the stated intent of Milestone 6 to use private sector financing to fund a portion of the Metro Rail costs. Approve of the planned cooperative approach with the Los Angeles CRA. Raised several concerns about the special route alternatives study underway for the Hollywood community.

4. Bill Wells, Manager, Transit Planning Section of Southern California Association of Governments (SCAG)

The SCAG growth forecast is reinforced by the Milestone 6 report with respect to support for the centers concept and for intensification of development around the rail stations. Support proposed establishment of cooperative agreements. The District needs to clarify certain technical aspects concerning the manner in which benefit assessment districts and tax increment financing are implemented.

B. Statements of General Support from General Public Regarding Milestone 6

1. Susan Shedlow
2. Wayne Wright

C. Other Comments in Regard to Milestone 6

1. Joe Ketchen

Universal Studios recommends a move of the station location on Lankershim. Will capital gains tax be applied to homes after they are sold?

Response:

The precise location of the Universal City Station remains to be determined. A capital gains tax, if implemented, would apply to an amount the seller obtains for sale of real property above the expected appreciation for the location of the property. For example, if a property generally increases in value at 10% per year and with the addition of the rail station the property increases in value at a rate of 12% per year. A tax could be applied to the difference between the expected increase (10%) and the station value added (12%) increase. Hence, the tax would be applied on 2% or the appreciated value.

2. Ruthann Lehrer, Executive Director
The Los Angeles Conservancy

The Los Angeles Conservancy believes the entire corridor should be surveyed for impact to historic properties. Add "historic resources" to Joint Development Policy J-2. Favors cooperative agreement with CRA. Union Station and Hollywood/Cahuenga should not be included in the category of type three major independent development.

Response:

The District agrees to add protection of "historic resources" to the Joint Development Policy J-2 within the Milestone 6 report.

The District believes that the Union Station and Hollywood/Cahuenga locations are appropriately placed in the master plan category of major independent development, described as Type Three in Milestone 6 report. However, the SCRTD recognizes the historic significance of both of these locations and will take measures to insure that the design will blend in with the existing structures to minimize any impacts. Historic preservation is not necessarily jeopardized by identifying an area as suitable for major independent development. This is particularly true for Union Station where major independent development need not interfere with the preservation of Union Station together with its historical function as the regional passenger train terminal.

3. Mike Malak - Chairman, North Hollywood Special Analysis Committee

North Hollywood CAC favors joint development and has taken great care to select station locations which will maximize joint development possibilities. A station on Lankershim could be justified because the additional costs could be borne by joint development. Joint development profits should be left in the community where they are generated. Local community must have input in the architectural design of joint development projects. As an individual, he opposes a capital gains tax. Increases in property values due to Metro Rail will be impossible to determine. Suggests use of local and state bonds to be repaid by joint development to allow North Hollywood to develop their station areas to the maximum feasible extent.

Response:

The value of leaving joint development profits in the community where they are generated must be balanced with the fact that a portion of these profits, or "windfalls" where gained as a result of the Metro Rail project which will be funded largely, if not exclusively, by the general taxpayers.

A capital gains tax would be directed only at the increment of real estate appreciation attributable to speculation and would not attempt to tax value appreciation resulting from the general increase in real estate values. This tax, if imposed in a particular situation, would be in addition to state and federal taxes. Consideration of this mechanism has not progressed to the point to address the issues of the taxing entity and revenue receiving entity. This tax would not discourage the present property owner from participating in joint development. If used, this tax would encourage present property owners to (1) develop their properties, (2) sell them directly to developers, or (3) in combination with another tool, known as Transfer of Development Rights (TDR), maintain their home but sharing in the appreciation created by the rail line. Application of TDR, as explained in the report allows sale of development incentives to developers. This is accomplished by having the owner agree not to develop his property beyond the current level of improvement. The developer buys, therefore, the rights to develop that property and transfers these rights to the station area. The use of these tools would help lower the public cost of acquisition as property owners would not be selling their properties to speculators who in turn would sell to developers at higher cost.

4. Joe Markham

Cities are losing millions of dollars to CRA who is beating the little man out of his home. Gave examples of CRA takings in San Gabriel Valley.

Response:

Tax increment financing does result in some loss of tax proceeds to agencies which receive property tax revenues from general area-wide property tax rates. Alternatively, tax increment financing makes possible redevelopment projects which have the potential, as demonstrated throughout the state, to substantially upgrade areas in social and economic decline. This effect, in many cases will avoid social and economic costs otherwise borne by both the private and public sectors.

In recent years, redevelopment agency practices have been much more sensitive to the need to protect small property owners and tenants from possible adverse

effects of redevelopment projects. The Community Redevelopment Agency of Los Angeles is no exception. Whenever the agency establishes a project, it also establishes a Project Area Committee (PAC). The PAC is an advisory committee composed of people with interests in the project area. The agency consults the PAC on issues that will affect their community. It should be mentioned that since 1967, the CRA has assisted in the construction of 7,057 units of which 4,415 are for low and moderate income residents. An additional 6,100 units of housing is in the planning stage or under negotiation.

5. Greg Roberts, Member
North Hollywood Project Area Committee (PAC)

The PAC does not include "property-less" tenants and bus riders and, therefore, does not represent the views of these groups.

Response:

The Citizen Advisory Committee (CAC) and Project Area Committee (PAC)--community participation process is open to the entire community. In some cases, participants are required to be persons who either live or work in the area in order to insure these committees are representative of local interests. Publicity is given to these community meetings. Small business and residential tenants are equally welcome to participate in these committees, along with residential and business property owners and with large commercial tenants. It is difficult, however, to get small business tenants and apartment tenants to participate in this process. Attempts are made to provide adequate notice of meetings as well as holding meetings during work and non-work hours. Unfortunately, some people cannot be attracted to these types of meetings. However, it should be noted that the RTD maintains additional communication links with citizens via the Board, telephone information lines, and where appropriate individual staff can also answer directly.

6. Samuel Schiffer

Because of the cost of this project and the major impact on neighborhoods, powers of RTD need to be defined explicitly; public hearings on possible effects need to be held with affected groups to assure public accountability. RTD should issue a CPA certified annual report. Major decisions should be decided by the ballot box.

Response:

Milestone 6 proposes joint development and value capture strategies. The report presents a rationale for pursuing these strategies through cooperative agreements in order to eliminate the creation of additional quasi-public corporations, independent boards, and new significant staff resources all having duplicative powers. The City and County both have specific and redevelopment plan processes. To change those processes to accommodate a new entity adds complexity rather than reducing it and in all probability makes it more difficult to provide the public safeguards as to public accountability and clear divisions of responsibility.

The District has an extensive public outreach program to attempt to involve area residents and property owners in the analysis and decision-making process. Unfortunately, the public at large does not attend District's hearings, Board meetings and community meetings to the extent possible. The District would welcome efforts of private organizations to help disseminate District information and to help obtain more community participation in meetings toward the objective of obtaining the broadest possible community representation in the District's decision-making process.

The District now publishes an annual report which is reviewed and certified by an independent audit firm. The District maintains a high level of accountability and political responsiveness through its policy making board consisting of eleven members. These are elected and appointed through several selection mechanisms to insure broad representation within the District. Decisions determining the level of funding for the District are the result of a combination of decisions made by the U.S. Congress in conjunction with decisions made by the Secretary of the U.S. Department of Transportation and by a similar combination of executive and legislative decisions made at the State level. In addition, two funding sources were approved directly by the voters. In 1976, through a referendum, the people of California voted to authorize up to one quarter of State gasoline tax funds for guideway (rapid transit) construction, contingent upon a separate approval for each county.

Also in 1976, through a county referendum, Los Angeles County voters authorized use of up to one-quarter of

the County's share of state gasoline tax funds for guideway construction. Lastly, in 1980 the voters of Los Angeles County approved a one-half cent increase in the sales tax to fund capital and operating costs for public transportation within the county.

6. Mike Walker
Studio City/North Hollywood Community Action Group

Studio City Community Action urges the use of underground parking and storage areas to reduce the need for taking of property. Opposes large stations because areas cannot handle the impacts. Suggests smaller stations. Opposes benefit assessment districts because costs to property owners are not known. RTD will lose control if developers own joint development projects. Anti-speculation clause will "stick" homeowners 10 years from now.

Response:

Underground parking is several times more expensive to build compared to surface or multi-level above ground parking. It is not considered financially feasible unless possibly it would be a part of a large joint development project.

Benefit assessment districts will be investigated by the District. If used, the size of any district will vary from station to station according to the geographic distribution of the benefit. The legal concept of the assessment district involves an important protection to assessed property owners. That concept is that assessments must not exceed benefits accruing to the property which are subject to court review for the protection of the assessed property owners.

The studied capital gains tax, intended to reduce the profitability of speculative property acquisitions which provide no community benefits, would not interfere with the ability of property owners to financially gain from property appreciation resulting from general increases in land values in the community.

7. John Welborn, Member
Wilshire-West Citizens Advisory Committee (CAC)

Representative of Wilshire West CAC, complimented staff on report, especially on Chapter 3 in which the

critical interrelations between land use and the project are discussed. Also Chapter 4, in which the Cities Centers concept is discussed, is very important. Noted corrections in Appendix C-10. The zoning around Wilshire-Crenshaw site is CR-Park Mile. Next sentence states - "most areas are R-1". It should read that most areas are zoned RE-15. The report says "strong community pressure would inhibit development", - when in fact zoning would prevent development. Under the bullet items (page C-10) - planning and design issues - if zoning is left as is, the possibility of development is virtually nill. Buses, kiss and ride and parking will have impact on residences, since this would be a change from the status quo.

Response:

Corrections have been made to Appendix C-10 to reflect the latest decisions of the adopted community plan for the area.

Both community pressure and zoning affects the amount of development allowed in a community. Zoning is the legal procedure but what determines the zoning over time are community interests as expressed by elected officials who in turn are influenced by organized groups and politically active individuals in the community.

D. Other Comments Not Directly Related to Milestone 6

1. Ed Duncan

Peripheral CBD parking should be coordinated with the Metro Rail Line.

Response:

Parking may be provided at the Metro Rail Station at Union Station. This would provide peripheral parking for persons destined to the Los Angeles CBD from the San Gabriel Valley and the Santa Ana Freeway Corridor. For the Wilshire Boulevard stations, the emphasis will be placed on accessing the stations by walking, bus transfers and by other modes of access. Parking facilities are planned for the Universal City and North Hollywood Stations and also possibly at several other stations.

2. Gerald O. Johnson

Supports aerial alignments (west of Hollywood Hills) due to better passenger feelings resulting from riding above ground compared to the "depressed" feeling one gets riding underground.

Response:

An aerial structure offers the passenger an opportunity for sight-seeing which, of course, cannot be done while riding in a subway. On the other hand, the majority of transit users are regular riders whose interest in using the system is focused on general convenience and a short travel time rather than on sight-seeing opportunties.

3. Paul Walker

Urges better street maintenance in North Hollywood area, especially at Magnolia and Lankershim.

Response:

The City of Los Angeles is responsible for maintenance of the local street system in North Hollywood.

4. Shelton Walters

It is doubtful Milestone 6 policies will ever be implemented because there is no federal funding available for the proposed Metro Rail project.

Response:

An indication of the Federal Government's support and interest in the Metro Rail project is the fact that the District has already received 46 million dollars from Washington to complete preliminary engineering, excluding the 20 percent local and state matching funds. In addition, to date a House/Senate Conference Committee of the U.S. Congress has approved another 25 million dollars, excluding the 20 percent match, for continuing engineering.

APPENDIX D: MILESTONE SIX CORRESPONDENCE

This appendix presents the letters SCRTD has received regarding Milestone 6: Land Use and Development. The appendix is organized in five sections: Letters from Public Agencies; Letters from Private Interests and Citizen's Groups; Letters from Private Individuals; Additional Questions and Responses; and, The SCRTD Board Report recommending the adoption of the Milestone 6 Report. Each of the letters is followed by the District's response. An index of letters is provided below. The Board Report contains a summary of the letters and responses.

LETTERS FROM PUBLIC AGENCIES

1. Rick Richmond, LACTC, September 27, 1982.
2. RTD response to Mr. Richmond, October 8, 1982.
3. Interoffice memorandum, Ben Darche to Paul Taylor, LACTC, October 25, 1982.
4. RTD response to Mr. Darche's memorandum, December 10, 1982.
5. James Gosnell, SCAG, November 18, 1982.
6. RTD response to Mr. Gosnell, January 6, 1983.
7. UMTA, Advisement Memorandum No. 6.
8. RTD response, January 6, 1983.

LETTERS FROM PRIVATE INTERESTS AND CITIZENS GROUPS

9. Abraham Falick, Coalition for Rapid Transit, November 15, 1982.
10. Abraham Falick, Coalition for Rapid Transit, December 6, 1982.

11. RTD response to Mr. Falick, January 14, 1983.

12. Ruthann Lehrer, Los Angeles Conservancy, October 14, 1982.

13. RTD response to Ms. Lehrer, December 7, 1982.

14. Helen Gibbel, Lyon Financial Corporation, September 10, 1982.

15. Helen Gibbel, Lyon Financial Corporation, October 14, 1983.

16. RTD response to Ms. Gibbel, November 12, 1983.

LETTERS FROM PRIVATE INDIVIDUALS

17. Mr. Robert Burger, September 13, 1982.

18. RTD response to Mr. Burger, September 24, 1982.

19. Mrs. Carl McCalla, September 14, 1982.

20. RTD response to Mrs. McCalla, October 25, 1982.

21. Congressman Roybal, September 10, 1982, forwarding letter from Samuel Schiffer, July 29, 1982.

22. Samuel Schiffer, July 29, 1982.

23. RTD response to Congressman Roybal, October 8, 1982. Includes Item 24.

24. RTD response to Mr. Schiffer dated October 5, 1982.

25. Samuel Schiffer, September 12, 1982.

26. RTD response to Mr. Schiffer's September 12th letter.

27. Samuel Schiffer, October 11, 1982.

28. RTD response to Mr. Schiffer, December 3, 1982.

29. Samuel Schiffer, October 24, 1982.

30. RTD response to Mr. Schiffer's letter, November 26, 1982.

31. David Roberti, California State Senator on behalf of Samuel Schiffer, November 12, 1982.

32. RTD response, December 3, 1982.

33. A. J. R. Schneider, letter to Michael Antonovich, Board of Supervisors, July 29, 1982.

34. RTD response, October 4, 1982.

35. Letter from Michael Antonovich to A. J. R. Schneider, August 26, 1982.

36. Letter from Edmund D. Edelman to A. J. R. Schneider, October 6, 1982.

37. Letter to Supervisor Edelman from A. J. R. Schneider, July 29, 1982.

38. RTD letter to Supervisor Edelman regarding Mr. Schneiders letter, November 10, 1982.

ADDITIONAL QUESTIONS AND RESPONSES

RTD BOARD REPORT

LACTC

LOS ANGELES COUNTY TRANSPORTATION COMMISSION • 354 SOUTH SPRING STREET – SUITE 500 LOS ANGELES CA[illegible] 90012 • [illegible]

September 27, 1982

RECEIVED
[illegible] 1982
GENERAL MANAGER
SCRTD

RICK RICHMOND
EXECUTIVE DIRECTOR

Mr. John A. Dyer
General Manager
Southern California Rapid
Transit District
425 South Main Street
Los Angeles, CA 90013

Dear Mr. Dyer:

We have reviewed the SCRTD's Metro Rail Project CA-03-0130 Grant Amendment request for advancing station, central maintenance facility (CMF) and tunneling designs and joint development activities. We understand the need for the District to incorporate station designs into existing developer plans at the 5th and Hill and 7th and Flower stations, and also advance design of the CMF and tunnels. However, we have several questions about the joint development-station design work program and engineering and force account descriptions.

Joint Development-Station Design

Why does the District want to produce detailed station designs at Union Station, Civic Center and Alvarado/Wilshire when no specific developer plans exist for the parcels that could be incorporated in a joint development effort?

What are the specific tasks, work products, and estimated task costs of the joint development work plan (i.e., how will the questions raised under the joint development task description be translated into specific actions)?

How do the joint development work products expected from the $1.5 million amendment request differ from the work products obtained from the $85,000 Milestone #6 contract and the yet-to-be-completed contract for EIS-related joint development work? Specifically, how does the joint development impact work described in the amendment document differ from the proposed EIS joint development work program?

How will the proposed station designs (especially design of expansion capabilities) relate to the yet-to-be-developed Prop. A regional rail system?

Engineering

To what extent have the general engineering, architecture and systems consultants and District engineers completed the prerequisite tasks in the current preliminary engineering effort (i.e., the first $38 million)?

Force Account

Please describe the nature of the 15 additional positions to be funded under this grant.

Thank you for keeping us informed of Metro Rail developments; as soon as we hear from you, we will ask the Commission to program the necessary additional funding.

Sincerely,

RICH RICHMOND
Executive Director

RR:ED:vb

cc: Dick Gallagher
Paul Taylor

RTD

John A. Dyer
General Manager

October 8, 1982

Mr. Rick Richmond, Executive Director
Los Angeles County Transportation Commission
354 South Spring Street, Suite 500
Los Angeles, California 90013

Dear Mr. Richmond:

This is in response to your letter of September 27, 1982, regarding the Metro Rail Project, CA-03-0130 Grant Amendment for advancing station, central maintenance facility and tunneling designs and joint development. Generally speaking, this grant amendment will provide for continuing preliminary engineering taking the stations and tunnel section designs closest to the yard site to approximately 75 to 80 percent. It also focuses about 10 percent of the grant on joint development implementation because we have recently been advised by numerous developers in open sessions that we are already late.

You raised six specific questions which are presented below, followed by our response to each.

Question #1: Why does the District want to produce detailed station designs at Union Station, Civic Center and Alvarado/Wilshire when no specific developer plans exist for the parcels that could be incorporated in a joint development effort?

Response #1: Union Station - This station has, in all probability, the most complex interface of the various transportation modes that will be encountered in the overall Metro Rail System. Caltrans is rapidly advancing their designs of the El Monte Busway extension and other engineering aspects in the complex; commuter train service may be expanded; the bullet train is now a possibility; your light rail plan will evolve to one or more connections; Greyhound, Trailways, and RTD buses will be competing for space allocations; and parking for these various modes needs to be addressed. All of this mandates that the Metro Rail station design continue forward since it will amount to a $60-70 million investment when built, within the Union Station parcel, which likely will be equal to or greater than all other investments combined. Our experience with the railroads indicates a need to speak in definitive terms and not concepts if they remain as the owner. If not, Caltrans as the other owner certainly has major transportation plans already.

In each case, it is important that we get ahead of the developer plans so that we can be prepared to make specific recommendations and not merely force our designs to meet only the developer's needs.

Hill/First Station - A distinct joint development opportunity exists at the site owned by the Music Center Performing Arts Council; located on the southwest corner of Hill and First Streets. The development rate is not known at this time, but the Corporation has been formed and initial planning is underway. As in the case of Union Station, a long lead time is required for decision-making by this property owner, as well as the city and county to the northeast and northwest respectively. It is important that we initiate the discussions with definitive plans as soon as possible.

Wilshire/Alvarado Station - No present development plans are known, but we anticipate strong joint development interest in this off-street station site. The current station concept will have a major impact on adjacent property, and it has high value-capture potential as an off-street station; it will require more concentrated master planning than some other stations.

Question #2: What are the specific tasks, work products, and estimated task costs of the joint development work plan (i.e., how will the questions raised under the joint development task description be translated into specific actions)?

Response #2: To plan properly for maximizing the benefits that can accrue both to and from the transit system, it is essential to undertake the following specific tasks and analyses as quickly as possible:

A. Data Collection

1. Identifying and inventorying planned, proposed and likely development on sites which may need to be acquired for transit construction.

2. Identifying and inventorying planned, proposed, and likely development on sites with potential direct access into stations.

B. Development Analysis

1. Determining the bulk, scale, probable timetable of development of such projects, and interfaces as they relate to the construction and operation timetable of the transit system.

2. Determining the market benefits which would accrue to both the transit system and the development as a result of joint development opportunities.

C. Development and Construction Plans

1. On the basis of the identification of development proposals on property which the District may need to acquire, the District can most effectively time its land assemblage to benefit both the District and potential developers. The benefits can include District-owned property which could be leased to a developer for income, and the ability to assist in unifying sites for more effective design and land use.

2. On the basis of knowing the scale of anticipated development, the District can most effectively determine the requirements for stairs, escalators and elevators, for mezzanine areas, fare-collection equipment needed, and the like. This is especially crucial in below-grade stations, where after-the-fact excavation and reconstruction will be difficult at best, and -- depending on the ultimate pattern of surface development -- at most, precluded.

   Obviously, the District cannot afford to construct its facilities to handle the maximum potential development. The information collected will, therefore, enable the District to undertake a "risk assessment" of the potential "expansion flexibility" it should build in to the system design and, alternatively, the "cost" of design options which are foreclosed by allowing development to proceed in advance of system design.

3. Analyses will be undertaken to determine the costs and revenues associated with different scales of station sizing and expandability. This analysis will produce construction cost estimates for the basic system, and cost increments for satisfying requirements for both on- and off-site development which could connect directly to the system.

4. Ridership, and therefore fare revenue, will vary with ease of access between development and the transit system. Similarly, based on experience elsewhere, the saleability and leaseability of development will also vary with the extent of direct transit access. The analyses of these variations will permit the District to develop a range of fee structures to provide income to the

District commensurate with benefits that accrue to the development. From this analysis will emerge the benefit assessments, including connection fees, lease back fees, and other charges, as well as the scale, need, and desirability for public purposes of providing tax increment financing and/or other approaches.

D. Designs and Agreements

1. On the basis of the above work, the District will be able to develop detailed station plans that orient stairs, escalators and elevators toward the largest traffic generators, and to design facilities to accommodate "knock-out" panels or other means of direct access to stations and to determine who will be expected to pay for each, and to negotiate various agreements with private owners.

Question #3: How do the joint development work products expected from the $1.5 million amendment request differ from the work products obtained from the $85,000 Milestone #6 contract and the yet-to-be-completed contract for EIS-related joint development work? Specifically, how does the joint development impact work described in the amendment document differ from the proposed EIS joint development work program?

Response #3: The work products identified in the amendments are consistent with those set forth in Milestone #6. They provide necessary input data in timely form for implementing the four major policy sets relating to the joint development and value capture set forth in Milestone #6.

In addition, they provide backup data for "risk assessment". The "risk assessment" is of the cost to the system of options lost by allowing private development to proceed in advance of transit system design, and the cost to the system to build in flexibility for unknown future contingencies. With an understanding of these costs, decisions among design alternatives can most effectively be made.

The Milestone #6 work product is a set of policies and procedural recommendations which will have to be acted upon by a variety of governmental agencies. At the end of that process regional activity in joint development and value capture can commence. The products of the current EIS work relate to the identification of those parcels that may have joint development potential.

The work we propose around these stations will implement the joint development and value capture policies after a significant amount of additional analysis and discussion with existing property owners has occurred. All of this work is beyond the EIS scope.

Question #4: How will the proposed station designs (especially design of expansion capabilities) relate to the yet-to-be developed Prop. A regional rail system?

Response #4: As indicated in your draft RFP for consultant services on the Los Angeles-Long Beach project, the various transit lines under study by both RTD and the Commission are all part of an extensive network of rail and bus lines. As related to the Los Angeles CBD, your RFP indicates decisions on each line of this network will be made sometime in the second quarter of 1983 or shortly thereafter. Our approach is to avoid precluding decisions on other lines and to anticipate the possible options for integration of lines at interface points. For example, our concept for the two Hill Street Stations provides for direct cross-platform transfers with a potential second subway line. We will also carry forward a single box design option that is less costly but which eliminates the direct transfer opportunity. This approach allows us to delay the final decision to the latest possible date. It is clear, however, that early decisions on location and technology of the other lines in the CBD and at other interface points will reduce the uncertainties and establish how the lines will interface and at what points.

Question #5: To what extent have the general engineering, architecture and systems consultants and District engineers completed the prerequisite tasks in the current preliminary engineering effort (i.e., the first $38 million)?

Response #5: There are three preliminary engineering work tasks which are prerequisites to the grant amendment work program. They are: Develop Alternative Layouts and Designs, Select Preferred System Configuration, and Preliminary Design Drawings and Specifications, all of which are scheduled for completion by January, 1983. These tasks are generally on schedule to a point on the alignment north of the Fairfax and Santa Monica Station. As you know, we are conducting a special analysis for this end of the line which will be completed in December, 1982. This special analysis does not impact the overall schedule and will provide the products required for the advanced design effort when required.

Question #6: Please describe the nature of the 15 additional positions to be funded under this grant.

Response #6: The additional positions are as follows:

1 Supv. Engineer
1 Supv. Architect
1 Senior Engineer (R/W)
1 Senior Engineer (Utilities)
1 Senior Engineer (Config. Control)
1 Systems Safety Engineer (Sr. Level)
1 Engr. Config. Control
1 Assistant Architect
1 Program Control Engineer
1 Assistant Program Control Engineer
1 Doc. Control Clerk
1 Administrative Assistant
3 Secretaries

I hope this response clarifies the information contained in the Grant Amendment request. It is clear to me that you and your staff have an important role in the overall development of the Metro Rail Project, and that we may be able to contribute to assisting you in avoiding numerous pitfalls as you start up the P.E. on the L. A. to Long Beach LRT Line. I am most anxious to preclude the need for exchange of correspondence which results from lack of communication on issues of mutual concern. I know you recognize that we operate under real time constraints. It is imperative that we avoid any delays in moving forward with the technical work or the process of securing a federal full funding commitment. I have directed my staff to invite your representatives to our technical review meetings so that questions such as those raised in your September 27 meeting can be answered in a timely manner. Thus, I want to emphasize how important it is for both our agencies to work together on an on-going basis such that unnecessary delays or exchange of letters are avoided. As you know, a delay of even one week in securing approvals of the Commission or of other agencies on matters which may at times be more procedural than substantive, can be fatal to reaching goals and objectives to which we all agree.

If these answers are not satisfactory or you need additional information, please contact me.

Sincerely,

John A. Dyer

INTEROFFICE MEMORANDUM

LACTC

LOS ANGELES COUNTY TRANSPORTATION COMMISSION • 311 SOUTH SPRING STREET – SUITE 1206. LOS ANGELES, CALIFORNIA 90013 • (213) 626-0370

October 25, 1982

MEMO TO: PAUL TAYLOR

FROM: BEN DARCHE BD

SUBJECT: FURTHER COMMENTS(SPECIFIC CHANGES) ON MILESTONE 6 REPORT

I have some specific changes to some of the policies mentioned in the report:

1. Policy Implementation, Joint Development Program (pg. II-14)- I disagree with Sedway/Cooke's contention that Developers and/or investors who successfully carry out the initial Metro Rail development projects should be given priority consideration for subsequent, second round joint development project opportunities. They should compete on an equal basis with other developers on other projects.

2. Some of the vague language in many policies need clarification. I would like to have more precise language about the following policies:

   a. J-e (pg. II-12) What constitutes "Full" community participation?

   b. P-3 (pg. II-4) "compatibility of residential areas and transit facilities" is rather subjective.

   c. V-c (pg. II-15) What is a "unified approach"?

   d. V-g (pg. II-15 What are "development amenities"?

3. Policy Decision J-c has an inherent contradiction How can the SCRTD establish a predictable and timely joint development project decision making process when the very nature of the Metro Rail project is extremely unpredictable.

4. Why limit station concession to "magic tellers"? What about other telecommunication possibilities? (pg. II-14).

RTD

December 10, 1982

Mr. Ben Darche
Los Angeles County Transportation Commission
311 South Spring Street, Suite #1206
Los Angeles, CA 90013

Dear Mr. Darche:-

Thank you for your memorandum, dated October 25, 1982, concerning Milestone 6. The following information should provide clarification to your concerns, and to the extent possible will be included in the final report. The responses are keyed directly to the questions raised.

Question 1: J-e (pg. II-12) What constitutes "Full" community participation?

Response: "Full" community participation refers to the fact that:

- o Station area project committees will be established as part of the planning process.
- o These committees will work with existing special task force groups such as those from Hollywood and North Hollywood.
- o In some cases, particularly in residential areas, project development committees may be formed under the redevelopment law.
- o In all cases these meetings are open to the public.
- o Announcements of meetings will continue to be placed in local newspapers and notices will be provided to City and County agencies.
- o Residents will continue to have access to the RTD Board of Directors, the LACTC, and the City Council.
- o Community Relations' information programs will be maintained and augmented.

Question 2: P-3 (pg. II-4) "compatibility of residential areas and transit facilities" is rather subjective.

Response: This is an objective. SCRTD would like to insure that planned development is compatible with surrounding land use. The specifics of how this objective will be achieved are urban design issues. Such issues will be dealt with during the Master Planning process.

Question 3: V-c (pg. II-15) What is a "unified approach"?

Response: A "unified approach" is one in which every station is treated in a similar manner. A set of guidelines and procedures will be established which will serve to inform both the public and developers of the "rules of the game". For instance, operating and maintenance cost agreements will be reached for each station. These agreements will be reached in an open manner.

Question 4: V-g (pg. II-15) What are "development amenities"?

Response: "Development Amenities" are things like plazas and open spaces. SCRTD will work with developers to incorporate such amenities into station designs.

Question 5: Policy Decision J-c has an inherent contradiction. How can the SCRTD establish a predictable and timely joint development project decision making process when the very nature of the Metro Rail project is extremely unpredictable.

Response: Policy J-c states that RTD will give primary emphasis to establishing a predictable and timely joint development decision-making process. It is the process that SCRTD seeks to make predictable and timely in this objective, not the project. It is quite possible to establish a predictable process, even when there are unpredictable aspects of the project. One stop permitting and analysis, timely decisions, and a well defined process will make joint development that much more attractive to the developer. Designing a streamlined process is extremely important to attract joint development projects. Our success in attracting these projects will increase the chances for obtaining Federal funding.

Question 6: Why limit station concession to "magic tellers"? What about other telecommunication possibilities?

Response: Station concessions will not be limited to "magic tellers". Magic tellers were used as an example of the type of concessions which are acceptable. They are built in, they have low maintenance costs, and don't have to be monitored all the time. Other concessions which meet these criteria will be considered, except food and beverage machines. These concessions are prohibited because they add to the maintenance cost of stations.

If you have any further questions, please call me at (213) 972-6170.

Sincerely,

Gary S. Spivack
Director of Planning

cc: John A. Dyer

SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS
600 South Commonwealth Avenue • Suite 1000 • Los Angeles • California • 90005 • 213/385-1000

November 18, 1982

Mr. John A. Dyer
General Manager
Southern California Rapid Transit District
425 South Main Street
Los Angeles, CA 90013

Re: MILESTONE #6 REPORT: "LAND USE AND DEVELOPMENT"

Dear Mr. Dyer:

We have reviewed your metro rail project draft Milestone #6 Report entitled Land Use and Development. SCAG staff found the policies in the report extremely well thought out, comprehensive and clearly presented. The Milestone #6 policies represent a substantial advancement toward actual implementation of joint development/value capture strategies supporting the metro rail project, a path which we hope the SCRTD will continue to pursue vigorously.

Regional Policy Perspective

SCAG is particularly pleased to see progress in this area because since 1976 the Regional Transportation Plan has contained a policy calling for use of value capture strategies to assist in financing public transit capital and operations. Given the cost of the metro rail project, the desire to expand that system in the future, and the limitations of the federal and Proposition A funds, it seems imperative that significant financial support for system costs be derived through value capture.

In another policy area, the Milestone #6 Report calls for pursuit of intensified land use in the vicinity of transit stations through site master planning and joint development. This reinforces the SCAG 1982 Growth Forecast Policy "centers concept" of urban form. Additionally, the SCAG 1982 Growth Forecast Policy explicitly contains a policy calling for intensification of land use in transit corridors. As is pointed out in your report, concentrating development near rail stations will increase the patronage on the line and thus enhance the effectiveness of the system. It will, in fact, increase the regional transit mode split, another regional goal, because there will be a greater likelihood that trips originating in or destined to the new developments near stations will use the transit system.

We also support your choice of a multi-agency, MOU created "entity" to oversee packaging of joint development projects. This strategy avoids many of the pitfalls that a new legislatively created body or a nonprofit corporation might encounter.

There are a couple of minor critical notes which we would like to offer:

Regarding your discussion of benefit assessment, we believe that this approach has more merits and less pitfalls than your report indicates. Benefit assessment should not be considered a tax. Furthermore, revenues derived from benefit assessment need not be used for capital purposes. If used for operating purposes, there is no vote requirement or majority protest procedure.

With regard to your proposed "anti-speculation" tax, the objective of discouraging speculation has obvious merit. However, we foresee major obstacles in application, particularly in selection of a time frame defining when speculation has occurred.

In conclusion, we would like to compliment SCRTD on the report and encourage you to move as rapidly as possible with the next steps toward implementation. SCRTD has the opportunity to make Metro Rail one of the first major transit systems in the country in recent history to obtain significant value capture financing. However, because the timing of joint development projects is critical, work must proceed if opportunities are not to be lost.

Sincerely,

(Original signed by
J. Gosnell)

JAMES GOSNELL
Director
Transportation Planning

JG:BW:wp9

RTD

John A. Dyer
General Manager

JAN 6 1983

Mr. James Gosnell
Director of Transportation Planning
SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
600 South Commonwealth Avenue, Suite 1000
Los Angeles, CA 90005

Dear Mr. Gosnell:

Thank you for your highly complimentary letter regarding the District's Draft Milestone 6 Report. I can assure you that after the adoption of the final Milestone 6 Report, we will continue to work vigorously towards our goal of obtaining significant value capture financing and joint development for the Metro Rail project, in order to minimize public costs, insure construction of the starter line, and provide for the continued operation and expansion of the system in years to come.

Your specific comments on benefit assessment and anti-speculation tax will be noted during the "Masterplanning" process when the various funding techniques will be evaluated in more detail and specific value capture strategies spelled out.

Thank you for your comments and support.

Sincerely,

John A. Dyer

U.S. Department
of Transportation

**Urban Mass
Transportation
Administration**

REC'D
DEC 1982
JTS

Region IX
Arizona, California
Nevada

Two Embarcadero Center
Suite 620
San Francisco, CA 94111

3 DEC 1982

Mr. John A. Dyer, General Manager
Southern California Rapid Transit District
425 South Main Street
Los Angeles, California 90013

Re: Project No. CA-03-0130-3
Milestone Advisement Memorandum
No. 6

Dear Mr. Dyer:

Enclosed is Milestone Advisement Memorandum No. 6, which documents our review comments on the District's preliminary draft report for this sixth milestone. As indicated in our memorandum, we agree that the milestone report does establish a general framework for land use and development but can be further strengthened by providing substantive details on the District's policy guidance, institutional arrangements and technical issues. The memorandum provides both general and specific comments regarding these issues.

We look forward to your response to our comments and suggestions regarding these important aspects of land use and development. In addition, we want to work with you in further defining the Metrorail joint development program as part of the UMTA fundec $18.75 million accelerated joint development and engineering activities.

Sincerely,

Brigid Hynes-Cherin

Brigid Hynes-Cherin
Regional Administrator

Enclosure

MILESTONE ADVISEMENT MEMORANDUM NO. 6

This milestone advisement memorandum documents UMTA's review comments and suggestions on the District's preliminary draft report for Milestone No. 6: Land Use and Development.

GENERAL COMMENTS:

The Milestone 6 report states that it is "SCRTD's initial effort to assure effective coordination between the transit station design process and the ongoing land use planning activities (from the outset of the Metrorail final design phase)." While a general framework was established to achieve this end, the necessary substance appears to be lacking on policy guidance, institutional arrangements and technical issues. Our general comments in these areas are summarized below.

First, the report could be strengthened greatly by developing, for consideration by local policymakers, a series of scenarios noting what actions would be required to raise 10, 20, 50 or some other percent in capital funds from the private sector. Station connector fees, station cost sharing and land/air rights leasing were proposed as joint development revenue generators. Unless SCRTD handles station cost sharing differently from past experiences elsewhere, the measures described in the report will mostly aid in defraying operations and maintenance costs rather than contributing significantly to capital funding.

We feel capital funding constraints warrant a more serious consideration of innovative, capital-generating financial measures. We suggest that tax increment financing and special assessment districts be considered as well. These measures were not emphasized in the report. SCRTD could enter into cooperative agreements with agencies who have authority in these areas. Special assessment districts may be particularly useful in responding to North Hollywood area residents and businessmen who support specific capital-intensive alignments across the San Fernando Valley.

Another general observation is that agencies other than SCRTD may determine the ultimate success or failure of the Metrorail joint development and value capture programs. This might occur because SCRTD is proposing to take a less-than-active role in implementing joint developments. For example, Policy Decision J-h may preclude SCRTD's ability to acquire land for development purposes using the power of eminent domain.

Finally, Chapters IV: Land Use and Transportation Issues, V: Metrorail Station Area Masterplanning Process, VI: Joint Development and VIII: Value Capture, did not deal sufficiently with the pertinent technical issues. These chapters would be much more effective if they discuss the appropriate legal, administrative and financial issues in carrying out the different aspects of the Metrorail joint development program. These chapters might have

addressed, for example, the nuances of zoning, the coordination of feeder-bus service, establishment of parking regulations and fees, degree to which developers and localities can alter SCRTD station plans, local government requirements in site-plan reviews, problems in timing the construction of joint development projects, and the nuances of financing including developing tax increment financing and special assessment district initiatives, collecting these revenues and organizing permanent financing for joint development projects. We suggest that the final version of this report incorporate the District's approach in these areas, thereby greatly clarifying the message to the business and residential community on your joint development program.

We hope the specific comments that follow will also assist SCRTD in preparing the final version of the Milestone 6 Report. In addition, we look forward to working with you in further defining the Metrorail joint development program as part of the UMTA-funded $18.75 million accelerated joint development and engineering activities.

SPECIFIC COMMENTS:

Our specific comments are provided herein at two levels: report organization and report substance. Both types of comments seek to suggest ways to improve the conciseness of the objectives and policy statements as well as to help clarify issues associated with the various implementation strategies.

1. General

   a. A more comprehensive report title may be helpful. For example, a more appropriate title might be "Land Use, Development and Finance", since financial matters are also discussed.

   b. Background information as provided in Chapter III tend to add unnecessary volume. Since the Centers Concept is the key topic, it might instead be summarized in Chapter I.

2. Chapter II - Land Use Development Objectives, Policies and Implementation

   a. General

      - The objectives and policies would probably be more effective if they established general parameters, emphasized development incentives rather than disincentives and encouraged joint development approaches most likely to contribute capital funding.

   b. Station Area Masterplanning Process Objectives (page II-4)

      - We suggest adding an objective that states SCRTD's desired role in the process.

- In objective P-2, we suggest emphasizing marketable development.

- We suggest adding an objective on the timing of site-plan review and approval.

c. Joint Development Objectives (page II-5)

- We suggest adding objectives which state desired sizes and location for joint development projects which generate significant transit ridership.

d. Value Capture Objectives (page II-5)

- In objective V-1, consider adding "private sector" to line 2.

- We suggest changing objective V-4 as follows: "In the long-term, require new development to share in costs of constructing and operating transit facilities."

- Consider adding the following objective: "Initiate actions that generate revenue for the construction of the Metrorail project."

- Consider adding objectives that identify desired ranges of revenue from the different value capture techniques listed on page II-15 in Policy Decision V-a.

- Add an objective on supplier financing.

e. Policy Implementation (page II-7)

- On page II-8, paragraph 1, the fall-back option is to create a new department within the District to implement the Metrorail Joint Development Program. We suggest investigating the feasibility of considering this fallback position as a primary option. This option might also be included in the policy statement on page II-11.

f. Station Master Planning Process Policies (page II-8)

- Consider including a policy statement on site-plan review approval, as distinct from joint development project packaging. Such a statement would indicate the District's intent to help expedite beneficial development in the station areas. Rosslyn, Virginia used a site plan review process very effectively in fostering high density development in the Washington Metro, Rosslyn Station area.

g. Joint Development Program Policies (page II-11)

- The initial policy statement might be expanded to emphasize joint development projects that will also help defray the cost of Metrorail construction.

- On page II-13, paragraph 2, under "Policy Implementation" consider adding "financial and" after "highly qualified". SCRTD expertise in this area will be a major determinant in the success of the Metrorail joint development/value capture program.

h. Value Capture Policies (page II-14)

- On page II-14, paragraph 3, we suggest inclusion of a statement on supplier financing. This is yet another innovative way for SCRTD to reduce the front-end capital requirements.

- On page II-14, paragraph 4, the 25% figure effectively establishes a goal for revenues attributable to the value capture program. As mentioned under our general comments, similar goals or a range of goals might be established for the percentage of capital funds from the private sector.

- On page II-15, paragraph 2, end of first sentence, consider adding "and equipment acquisition".

- In Policy Decision V-a, we suggest adding "tax increment and special assessment districts" as two other value capture mechanisms. Another possibility is the acquisition, using local funds only, of additional property which promises both private capital funds and operating revenues. These additions would parallel the preceding discussion in the policy statement.

- Consider regrouping the Policy Decisions around the various value capture mechanisms.

- In Policy Decision V-b, we suggest stating the level at which private developers can make adjustments to SCRTD's station design. It is well-known, design details can make or break a joint development project.

- On page II-15, Policy Decision V-d might be expanded to include a possible requirement that nearby buildings of a certain size must connect into the system.

- In Policy Decision V-g, a more definitive statement on tax increment financing may be appropriate, e.g. SCRTD might indicate that, where applicable, SCRTD and CRA shall employ tax increment financing for certain station area redevelopment and Metrorail capital costs.

- On page II-18, consider adding a policy decision on supplier financing.

3. Chapter IV - Land Use and Transportation Issues

   a. As outlined in our general comments, this chapter would be much more effective if it discussed specific legal and institutional issues. For example, what are the nuances of zoning variances in the City of Los Angeles, who will be responsible for approving site plans, which agency will be responsible for collecting value capture resources, and who will establish parking controls?

   b. On page IV-5, under parking, consider discussing the establishment of parking fee policy and also enforcement of parking restrictions.

   c. On page IV-8, under "Station Area Planning and Design Criteria", the discussion might indicate that SCRTD will allow local A&E's some flexibility in finalizing station designs based on established SCRTD design criteria on materials, structures and systems.

   d. On page IV-11, under "Coordination of Transit Access Points at Metro Rail Stations", we suggest adding more detailed discussion of the levels of service for the SCRTD bus service sector plan and Metrorail feeder bus plans.

   e. On page IV-12, paragraph 3 refers to the forms of station expansion. As mentioned in our Milestone Advisement Memorandum No. 1, such future options will be reviewed by UMTA on a case-by-case basis prior to their adoption by the District

4. Chapter VI - Joint Development

   a. On page VI-8, it might be helpful to graphically describe the Metrorail joint development packaging process.

   b. Consider adding a discussion of the problems in timing between private sector and public sector construction schedules.

   c. Also discuss the problems in brokeraging financing packages, e.g. terms, debt payments, construction loans and permanent loans.

5. Chapter VII - Value Capture

   a. On page VII-2, under "Tax and Fee Approaches to Value Capture", we suggest identifying areas where special districts might be established. Also consider tentative fees over the statutory requirements.

   b. Also identify the issues associated with obtaining legislative and voter approval of tax increment and special assessment district financing -- particularly clarifying the applicability of Section 33448 of the State Health and Safety Code to Metrorail.

c. We suggest adding discussion of the issues associated with collecting and allocating the resources of the various taxes and fees.

d. Consider adding a section on supplier financing.

RTD

John A. Dyer
General Manager

JAN 6 1983

Ms. Brigid Hynes-Cherin
Regional Administrator
U. S. Department of Transportation
URBAN MASS TRANSPORTATION ADMINISTRATION
Two Embarcadero Center, Suite 620
San Francisco, CA 94111

Dear Ms. Hynes-Cherin:

RE: Project No. CA-03-0130-3
Milestone Advisement Memorandum No. 6

Thank you for your technical Advisement Memorandum received December 3, 1982. It is extremely detailed and reveals an indepth review of our work. Staff is pleased to respond in detail. A number of your suggestions will be incorporated into the document, and both your letter and this response will be included in an appendix to the report. Each of your specific comments will be addressed in turn; but first some general comments seem to be in order.

Your memorandum seemed to indicate some confusion about the intended scope of the Milestone 6 report. The purpose of the report is to lay out a set of general land use and development policies and objectives; to explain the rationale for, and some of the determinants of these policies; to give a brief explanation of the major joint development and value capture options, their limitations and advantages; and provide a preliminary statement of implementation requirements. The report is not intended as a private/public negotiation document. Although some work along these lines has been done by the consultants, it is premature to detail a specific set of strategies for raising "10, 20, 50 or some other percent in capital funds from the private sector" at this point. A set of policies and objectives should be first adopted by the Board, agreement should be reached on an institutional framework and more specific study conducted. This is the spirit of the program projected in the Milestone report.

In a number of your comments you request information that will be developed in latter stages of the process, or is contained in other Milestones. "Zoning, the coordination of feeder-bus service and parking regulations and fees" will be dealt with in other Milestones. "Local government requirements in site-plan reviews, problems in timing the construction of joint

development projects and the nuances of financing, (including developing tax increment financing and special assessment district initiatives) and collecting these revenues, and organizing permanent financing for joint development projects", will all be clarified and described in latter stages of the process. An abbreviated flow chart of the process is attached for your information.

Tax increment financing and special assessment districts were considered, described and explained in the report along with other methods for financing both capital and operation and maintenance costs. The report gives a brief exposition of the advantages and disadvantages of a number of financing methods. It should be stated that RTD is concerned both with defraying capital costs, and with providing the project with a stream of funds which will help with the maintenance and operation of the system over the course of its life.

It must also be stated that SCRTD is not proposing taking a "less-than-active" role in implementing joint developments. Staff is proposing the establishment of an institutional framework for joint development which will take advantage of the powers of a number of agencies, will provide a coordinated and unified approach on the regional level, and will streamline and facilitate the development process.

SPECIFIC COMMENTS

1. GENERAL

a. "A more comprehensive report title may be helpful. For example, a more appropriate title might be 'Land Use, Development and Finance', since financial matters are also discussed."

- It does not seem necessary to change the title of the report as the primary subject is land use.

b. "Background information as provided in Chapter III tends to add unnecessary volume. Since the Centers Concept is the key topic, it might instead be summarized in Chapter I."

- Chapter III is intended to provide the lay reader with a general introduction to the land use impacts of transit, the Los Angeles Regional Land Use Plan, and the way Metro Rail can further this plan. It would be inappropriate to include this information in Chapter I which briefly explains the history of the project and the planning process.

2. CHAPTER II - LAND USE DEVELOPMENT OBJECTIVES, POLICIES AND IMPLEMENTATIONS

a. General

"The objectives and policies would probably be more effective if they established general parameters, emphasized development incentives rather than disincentives and encouraged joint development approaches most likely to contribute capital funding."

- It is not clear why you feel the policies and objectives don't establish general parameters, emphasize incentives, or encourage development approaches most likely to contribute capital funding. The District would be happy to consider specific suggestions for remedying this.

  Again, the District is concerned with generating both capital, and operating and maintenance funds. Techniques for generating both kinds of funds are considered.

  It would be inappropriate for the District to ignore development disincentives in the discussion. Both the mechanisms that create incentives and those that create disincentives should be understood if one is to affect the pattern of development.

b. Station Area Master Planning Process Objectives - (Page II-4)

1. We suggest adding an objective that states SCRTD's desired role in the process.

   - There are three objectives that spell out RTD's desired role in the process. Please see I-1, I-2, and I-3, p. II-4.

2. "In objective P-2, we suggest emphasizing marketable development."

   - P-2 is not concerned with marketable development. It is concerned with insuring that the land use development resulting from Metro Rail, is in accord with local and regional plans. Marketable development is addressed in J-b, J-c, J-f and to a lesser extent in P-4 and P-5.

3. "We suggest adding an Objective on the timing of site-plan review and approval."

   - Timing is addressed in Objective J-c which states SCRTD's desire to establish a predictable and timely project decision-making process. The specific timing of site-plan review and approval will be established during the "Masterplanning" process. However, objectives on pages II-5 and II-6 discuss the ingredients of a successful process.

c. Joint Development Objectives - (Page II-5)

1. "We suggest adding objectives which state desired sizes and location for joint development projects which generate significant transit ridership."

   - During the "Masterplanning" process, the appropriate sizes and locations of joint development projects which generate significant transit ridership will be determined. It is neither possible nor appropriate to make such a statement at this point.

     General objectives relative to the sizes and locations of joint development projects are given in P-d, P-e, P-f, P-h and P-i. P-h puts forward the concept of interconnectivity as a method of increasing system ridership. Interconnectivity refers to the phenomena where stations serve as generators of trips originating at other stations.

d. Value Capture Objectives - (Page II-5)

1. "In Objective V-1, consider adding 'private sector' to Line 2."

   - "Private Sector" will be added to Line 2, Objective V-1.

2. "We suggest changing objective V-4 as follows: 'In the long term, require new development to share in costs of constructing and operating transit facilities'."

   - This is the basis of the document. Objective V-4 will be modified to read as you suggest.

3. "Consider adding the following objective: 'Initiate actions that generate revenue for the construction of the Metro Rail project'."

   - This is a very vague objective. It does not explain what actions will be taken to generate construction revenue. Many other objectives spell out methods for raising both capital and operating funds, and indicate RTD's desire to raise both kinds of funds. It does not seem necessary to add this objective.

4. "Consider adding objectives that identify desired ranges of revenue from the different value capture techniques listed on page II-15 in Policy Decision V-a."

   - Again, it is premature to add objectives that identify direct ranges of revenues from different value capture techniques. Too many important factors are still unknown or undecided. If RTD specified its bottom line now, it might place itself in a weak position for negotiating with

developers later. Such an objective might also create unnecessary opposition to the project by residents worried about taxing techniques which may not prove feasible with further study, or which are objectionable when viewed alone, but are quite acceptable when used in combination with such things as transfer of development rights.

5. "Add an Objective on Supplier Financing."

   - By 'supplier financing' you mean financing approaches which are available to the private sector relative to major equipment purchases. This approach may not be available to us at the point in time that procurement will be permitted to occur. This approach will, of course, be fully examined during the "Masterplanning" process. A full funding decision, which would push the mid-point of construction to 1984-1985 would allow the District to take advantage of safe harbor leasing or other techniques. Hence, this was not really addressed as an available approach given the anticipated schedule for construction.

e. Policy Implementation - (Page II-7)

1. "On page II-8, paragraph 1, the fall-back option is to create a new department within the District to implement the Metro Rail Joint Development Program. We suggest investigating the feasibility of considering this fall-back position as a primary option. This option might also be included in the policy statement on page II-11."

   - This type of department will be created within the District in any case. It will be called the Department of Design and Construction. Its duties will include relocation, joint development, value capture negotiation, etc. It will coordinate RTD's involvement in the project and be responsible for interfacing with other agencies and with the development entity.

     The District continues to feel that a cooperative arrangement with other agencies within the County and the City is the most efficient way of carrying out the joint development process.

f. Station Master Planning Process Policies - (Page II-8)

1. "Consider including a policy statement on site-plan review approval, as distinct from joint development project packaging. Such a statement would indicate the District's intent to help expedite beneficial development in the station areas. Rosslyn, Virginia used a site plan review process very effectively in

fostering high density development in the Washington Metro, Rosslyn Station area."

- This concern will be addressed in the "Masterplanning" process which will set up plan and project criteria. A site plan review of some kind will naturally be part of the process.

g. Joint Development Program Policies - (Page II-11)

1. "The initial policy statement might be expanded to emphasize joint development projects that will also help defray the cost of Metro Rail construction."

   - J-f will be expanded to state that capital dollars will be sought, where possible without interfering with the private market place.

2. "On page II-13, paragraph 2, under 'Policy Implementation' consider adding 'financial and' after 'highly qualified'. SCRTD expertise in this area will be a major determinant in the success of Metro Rail joint development/value capture program."

   - The words "financial and" will be added to this paragraph as you suggest.

h. Value Capture Policies - (Page II-14)

1. "On page II-14, paragraph 3, we suggest inclusion of a statement on supplier financing. This is yet another innovative way for SCRTD to reduce the front-end capital requirements."

   - See our response to item d-5.

2. "On page II-14, paragraph 4, the 25% figure effectively establishes a goal for revenues attributable to the value capture program. As mentioned under our general comments, similar goals or a range of goals might be established for the percentage of capital funds from the private sector."

   - See our response d-4 above.

3. "On page II-15, paragraph 2, end of first sentence, consider adding 'and equipment acquisition'."

   - Please see response to item d-5.

4. "In Policy Decision V-a, we suggest adding 'tax increment and special assessment districts' as two other value capture mechanisms. Another possibility is the acquisition, using

local funds only, of additional property which promises both private capital funds and operating revenues. These additions would parallel the preceding discussion in the policy statement."

- Policy element four --value capture-- contains four subsections: Joint Development; Taxation Approach; Advertising; and Concessions. Tax increment financing and special assessment districts are discussed under "Taxation Approach". Please see V-1 to V-q.

5. "Consider regrouping the Policy Decisions around the various value capture mechanisms."

   - The policy decisions are grouped around the various value capture mechanisms.

6. "In Policy Decision V-b, we suggest stating the level at which private developers can make adjustments to SCRTD's station design. It is well-known, design details can make or break a joint development project."

   - Doing this may weaken RTD's negotiation position and might result in no joint development in certain areas if the bottom line is set at this point. It is possible to decide this on a case by case basis.

7. "On page II-15, Policy Decision V-d might be expanded to include a possible requirement that nearby buildings of a certain size must connect into the system."

   - It is not possible to force building owners to connect to the system. Owners must be shown that it is to their advantage. Of course, an assessment district for operation and maintenance will be considered at all stations.

8. "In Policy Decision V-g, a more definitive statement on tax increment financing may be appropriate, e.g., SCRTD might indicate that, where applicable, SCRTD and CRA shall employ tax increment financing for certain station area redevelopment and Metrorail capital costs."

   - The use of tax increment financing must be carefully negotiated with the CRA since it constitutes the sole source of their funds. It would be inappropriate to inadvertently state that CRA will share their funds, without first reaching an agreement with them. This would also apply to the County CRA.

9. "On page II-18, consider adding a policy decision on supplier financing."

   - See our response to item d-5.

3. CHAPTER IV - LAND USE AND TRANSPORTATION ISSUES

a. "As outlined in our general comments, this chapter would be much more effective if it discussed specific legal and institutional issues. For example, what are the nuances of zoning variances in the City of Los Angeles, who will be responsible for approving site plans, which agency will be responsible for collecting value capture resources, and who will establish parking controls?"

- A number of these issues will be discussed in Milestone 9. The rest will be dealt with during the "Masterplanning" process.

b. "On page IV-5, under parking, consider discussing the establishment of parking fee policy and also enforcement of parking restrictions."

- Parking policy is part of Milestone 9.

c. "On page IV-8, under 'Station Area Planning and Design Criteria', the discussion might indicate that SCRTD will allow local A & E's some flexibility in finalizing station designs based on established SCRTD design criteria on materials, structures and systems."

- During the "Masterplanning" process, it will be determined how much flexibility local A & E's and other parties will be allowed.

d. "On page IV-11, under 'Coordination of Transit Access Points at Metro Rail Stations', we suggest adding more detailed discussion of the levels of service for the SCRTD bus service sector plan and Metro Rail feeder bus plans."

- This will be covered in Milestone 9. A new issue regarding the coordination of transit access points at Metro Rail Stations has arisen as a result of UMTA's Paratransit Policy (Docket No. 82-K, Federal Register vol. 47, No. 201, pp. 46410). The District is considering adding an objective that states that private paratransit operators desiring to use Station facilities for their operations will be required to pay a franchise fee for that use. Ample precedent for this kind of fee exists in the Los Angeles area. The District has required other operators to share in the costs of shared transit facilities. The staff believes that this type of fee constitutes an additional appropriate private/public coventure strategy which will help reduce the substantial public investment cost of on and off street terminal space. We ask that you support the inclusion of such an objective in the final Milestone 6 report.

e. "On page IV-12, paragraph 3 refers to the forms of station expansion. As mentioned in our Milestone advisement Memorandum No. 1, such future options will be reviewed by UMTA on a case-by-case basis prior to their adoption by the District."

- Noted

4. CHAPTER VI - JOINT DEVELOPMENT

a. "On page VI-8, it might be helpful to graphically describe the Metro Rail joint development packaging process."

- This is one of the tasks in the work program for the "Masterplanning" process.

b. "Consider adding a discussion of the problems in timing between private sector and public sector construction schedules."

c. "Also discuss the problems in brokeraging financing packages, e.g., terms, debt payments, construction loans and permanent loans."

- Items a, b, and c will be discussed or considered during the "Masterplanning" process. The approach is again to develop action programs flowing from adopted Milestone policies.

5. CHAPTER VII - VALUE CAPTURE

a. "On page VII-2, under "Tax and Fee Approaches to Value Capture", suggest identifying areas where special districts might be established. Also consider tentative fees over the statutory requirements."

- Again, it would be premature and politically inadvisable to identify where special districts might be established this soon in the process and without obtaining proper public input.

b. "Also identify the issues associated with obtaining legislative and voter approval of tax increment and special assessment district financing -- particularly clarifying the applicability of Section 33448 of the State Health and Safety Code to Metro Rail."

- Some of the key issues associated with obtaining legislative and voter approval of tax increment and special assessment district financing are briefly stated in the Milestone 6 report. There will be a legislative/legal planning process paralleling the "Masterplanning" process. All of these issues will be spelled out in more detail as part of this process.

c. "We suggest adding discussion of the issues associated with collecting and allocating the resources of the various taxes and fees."

- The issues associated with distributing costs and benefits are difficult and many. Some are station specific. Again, it is too soon in the process to adequately treat this subject. The Milestone 6 report was intended as a strategy and policy piece for subsequent action.

d. **"Consider adding a section on supplier financing."**

- See our response to item d-5.

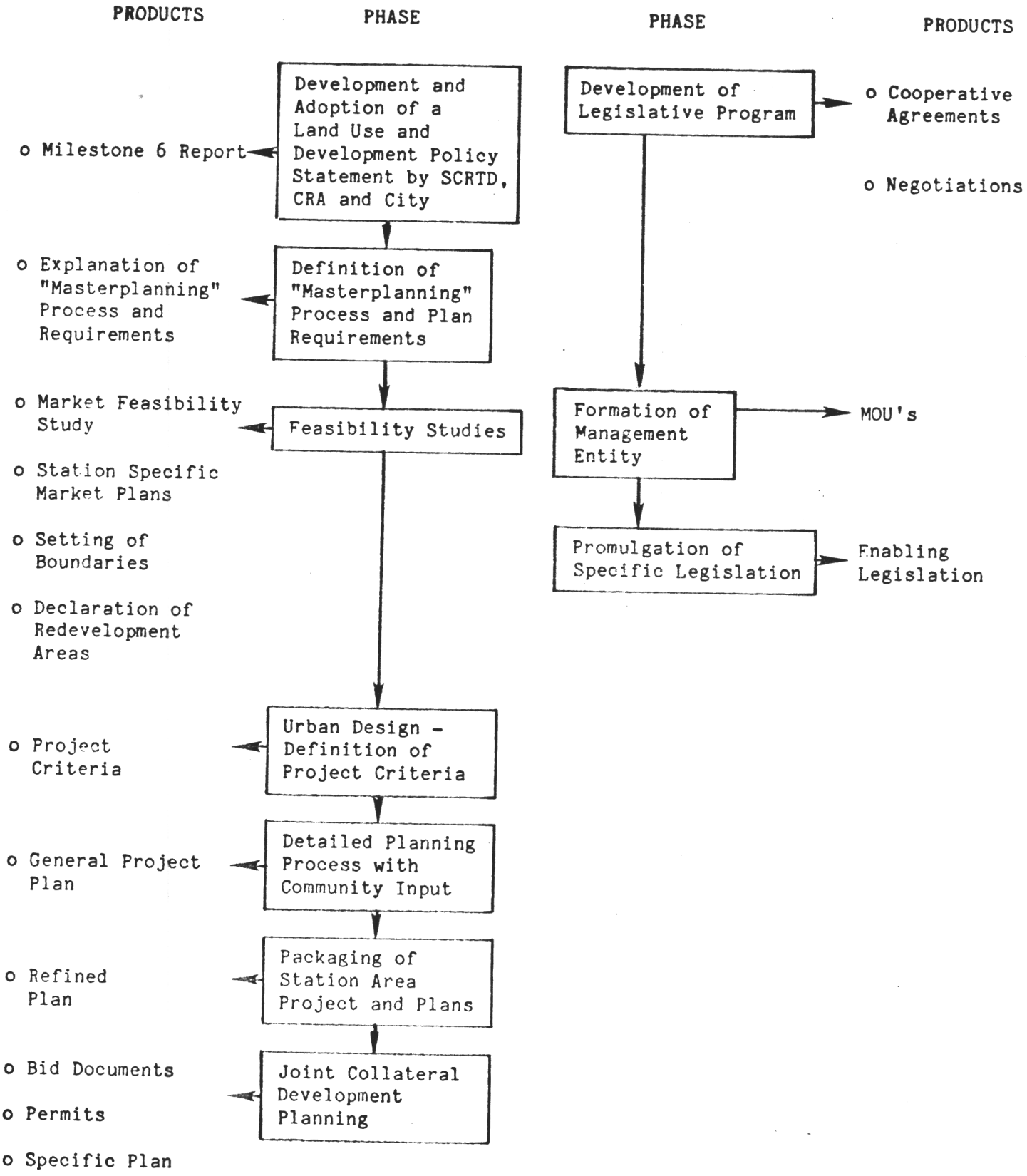
In closing, I would like to thank you for your thoughtful memorandum. I hope these responses have adequately addressed your concerns. If you require any further clarification, or have additional comments please let us know.

Sincerely,

John A. Dyer

Attachment

MILESTONE 6


PRODUCTS
PHASE
PHASE
PRODUCTS
Development and Adoption of a Land Use and Development Policy Statement by SCRTD, CRA and City
o Milestone 6 Report
Development of Legislative Program
o Cooperative Agreements
o Negotiations
Definition of "Masterplanning" Process and Plan Requirements
o Explanation of "Masterplanning" Process and Requirements
Feasibility Studies
o Market Feasibility Study
o Station Specific Market Plans
o Setting of Boundaries
o Declaration of Redevelopment Areas
Formation of Management Entity
MOU's
Promulgation of Specific Legislation
Enabling Legislation
Urban Design - Definition of Project Criteria
o Project Criteria
Detailed Planning Process with Community Input
o General Project Plan
Packaging of Station Area Project and Plans
o Refined Plan
Joint Collateral Development Planning
o Bid Documents
o Permits
o Specific Plan

Coalition for Rapid Transit

November 15, 1982

Dr. John Dyer, General Manager
Southern California Rapid Transit District
425 South Main Street
Los Angeles, CA 90013

Dear Dr. Dyer:

The Coalition for Rapid Transit regards the Preliminary Draft Report for the Development of Milestone Six (Land Use and Development) as the most sophisticated transportation economic proposal ever presented in Los Angeles.

It is a dazzling performance by your staff and consultants; we congratulate you and them for officially introducing the self-financing transit station concepts. Our main regret is that your economic team was not on board in time to prevent the misalignments in Hollywood and Downtown.

While we in general agree with your positions and statements, there are some points on which we differ (or at least question). These include 1) implementation of development principles in Hollywood and Downtown, 2) overall construction costs and speed of development and, 3) length of train and station cost.

Before discussing the issues cited above we should like to comment on specific parts of the Milestone Six draft report:

Policy Element One - Corridor-Scale Institutional Framework.

The Coalition agrees with your conclusion that a specialized department within SCRTD and cooperative agreements with CRA, L.A. County and the City of Los Angeles is the correct institutional format to use. It may be possible, however, to start some station developments simply by negotiation with private developers. Can SCRTD issue revenue bonds on its own authority?

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Policy Element Two - Station Area Masterplanning Process

When cooperating with the Los Angeles City Planning Department it should be recalled that they have no economic expertise to offer on station planning. The city planners skill area lies in definition of community element to be served: types of businesses, housing, traffic circulation, open space, recreational facilities, etc.

Interconnectivity is defined on page II-10, but we feel that it is not very clear for a lay reader. While the chief objective of rapid transit is to expedite the journey-to-work, another major purpose is to serve the off-peak functions of travel to schools/colleges, medical centers and shopping centers. These should have been cited as examples of interconnectivity functions.

One of the problems the Coalition sees with the current SCRTD Hollywood proposals is their poor application of interconnectivity to the two chief business activity centers (Hollywood/Highland, Vine/Hollywood-Sunset), the medical center in east Hollywood, Los Angeles City College (one of the largest community colleges in the nation) and the Hollywood Bowl!

Policy Element Three - Joint Development Program

This is the keystone discussion of your whole economic program, but not once do you mention the objective of this exercise--to make the stations self-financing. You do credit the potentials of Joint Development/Value Recapture for providing as much as 25 percent of your total capital costs; however, many lay readers will not recognize JD/VR as the tools to make transit stations self-financing.

Policy Element Four - Value Recapture

Your description of Value Recapture lists six "tools" including the Benefit Assessment District. In your downtown alignment (via Hill Street) your plan deliberately by-passes the richest real estate valuations on Flower Street that would offer the best return on benefit assessment for payment of capital costs for any subway line in the United States. You mention (on page VII-1) the Miami Downtown Business Community committing itself to a $20 million capital bonding program. We would venture to say that the Flower Street corridor has ten to fifteen times the valuation of the Miami

site--why do we not explore a similar commitment with our downtown property owners?

The Flower Street alignment serves far more people than the Hill Street line you propose, permits future construction of a loop via Spring (or Main) and enables SCRTD to build a major (30 - 40 story) joint development station north of the Convention Center.

- - - - - - - - - - - - - - - - - - - -

Now, with respect to the three issues we raised earlier:

Implementation of Development Principles in Hollywood and Downtown

Milestone Six, as we have indicated, is an excellent tactical manual for future construction. Unfortunately it comes too late to undo some feckless strategic route planning by your engineering staff in Hollywood and Downtown.

With Alternative A (Cahenga/Hollywood, the dog-leg line) you would have us settle for one major station to redevelop the whole central business district. The Cahuenga stop is not itself a major attraction; it falls between the most important economic centers at Vine and Highland. It is a weak geographic position and quite inadequate in itself as an economic center. Hollywood needs two major business center stops to provide an adequate stimulus for redevelopment; one should be at Vine, the other at Highland.

The Coalition has proposed a subway alignment which offers these two station stops, plus stations at the Hollywood Bowl and the east Hollywood medical complex (our contribution to the lost principle of interconnectivity). The east Hollywood branch we propose is an easy future extension route to downtown by way of Vermont to Wilshire or via Sunset Boulevard.

Alternative B (and its cousin Alternative C) are such engineering-oriented plans that it is difficult to realize that they were put forth as serious proposals by SCRTD. Hollywood groups were shocked and promptly called it the Hollywood by-pass line. Its plan to have a streetcar junction terminal at Fairfax/Sunset is simply ludicrous. The streetcar (at grade or in elevated structure) is a traffic obstruction, it is slow (4 or 5 right angle turns) and it is a totally obsolete vehicle for use in a heavy auto traffic environment.

All three of the alternatives offered by SCRTD drop the Hollywood Bowl stop. The Bowl, and its new Hollywood

Motion Picture Museum, are major tourist attractions and important factors in revival of Hollywood. SCRTD drops the Bowl apparently for "economic reasons" because the hundreds of thousands of Bowl patrons are concentrated in four months of summer and early fall. During this period Highland Avenue becomes the third most heavily traveled street in the city.

If economics is the problem, why not attack this directly? The Coalition proposes three approaches: since the Bowl is a County facility it would be appropriate for that entity to make a substantial (one-third?) contribution to construction cost. Secondly, the Bowl could be a turnstile stop, with patrons paying an additional 25¢ for the convenience of delivery to the Bowl entrance. Thirdly, the 4,000 car parking lot at the Bowl will attract park-and-ride subway riders and a 50¢ fee would be an appropriate contribution for Bowl transit operations.

Overall Construction Costs and Speed of Development

Construction report costs for other modern subway systems in Stockholm, London and Montreal indicate costs in the range of $30-$40 million per mile. Washington, D.C. and Los Angeles appear to run in the $100-$110 million range. Why So?

We are also concerned by the lack of discussion of the economic advantages of a speedup in construction time via use of "fast track" methods. Architects and builders are using fast track to cut 10-20 percent off construction costs by savings on capital interest time.

Length of Train and Station Cost

The Coalition does not understand the SCRTD insistance upon 6-car length stations as a cost-cutting measure. If we are going for self-financing stations what is the point?

Limiting the stations to 6-car trains instead of the usual 8-car of 10-car train cuts the system capacity by 25 percent and sounds exactly like the engineering myopia that gave us a 6-lane Santa Ana Freeway. Now we agonize over increasing its capacity. We could have exactly the same kind of problem 20 years hence if we should have to increase the capacity of our subway system.

The 6-car train is irrelevant and not cost-effective in terms of future expansion. Self-financing stations should be configured for 8-car trains.

In summary the Coalition applauds the Milestone Six report but we urge SCRTD to go further and implement an economic strategy in Hollywood and Downtown that would give more meaning to these concepts.

Cordially yours,

Abraham Falick, PhD AICP
Chairman

Coalition for Rapid Transit

December 6, 1982

Mike Lewis, President
Board of Directors
Southern California Rapid Transit District
425 South Main Street
Los Angeles, CA 90013

Subjects: I Hollywood Bowl/Motion Picture Museum/Ford Theatre Subway Station,
II Choice of Metro Rail Route Alignment in Hollywood

Dear Mr. Lewis and Members of the Board of Directors:

The Coalition for Rapid Transit notes with disappointment and dismay that the Special Transit Advisory Group on Hollywood (STAGH) has recommended to you that the Hollywood Bowl/Motion Picture Museum/Ford Theatre subway station be dropped and that the trains follow the Alternative A (Cahuenga/Hollywood Boulevard) route through Hollywood. We urge the SCRTD Board to reject these proposals because we believe them to be economically and culturally harmful to the general public of Los Angeles as well as to Hollywood itself.

The Coalition for Rapid Transit views the planning of Metro Rail through Hollywood as having three objectives:

1) Provision of fast and convenient transportation for Hollywood residents to other parts of the city; access to and through Hollywood for travelers from the Valley and other parts of the city.
2) Continued development of Hollywood as a regional cultural resource: the Hollywood Bowl, Motion Picture Museum, live theatre and motion picture centers.
3) Economic revitalization of both commercial and residential areas.

We should like to discuss how the recommendations of STAGH harm the attainment of these objectives. Dropping the Hollywood Bowl subway station is relevant mainly to the cultural resource and economic revitalization objectives; since it is a center piece of our disagreement with STAGH we shall take it up first.

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One of the documents we shall refer to is the "Results of Community Meetings: Goals, Objectives, Weights" compiled by SCRTD and dated 10/18/82. This paper lists: Goal 1: Economic Revitalization; Goal 2: Enhance the Social, Physical and Natural Environmental Interface with the Transportation System; Goal 3: Develop a System that is Financially Viable.

I Hollywood Bowl/Motion Picture Museum/Ford Theatre Subway Station

Over 500,000 music fans (classic/jazz/rock) are attracted to the Bowl in its four month summer season; it is the single most important cultural and tourist attraction in Hollywood, an important factor in its economic revitalization. The recent construction start for the Hollywood Motion Picture Museum on the grounds of the Bowl will certainly increase the year-around attraction of visitors to this site. We estimate that a subway station at the Bowl would enhance its utilization by as much as twenty percent, thereby increasing ticket revenues for both Los Angeles County and the Hollywood Bowl Association.

Why does STAGH oppose a Bowl rapid transit station? From the SCRTD "Results" paper mentioned above we note that "Increase tourism" objective was ranked second from the bottom. Coalition observers at STAGH meetings saw and heard that the proceedings were plainly dominated by members of hillside homeowners organizations. Hollywood "outsiders" were regarded with suspicion and were kept off STAGH. Their main interest appeared to be avoidance of any personal inconvenience such as would be caused by subway and station construction activities. In short, we believe that the STAGH recommendation to drop the station is based on an extremely narrow and parochial view of its own interests, not as a body representing the public at large.

STAGH under Goal 2, incidentally, lists "Reduce traffic congestion in the Hollywood area" as its second highest objective. On 7/29/82 Ernest Fleischmann, General Manager of the Hollywood Bowl, appeared before the SCRTD Board to present the case for a Bowl station and pointed out that on performance nights traffic enroute to the Bowl loads the streets of Hollywood and makes Highland Avenue the third most heavily travelled street in the city.

The SCRTD engineer-planners have long been hostile to a Hollywood Bowl subway station on the ground of cost-effectiveness. The Coalition would suggest that engineering criteria are not the only ones to be considered in the measurement of benefit-cost for the general public. Where in the engineer's scale do we weigh the fact that the Bowl provides the lowest cost live musical entertainment available in the whole of the west? But let us tackle the economic issue head on.

The Hollywood Bowl (also the Motion Picture Museum and Ford Theatre) is the property of Los Angeles County and it would be appropriate for County government to make a contribution (one-third?) to the construction cost of a subway station. The County would have a revenue enhancement, as we have pointed out above, by increased utilization of the Bowl with a subway station; it also has Proposition A funds which could be tapped for a Bowl station.

The Bowl subway stop itself can generate additional revenue by making it a turnstile-fee station. For the convenience of delivery to the Bowl entrance, riders could pay an additional fee of 25 cents. The 4,000 parking spaces at the Bowl are unused during the day; park-and-ride users could pay a 50 cent fee for all-day parking.

The fund sources mentioned above should tip the scale on the engineers' cost-effectiveness scale—and the limits of economic resourcefulness have not been reached. In any case it is the ease of access to a major cultural facility for the whole of Los Angeles that must be considered. The Bowl is not the private property of STAGH; it should not be subject to the prejudices of the engineering staff. Let the Hollywood Bowl/Motion Picture Museum/Ford Theatre subway station be built!

II Choice of Metro Rail Route Alignment in Hollywood

Alternative A is the best among three poor choices, STAGH deserving credit for the prompt dispatch of Alternatives B and C. But Alternative A (the dog-leg route) is still a poor selection in terms of economic revitalization of Hollywood, service to Valley and east Hollywood transit riders and construction cost.

The Cahuenga/Hollywood Boulevard station is the center of no major activity in the Hollywood central business district; live theatre (Pantages, Huntington-Hartford, Merv Griffin) is three blocks east on Vine Street; the motion picture concentration is about seven blocks west at Highland. The Sunset/La Brea stop is likewise not a major activity center; it is mainly a transfer stop for La Brea buses.

The Cahuenga/Hollywood Blvd. stop is being touted as the chief rapid transit tool to revitalize the whole of Hollywood. The Coalition believes this puts too many eggs in a weak basket; we propose two stations to do the economic revitalization job, one at Vine/Selma, the other at Las Palmas/Hollywood Blvd. These are the target destinations in the Hollywood Central business district, not Cahuenga.

The Cahuenga/Hollywood Blvd. station does not serve the residents of east Hollywood nor does it improve access to the large hospital complex at Vermont/Sunset. Valley commuters are "zigged" east to Cahuenga then "zagged" west to Fairfax/Santa Monica in the well-known dog-leg configuration that wastes millions of man-hours in extra travel time.

The station suggested by the Coalition at Las Palmas/ Hollywood Blvd. reduces the "zig" by about five blocks, but the branch line to Vine/Western/Vermont which we propose offers hope of an easy escape from this box in the future. It can be readily extended to downtown by way of Vermont/ Wilshire or via Sunset. The Cahuenga stop leads to nowhere but frustration for Valley and Hollywood transit riders. This is an economic monstrosity that will plague the City and SCRTD for decades if it is built as proposed in Alternative A.

One of the most puzzling aspects of the Alternative A proposal is how it can be reconciled with the good economic planning outlined in the SCRTD Milestone Six report. Self-financing of rapid transit stations via joint development/ value recapture (JD/VR) methods can contribute about 25 percent of construction costs-but not for the two less-than-prime-time stations described above for Alternative A! The two stations in the Hollywood central business district suggested by the Coalition can readily attract 25-30 story self-financing structures. A substantial part of our proposed branch line could similarly be paid for by stations at Western and Vermont.

The Cahuenga/Hollywood Blvd. and Sunset/La Brea locations cause them to be relatively weak developmental stations; they will be a waste of economic resources for rapid transit. The Coalition-proposed stations and branch line are not only superior functionally but they will "earn their keep" by repaying a far larger share of their construction cost.

The Coalition for Rapid Transit appreciates the fact that construction of the Metro Rail project is a vast and complex project and we do not wish to add to your problems. Intense and detailed analysis by the Coalition of the proposed Alternative A route through Hollywood leads to the conclusion that it would create lasting damage for the whole system, but particularly for Valley and Hollwyood commuters.

Respectfully yours,

Abraham Falick

Abraham Falick, PhD, AICP
Chairman

RTD

John A. Dyer
General Manager

JAN 14 1983

Dr. Abraham Falick, Chairman
Coalition for Rapid Transit
1636 W. Eighth Street, Suite 111
Los Angeles, CA 90017

Dear Dr. Falick:

Thank you for your letters of November 15 and December 6, 1982; your comments and suggestions are appreciated. The purpose of this letter is to respond to the issues raised in as complete a manner as possible. Please note, this response, as well as, your previous letters will be incorporated into the final Milestone 6 Report. Each of the points raised will be answered in turn.

1. Corridor Scale Institutional Framework

The District is currently reviewing its powers related to issuing revenue bonds for development and other capital expenditures. Your suggestion that negotiations with developers begin prior to formal agreements with other public agencies is noted. As a rule, the District stands ready to discuss opportunities for development around stations; however, until specific powers have been outlined and established, the District has little or no tools to provide incentives and to safeguard return on the public investment.

2. Station Area Masterplanning Process

Interconnectivity is defined as a process where stations serve as generators of trips destined to other stations. Station developments which attract trips are a means of increasing system ridership and are therefore an objective of this project. For example, it is quite likely (and fully intended) that development at the Hollywood Station will attract trips from other stations such as the Museum Station. The degree of interconnectivity achieved by the rail system is a function of the specific developments located on station sites, not of the rail alignment itself.

The alignment of the Wilshire Corridor Starter Line has been determined by the Board. It is no longer an issue. The Board attempted to keep the larger picture in mind when selecting the alignment, viewing it as the first leg of a metropolitan scale rapid transit system, rather than as a means of serving every center with this first phase. It is of course important to note that the Board has requested a special Hollywood Bowl study and is maintaining continuing interest in resolving the Crenshaw Station issue.

3. Joint Development

Joint Development and Value Capture strategies can recover a significant portion of the capital and operating costs of the system. It would be overly optimistic and misleading however, to state that these techniques will make the system totally self financing.

It is proposed that community desires be a major factor in determining the type of development that occurs in areas immediately surrounding the stations. There are several station areas where the local community does not want high density development. In some areas the needs and demands for moderate cost housing, for parks and open spaces, and for social services may take precedence over achieving the highest rate of revenue return to transit. This is a matter to be worked out in the specific and station masterplanning processes.

4. Value Recapture

The Hill Street alignment was selected by the Board over the Flower Street alignment because of construction problems associated with that alignment which would have substantially added to the cost of the system. For instance, utilities would have had to be relocated, building foundations reinforced, etc.

In addition, there is no evidence that the required 2/3's majority of the Flower Street property owners would support the formation of an assessment district whose assessment rate

was substantially higher than the rate which was planned for the Downtown People Mover. Such a rate would have been required to cover the construction costs of a Flower Street alignment. Further discussion of this issue is contained in the Milestone 3 Report.

5. Implementation of Development Principles in Hollywood and Downtown

Our patronage and development information indicates that the proposed Alternative A Hollywood/Cahuenga Station location is a viable generator in both categories. It is located in the City's planned "center" for the area, and has received City endorsement during both the Alternatives Analysis and the current Preliminary Engineering phases of project.

The inclusion of Alternatives B and C was based on more than just "engineering" considerations. The Intermediate Capacity Transit System (ICTS) proposed as part of both Alternatives, could provide rapid access to many points in and out of Hollywood that would not be directly served by Metro Rail, and would be located out of the automobile environment. The fact that those alternatives did not receive as much community support as did Alternative A does not necessarily invalidate their viability, but was of course very seriously considered in the decision by the District Board of Directors.

The Hollywood Bowl Station was rejected previously by the Board for predominantly financial reasons, but also because of voiced community opposition to the park/ride and other access functions at the station. During the recent Special Analysis in the Hollywood area, little community support was expressed for this station. As a result of the public hearing, and as noted above, the Board voted for a special Hollywood Bowl Study.

6. Overall Construction Cost and Speed of Development

The overall construction cost of modern rail rapid systems will vary greatly when compared on per mile basis. Some of the factors which account for this difference include: the time frame over which construction was accomplished, the

economic climate of the construction industry, the percentage of facilities located at-grade, below ground or above ground, the number and size of stations, and the overall length of the system.

District staff is extremely cognizant of the economic advantages of advancing the construction schedule. Each month construction of the Project is delayed will add over $10 million to the cost. Staff have taken a number of measures which will avoid delays in construction as follows:

A. An "Accelerated Joint Development and Preliminary Engineering Grant" has been secured from the Urban Mass Transportation Administration which will advance the design effort of six key stations to approximately the 80 percent level. This will allow all the Projects to take full advantage of joint development potential and initiate construction within one year of receipt of funds for final design and construction.

B. Plans are currently being developed for advanced right-of-way acquisition of certain key parcels required for the Project.

C. Identification of all "long lead" procurement and construction items under development.

D. A thorough review of the Master Schedule for Design and Construction is underway to identify means of advancing the construction period.

These measures will hopefully speed up the construction time significantly. As much as possible, staff are seeking ways to reduce the construction period to reduce costs.

7. Train Length and Station Cost

SCRTD staff is not 'insisting' on a six-car train for cost-cutting reasons. Cost effectiveness would be a better and more appropriate term. Our latest patronage estimates show that six-car trains can adequately handle expected riders on either the basic starter line or with expansion to a full regional system. At worst, during part of the morning and

evening peak hours, the car loading would be slightly higher than the figure of 170 passengers per car used in establishing the six-car train length. For the seventy-five foot car length, loading up to about 200 passengers per car would still allow reasonable space for individual passengers.

Substantial Federal participation in the funding of the system is anticipated. Their staff are most interested in (and concerned with) overdesigning, and will be extremely critical of elements that unduly increase cost.

Thank you for your comments. Should you have any further questions please contact Gary S. Spivack at 972-6170.

Sincerely,

John A. Dyer

LOS ANGELES CONSERVANCY

RECEIVED
OCT 15 1982
PLANNING DEPT.

October 14, 1982

MetroRail
Milestone 6
RTD
425 S. Main St.
Los Angeles, Ca. 90013

Re: Comments on Milestone 6

Milestone 6, dealing with land use and development, is extremely important in that it attempts to control and benefit from the significant land use impacts to be generated in the long run from the implementation of MetroRail.

The Los Angeles Conservancy is concerned that the planning process, for both specific station area masterplans and for joint development projects, include the identification and assessment of impacts on historic buildings.

Reference is made in the report to the preservation of existing neighborhoods, a position we concur with. However, we would like to add to this the preservation of significant historic resources, both individual landmarks and historic districts. Some of these resources have been identified by Westec in preparation of the EIS for the MetroRail stations. However, as the potential for joint development lies along the entire corridor, we want to be certain that the identification and protection of important historic buildings and districts is included in the planning process for all joint development projects.

We would suggest amending Joint Development Policy J-2 to read: "Establish a Metro Rail station area masterplanning and development process that preserves existing residential neighborhoods and historic resources, and protects small business interests."

Secondly, regarding the institutional framework for implementation of joint development projects, we would favor the second option, for SCRTD to enter into a cooperative agreement with the CRA. The CRA has a sound and well-established track record in quality urban development in Los Angeles, and one which is sensitive to the existing historic fabric of the city. They also have institutional mechanisms to be responsive to community concerns.

Thirdly, regarding the Metro Rail station area masterplan, we are concerned about the lack of sensitivity to the existing historic architectural environment in the identification of type three: major independent development. The inclusion of Union Station and Hollywood/ Cahuenga in this category seems highly inappropriate. The description of the existing community fabric notes only that there is not an extensive low-scale residential community; but there is a significant low-scale commercial community-which makes scale relations and buffering of uses a very important consideration.

This statement is inconsistent with the statement on p. B-2 relating

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LOS ANGELES CONSERVANCY

to Union Station, of the "Need to carefully relate any new construction to the architectural and site planning character of the historic Union Station." As a landmark listed on the National Register of Historic Places, new development should be carefully integrated with the existing character of the building in scale and design.

On Hollywood/Cahuenga, there are commercial buildings of the twenties and thirties with significant historic architecture. These buildings have been identified in a historic resources inventory conducted by Hollywood Revitalization Committee several years ago as a potential National Register Historic District, along with other adjacent buildings on the Hollywood Boulevard corridor. The Security Pacific Bank building is now undergoing restoration as a certified historic building, and the Julian Medical Building is also clearly eligible for the National Register as a major statement of Streamline Moderne design. We would strongly object to any designation in this area which involves the clearance of existing buildings for major redevelopment.

We thank you for this opportunity to comment, and look forward to continuing cooperation with you in the planning of MetroRail.

Sincerely yours,

Ruthann Lehrer

Ruthann Lehrer
Executive Director

cc: Steve Mikesell

4? 4?

849 SOUTH BROADWAY · SUITE 1225 · LOS ANGELES, CALIFORNIA 90014 · 213 623 2489

December 7, 1982

Ms. Ruthann Lehrer
Executive Director
Los Angeles Conservancy
849 So. Broadway - Suite 1225
Los Angeles, California 90014

Dear Ms. Lehrer:

Thank you for your comments regarding Milestone 6 in your letter dated October 14, 1982. Land use and development policies presented in Milestone 6 of the Metro Rail Project will have important implications and we recognize and appreciate the concerns of the Los Angeles Conservancy as they relate to the Project's impacts on historic buildings.

The Conservancy suggests that the entire Metro Rail corridor be surveyed for historic resources because of joint development stemming from the Metro Rail Project. We believe that an important separation has to be made between the impacts of known joint development proposals and the impacts of joint development projects not yet known.

An assessment of the project's impacts, which are of immediate concern, is being addressed by the second tier EIS. This assessment examines all resources around stations and other areas needed for the project such as for parking, bus bays, etc. These Areas of Potential Environmental Impact (APEI) have been drawn to include as much as possible known proposals for joint development. Impacts of unknown future joint development plans will need to be studied in the future, in separate environmental studies conducted during future joint development phases.

Your suggestion to add the phrase "historic resources" to the Joint Development Policy J-2 is a reasonable one. The policy will be amended as follows: "Establish a Metro Rail Station area masterplanning and development process that preserves existing residential neighborhoods and historic resources, and protects small business interests."

Regarding the comment that the Union Station and Hollywood/ Cahuenga locations are inappropriately placed in the master plan category of major independent development, described as Type Three in Milestone 6 Report, we believe that the inclusion of both locations is appropriate.

The actual area proposed for joint development at the Union Station location is in an industrial area. Neighboring industries provide a variety of scales and little or no buffering of uses. At the Hollywood/Cahuenga site, the potential for independent development is very high. However, the SCRTD recognizes the historic significance of both of these locations and will take measures to insure that the design will blend in with the existing structures to minimize any impacts. Historic preservation is not necessarily jeopardized by identifying an area as suitable for major independent development. This is particularly true for Union Station where major independent development need not interfere with the preservation of Union Station together with its historical function as the regional passenger train terminal.

Please let me know if you have any other questions.

Sincerely,

Gary S. Spivack
Director of Planning

LYON FINANCIAL CORPORATION

POST OFFICE BOX 2050 · BEVERLY HILLS, CALIFORNIA 902
AREA CODE 213 487-7352

September 10, 1982

RECEIVED
SEP 16 1
PLANNING DEPT.

Mr. Gary Spivack
RTD Metro Rail Project
Community Relations Department
425 South Main Street, 6th Floor
Los Angeles, California 90013

Dear Mr. Spivack:

It was with great interest that I attended the Thursday evening meeting of the Project Milestone, as I find the concept and approach appealing. Unfortunately due to lack of time we cannot make our comments relative to the discussion issues and your September 15th deadline.

Lyon Financial Corporation represents a multi-faceted financial organization. Since its inception, this organization has engaged in highly specialized financial transactions on a multi-national basis. As such we have worked with businesses and developers to obtain financing or investors for their projects. In addition, Lyon Financial also acts as principal, on occasion.

We plan to attend your next round of meetings. In the interim we would be happy to discuss how Lyon Financial Corporation might be of assistance regarding Project Milestone.

Cordially,

Helen Gibbel

Helen Gibbel

HG:mjb

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SEP 16 1982
G.S.S.

LYON FINANCIAL CORPORATION

POST OFFICE BOX 2050 · BEVERLY HILLS, CALIFORNIA 902
AREA CODE 213 487-736

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OCT 15 1982
PLANNING DEPT.

October 14, 1982

Mr. Gary Spivack
RTD Metro Rail Project
Community Relations Department
425 South Main Street, 6th floor
Los Angeles, California 90013

Dear Mr. Spivack:

It was a pleasure speaking with you after the September 29th meeting of the Milestone Six public meeting, held at the Texaco Building, concerning our interest in assisting the community and RTD in its endeavor. As we discussed, our present business is to assist businesses and developers in the procurement of their financial requirements and the proper presentation of their projects and/or businesses. In addition and on occasion Lyon Financial acts as principal as well as working with other financing sources.

Further to the above, our business expertise is in the area of financial and business management, crisis management, marketing, as well as personally being a real estate broker.

Our thinking as to how we can assist the RTD of our services would be twofold. Initially we would be happy to serve on any board or committee, dealing with the planning or implementation of the various subway stations as it relates to the community. Thereafter, at the appropriate time, we could be a referral by the RTD to business and developers as an independent consulting firm in the negotiations, presentation and implementation of leases, funding presentations or assist in developing funding sources, to name a few. These services we could perform on a fee for service basis and can be discussed at a more appropriate time. Alternatively, we, of course, would be happy to work with the RTD in any capacity on a consulting basis.

Further, as we discussed, we would like to suggest that, in our opinion, a broader approach be given to the whole presentation. As stated at the meetings the cost involved for the Starter line is extremely high. We are aware of your thinking on this point but feel that on a cost effective basis it would be more prudent to explain that plans are to add additional subways, therefore, the cost would be spread over the entire system and not just the initial subway, as expressed by several attendees to the meeting.

In addition we do feel that once the entire system is put into effect, in our opinion, there should be some impact on the smog situation. Hopefully there is an analysis concerning this matter.

We look forward to hearing from you regarding the above or any other area in which our firm can participate.

Best regards.

Cordially,

Helen Gibbel

HG:mjb

RTD

NOV 1982
RECEIVED

November 12, 1982

Ms. Helen Gibbel
Lyon Financial Corporation
Post Office Box 2050
Beverly Hills, CA 90213

Dear Ms. Gibbel:

Thank you for your constructive suggestions in your letter of October 14, 1982, concerning our Milestone 6 meetings.

Your comments concerning the spread of cost for the Metrorail Project over the entire system, including the extensions to the initial line, are well taken. I will make this point in future meetings so some initial costs may be saved in future extensions.

Parallel to the Preliminary Engineering process we are also preparing an Environmental Impact Statement (EIS). This report examines all environmental impacts, including air pollution levels which may be improved as a result of the Metrorail Project. The draft EIS will be completed during the first part of 1983 and comments regarding the environmental impacts will be reported at that time. In general, Metrorail impacts on air quality are minor, both positive and negative.

Your firm's services appear to be relevant to our project. At present, we are still developing strategies and policies for land use development and joint development ventures and have not yet dealt with the specific development details for each station.

At the appropriate time we may solicit expressions of interest from firms with business expertise such as yours in accordance with our usual procedures.

Thank you again for your comments.

Sincerely,

Gary S. Spivack
Director of Planning

Southern California Rapid Transit District 425 South Main Street, Los Angeles, California 90013 (213) 972-6000

@R-9-629-R

RECEIVED
SEP 15 1982
PASSENGER SERVICES
CUSTOMER RELATIONS

DUE DATE
SEP 2 5 1982

To: Southern California Rapid Transit District

Subject: For the Environmental Impact Draft Report Land Use and Development September 8, 1982

2a. It will create high density multiple use corridors if it is subway with the least impact on environment and existing neighborhood. It will create high density multiple use islands around terminal if elevated in a corridor fashion and add more negative to an already strained environment

2b. Designs for development of a region. S.C.R.A.T. has never done this type of project before. I believe S.C.R.A.T. should hire a firm who is knowledgable in this field. Before you do the latter you need to know what a region can support and its potential is for co-existing with other regionals.
Safety, street traffic, esthetics, noise, cleanliness, and the environment should be S.C.R.A.T.s utmost priority during construction and in the completed project.

2c. If S.C.R.A.T has approved plans for each region, station site, corridor by the public, it makes sense to use any incentives necessary to entice a developer or developers to participate.

Qd. Concessions from a developer should be sought for the right of development. Such as up keep, sharing of area, extra parking, rest areas, and a park.

e. It depends on what condition the community is in. A blighted area will have a positive effect. A well kept and successful area may have a negative effect from over loading of area with pedestrians and vehicle traffic.

f. Open access policy: It will be a good thing if it can be accomplished.
Station Area Master plan: Absolute necessity with re-development process where required.
Transfer for development: Good idea for high to low-medium 2 residential areas. But what about low-medium 1 to low, max. 7 units / Gross Acre?
On street parking permit: A must. All new development should have more than adequate parking as a requirement for the right for development.

Qg. Yes.

Qh. I would option? To use joint powers. But would like to know more about "T.C.D.C." I have worked with the C.R.A. since 1977 in the re-development of No. Hollywood, so I'm familiar with their mechanism.

Yours truly,
[illegible] Bigger

RTD

September 24, 1982
CR-9-629-P

Mr. Robert M. Burger
5246 Cleon
North Hollywood, California 91601

Dear Mr. Burger:

Thank you for your comments about the District's land use Milestone Report. All of your recommendationns concerning land use and development around the stations are being pursued by the District.

With respect to your concerns about elevated guideway structures, there are numerous examples of successful integration of modern aerial rapid transit right-of-ways and stations with surrounding land uses.

The District does plan to make use of existing expertise related to the complex issues involved in obtaining maximum community and development benefits in each of the station impact areas. This is one of the reasons joint powers agreements with the Los Angeles Community Redevelopment Agency are being favorably considered.

We will mail you a copy of the Draft Joint Development report as soon as it is printed. Your question about the option to use a Transit Corridor Development Corporation (TCDC) is explained more fully in this report.

Sincerely,

Original Signed By Tom Horne

Tom Horne
Passenger Service Supervisor

DM:cej

Mrs. Carl McCalla
4140 Camellia
Studio City, California 91604
September 14, 1982

Southern California Rapid Transit District
Metro Rail Project
425 South Main, 6th Floor
Los Angeles, CA 90013

Attention: Fred Etzel, Sr. Assoc. Sidway/Cooke
Robert Harmon; Robt J Harmon + Assoc.

Gentlemen:

"Opposite ends of the spectrum" best describes my feelings on land use and joint development for the Metrorail project in North Hollywood. This phrase is descriptive because what my recommendations would be if RTD goes with an underground system is radically different from what they would be if there is an aerial system.

I am assuming that if we succeed in obtaining a subway in North Hollywood, the stations too would be underground. The disruption to the community - once the construction is over - would be minimal and I would wholeheartedly support - and endorse - a joint venture (or some sort of private capital development) at these underground areas. This would be much like on the order of New York City's and Mexico City's (two I am familiar with). I feel there could/should be extensive underground development; as much as land use analyses says is necessary. I support the idea stated many times by the Coalition on Rapid Transit to develop private enterprises that could/would make our transportation system self-supporting.

However, IF there is an aerial system planned my recommendations for commercial development around the North Hollywood stations would be at a minimum. The Metrorail route out here is in a residential area and commercial development above ground would have a much greater impact on living conditions and residential lifestyle patterns. I would therefore be against almost all aboveground commercial (joint venture or any other) development with the possible exception of some sort of development at the station in downtown North Hollywood. Anything else would be detrimental to the community.

It was stated by either Mr Etgl or Mr Harm at the meeting on Sept. 8th that it wouldn't matter which system was chosen, the problems/questions would remain the same. I strongly disagree with that and would appreciate this letter and statement included in the record, along with a reply to my comments.

Most sincerely,
Judith McCalla
(Mrs. Carl McCalla)

RTD

October 25, 1982

Mrs. Carl McCalla
4140 Camellia
Studio City, California 91604

Dear Mrs. McCalla:

Thank you for your comments about the District's land use and development Milestone report. You suggest the District encourage joint development around the Metro Rail station in order to make the system as self-supporting as possible. This indeed is a major policy objective of the Metro Rail Milestone.

In terms of your question about joint development and aerial guideway structures, there are several examples of successful joint development projects in the newer rapid transit systems in this country.

Some examples are:

1. Integration of the Miami People Mover into a 70-story office structure in downtown Miami. In this case, the entire station will be built by the developer and integrated wholly into the development.

2. In Washington D. C., the White Flint station is currently being designed for integration into a new shopping mall. This project is located on the WMATA Red Line to Rockville, Maryland.

3. In Silver Spring, Maryland, also on the Red Line, major redevelopment around the aerial Silver Spring station and the aerial right-of-way is being planned as part of the revitalization effort for that city; and

4. In Virginia, the Huntington station, also on the Washington, D.C. system, a 50-acre site around the station is being reviewed for potential development opportunities.

As you are aware, the design of structures from the developers' point of view is to minimize the visual, noise, and vibration impacts attributable to the system. The main issue, however, is to address these concerns in advance of construction of the station and ultimate development. If the concerns are addressed early, then successful integration can be effectuated both in terms of planning and engineering design. Milestone 6 is oriented to accomplish this early integration.

Enclosed is a copy of the draft Joint Development report. The policy recommendation in this report will be presented to the District's Board of Directors at a public hearing to be held on November 17 at 1:00 p.m. at the District's headquarters located at 425 S. Main Street in downtown Los Angeles. I urge you to attend this meeting and to make your comments known to the Board and other members of the public in attendance.

Should you have any further questions, please call me at (213) 972-6170.

Sincerely,

Gary S. Spivack
Director of Planning

Enclosure

EDWARD R. ROYBAL
25TH DISTRICT, CALIFORNIA

2211 RAYBURN OFFICE BUILDING
WASHINGTON, D.C. 20515

LOS ANGELES OFFICE:
ROOM 7106, NEW FEDERAL P.O. BLDG.
300 N. LOS ANGELES STREET
LOS ANGELES, CALIFORNIA 90012
TELEPHONE: 688-4870

Congress of the United States
House of Representatives
Washington, D.C. 20515

COMMITTEE ON APPROPRIATIONS
CHAIRMAN,
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TREASURY-POSTAL SERVICE
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HOUSING AND CONSUMER INTERESTS

September 10, 1982

RECEIVED
SEP 16 1982
GENERAL MANAGER
S.C.R.T.D.

Mr. John A. Dyer
General Manager
Southern California Rapid
Transit District
425 South Main Street
Los Angeles, California 90013

Dear Mr. Dyer:

I am enclosing correspondence I have received from my constituent, Mr. Samuel Schiffer, concerning RTD's Metro Rail Project.

I would appreciate your assistance in responding to the concerns Mr. Schiffer raises in his statement which was presented at the RTD public hearing on July 29th. A copy of your response directed to my Los Angeles office will also be appreciated.

Thank you for your attention in this matter.

Sincerely,

Edward R. Roybal

EDWARD R. ROYBAL
Member of Congress

ERR:yc
Enclosure

STATEMENT AT RTD METRO RAIL PROJECT PUBLIC HEARING
RTD HEADQUARTERS, 425 S. MAIN ST., LOS ANGELES

July 29, 1982
S. Schiffer
Highland Park

My name is Samuel Schiffer. I live in Highland Park. I am an engineer by education and occupation.

The announcement for this Hearing reads in part: "..the most important issues pertaining to the RTD's Metro Rail Project will undergo public scrutiny..More than 1800 people have attended 18 public meetings where various recommendations..were presented..RTD staff has considered and reponded to the questions and comments raised during the meetings.."

This is a mis-statement.

I have attended a number of these public meetings. Verbally and in writing, I have pointed out several serious faults in the design of the proposed Wilshire subway. At no time has RTD staff responded in public to my criticisms.

May I recapitulate.

Firstly, the Wilshire subway is not 'rapid' transit'.
The state legislature created the Southern California Rapid Transit District in 1964 with a mandate to build "a rail rapid transit system". In 1974, the voters approved Proposition 5 to use a portion of state gasoline taxes "for rapid transit development". And, in its Milestone 3, RTD describes the proposed Wilshire subway as "rail rapid transit".

Yet, the proposed system shows 7 stations spaced approximately one-half mile apart. At such close spacing, average train speed between stations, allowing for station stop time, will be about 25 miles per hour.

The New York subway, designed about 1900, reached the same speed. In 1982, 25 miles per hour is simply not "rapid transit"; the Wilshire subway is obsolete before it gets off the drawing-board.

None of RTD's voluminous reports discloses the average speed between stations. I conclude RTD does not want the people of Los Angeles to understand the projected system's sub-standard performance.

Secondly, the Wilshire subway has an excessive number of 90° turns.
As currently laid out, the Wilshire subway will have six 90° turns in a distance of 18.6 miles. Each pair of transverse rail car wheels is mounted rigidly on a solid axle. Even though the rails may be banked for one given speed on a curve, the wheel flanges will scrape the rails at other speeds subjecting passengers to nerve-wracking 'screams'. None of RTD's reports mentions this fault.

Thirdly, Wilshire reports do not consider increased land values.
From experience in other cities, land values around a subway station increase by some 500% because of the public's investment. Rationally, the increased land value created by our investment should be recovered for the public. RTD does not mention this important element either.

Fourthly, RTD does not examine community destruction.
The system now shows a station at Alvarado near Wilshire Boulevard, in the heart of a Latino community of low-income families and small shops and stores. Should the Alvarado station increase land values 500%, the existing residents and shopkeepers will find rentals sky-rocketing. So they will be forced into worse areas, and their community will be destroyed.

Also, the system proposes three stations on Fairfax Avenue through a Jewish community of similar low-income people and small businesses.

RTD does not mention this factor either.

Some of you may know that the city of San Diego recently inaugurated a highly successful rail transit system. Since San Diego rail covers 15.9 miles against the Wilshire subway's 18.6 miles, the two are comparable.

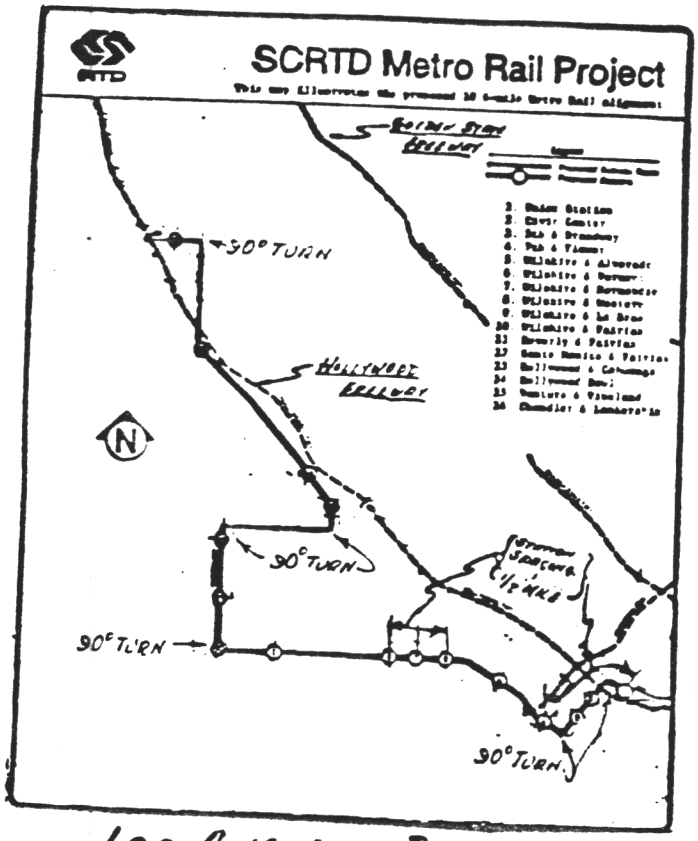
The San Diego system has a single half-mile station spacing against Wilshire's
5. So, San Diego's average speed between stations is higher than Wilshire's.

Again, San Diego has a single 90° curve while Wilshire has six. So, passenger comfort on the San Diego is superior to Wilshire's.

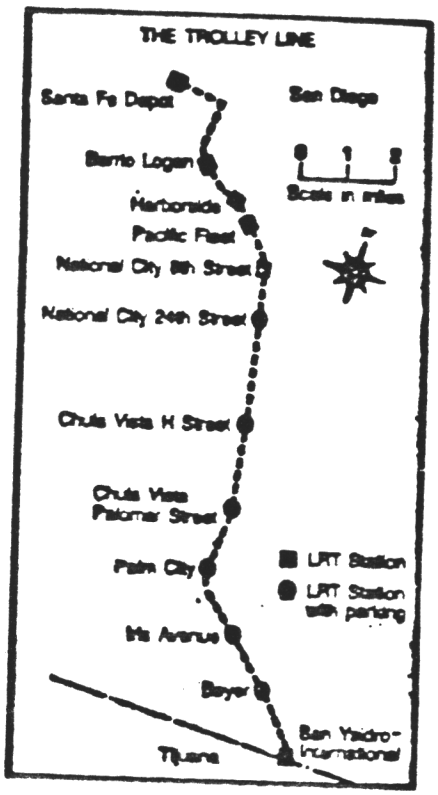
Finally, the San Diego system cost $86 million against the Wilshire subway's estimated $2 billion.

The conclusion: For an expenditure 20 times as great as in San Diego, the Wilshire subway will afford a slower, less comfortable ride! Therefore, the proposed Wilshire subway portends a billion dollar disaster for Los Angeles.

We should send the Wilshire design back to the engineers for more study.



LOS ANGELES PROPOSED WILSHIRE SUBWAY



SAN DIEGO OPERATING TROLLEY

LENGTH:	18.7 MILES	15.9 MILES
NUMBER OF STATIONS:	16	12
AVERAGE DISTANCE BETWEEN STATIONS:	1.17 MILES	1.33 MILES
NUMBER OF HALF-MILE RUNS BETWEEN STATIONS:	5	1
NUMBER OF 90° CURVES:	6	1
COST	$2 BILLION (I)	$86 MILLION
COST PER MILE	$107 MILLION	$54 MILLION

Light rail prevails

While incredibly costly subway construction continues in the Northeast, some cities, especially in the West, have been pursuing economical so-called light rail transit.

That is a term contrived by federal bureaucrats to describe the trolley car or street railway. They once laced cities from coast to coast, starting with horse-drawn carriages. Ironically, the first remotely powered street railway was not in the then congesting Northeast. It was a San Francisco cable-car line that opened in 1873. At least 10 other cities followed suit. The first citywide streetcar system appeared in Montgomery, Ala., in 1886. Trolley fever followed, and Los Angeles installed one of the largest metropolitan systems. Interurban connections came next. One could whiz along the East Coast from New Jersey to Maine at 40 mph.

About 10 years ago when spiffy automated personal rapid-transit schemes were challenging even the most expensive rail-transit plans, a long-time transportation engineer said wistfully, "You know, the old streetcars could do everything for us that these expensive people movers can."

We are finally waking up to that. This week we report on a developing streetcar plan for Sacramento and bids on the first Portland, Ore., light-rail contract (see p. 13). At the same time, San Diego's trolley line—opened only last year—has become so popular that even though patrons complain about having to stand they have abandoned their autos for the opportunity, according to a recent survey. The city has ordered more coaches.

Such lines offer high-level service for $6 million a mile or less, a bargain cost. And they take little time to clear approvals and move to completion.

* "ENGINEERING NEWS-RECORD"

RTD

John A. Dyer
General Manager

RECEIVED
SCRTD
OCT 18 1982
MGR. CHIEF ENGINEER
METRO RAIL PROJECT

OCT 8 1982

The Honorable Edward R. Roybal
Congressman - 25th District
300 N. Los Angeles Street, Ste. 7106
Los Angeles, CA. 90012

Dear Congressman Roybal:

Thank you for your letter of September 10, in which you forwarded correspondence from Mr. Samuel Schiffer. Enclosed is a copy of the RTD's response to Mr. Schiffer's questions.

Thank you again for your continued interest in the RTD.

Respectfully,

John A. Dyer

Enclosure

RTD

October 5, 1982
G-9-710-RT(T)

Mr. Samuel Schiffer
729 Onarga Avenue
Los Angeles, California 90042

Dear Mr. Schiffer:

Thank you for your recent inquiries regarding the proposed Metro Rail Project. District staff is pleased to answer any questions you may have about the system.

1. Distance Between Stations and Train Speed

Because accessibility is critical to the success of a transit system, stations must be planned at points along the alignment that can best accommodate the anticipated patronage. Failure to locate stations with proper spacing could result in overcrowding of other stations, or loss of passengers and revenue to the system. Half mile intervals are common on other contemporary rail systems and still allow greater speed than other travel modes in congested areas such as downtown and the Wilshire corridor. The Metro Rail starter line will have speeds comparable to those of all of the new rail rapid transit systems all over the world--top speed of about 70 mph and an average speed over the entire line of approximately 35 mph, including station dwell times of 30 seconds. While there are special high-speed passenger rail lines in operation in several parts of the world, these are long-haul, interurban lines with stations many miles apart. The distance and average speed between stations has been published in RTD's Milestone 1 Report, and a table showing those figures is attached to this letter.

2. Speed and Safety Through Turns

Because there are several alternatives for the proposed route, the number and degree of turns is not definite. While there will be some 90 degree changes in direction, this in no way means that these would be sharp right-angle turns. The important determinants as to speed through turns are the radius of the curve and the amount of superelevation of the track provided, not the

extent of change in direction. RTD plans to use the maximum radius possible at each curve and adequate superelevation to allow speeds of at least 40 mph to be safely and comfortably achieved on all system curves.

3. Public Benefit From Increased Land Values

Consistent with precedents established in other cities, the District will seek station capital and maintenance cost sharing agreements from developers and/or owners of buildings directly connected to the station facilities to enable the public to recapture some of the economic benefits resulting from the Metro Rail System. Consideration is also being given to establishing benefit assessment district to offset system costs.

4. Economic Impacts to Local Areas

RTD anticipates that some possible relocation may occur as a result of implementing the Metro Rail System. However, it should be noted that much of the relocation is likely to occur in transitional commercial/residential districts which would eventually require redevelopment in any case, the rail line will merely act as a catalyst to more clearly define and accelerate this redevelopment. The economic influence of the system would result in many positive benefits including more jobs and an improved economic climate in these areas. The District intends to provide information services and brochures, and to work in conjuction with other local agencies to attempt to minimize relocation problems to assure financial and other assistance to all eligible parties. However, it is anticipated that the positive benefits from the starter line will far outweigh the negative impacts to the areas involved.

5. Comparison With San Diego Trolley

It is not accurate to compare the Metro Rail System to the San Diego Trolley. While the length of the lines may be similar, the San Diego Trolley is a light rail surface system serving a relatively low density corridor. The Metro Rail is a heavy rail subway system

designed for a high density corridor. Much of the additional cost of this system is due to the need to tunnel the right-of-way below ground because of surface congestion.

The District staff thanks you for your inquiry and we hope that your questions have been adequately answered. All information provided in this letter was directly obtained from RTD's Milestone Reports. Your participation in the planning of this important project and your interest in public transportation is appreciated.

Sincerely,

John A. Dyer

Attachment

RECEIVED
SEP 29 1982
G.S.S.

729 Omarga Avenue
Los Angeles, Calif. 90042
September 12, 1982

RTD Metro Rail Project
Community Relations Dept.
425 S. Main St., 6th Floor
Los Angeles, Calif. 90013

Gentlemen:

At the September 7th Milestone 6 Meeting on Fairfax Avenue, you requested comments on Joint Development and Land Use for inclusion in the Preliminary Draft Report. --This is in reference to the proposed Wilshire subway.

Accordingly, may I offer the following suggestions:

#1 Preservation of Residential Community
As you know, Fairfax Avenue runs through the heart of a Jewish area many of whose residents are poor and elderly. There is currently a serious shortage of low- and moderate-income housing in Los Angeles--the vacancy ratio is of the order of 1%. Major development of the three 30 million dollar stations now shown on Fairfax will increase residentail rentals far beyond what people can pay. As a result, tenants will be forced to move into more costly and remote housing: the existing community will be destroyed.

Therefore, in order to avoid destruction of the Fairfax Jewish community:
(a) Fairfax Avenue stations should have no residential or commercial development.
(b) An assessment district should be created surrounding each station to recapture all of the increased land value created by the public's 30 million dollar investment in the RTD station. Hopefully, this would slow speculation.

#2 Preservation of Small Business
A large number of small businesses are presently located in the Fairfax district. Major development of the stations on Fairfax will increase store rentals drastically, driving small business people out in the same manner as low-income residents. To protect existing small businesses, as before,
(a) Stations should have no commercial developments or concessions.
(b) As before, there should be an assessment district around each station.

#3 Minimizing Fairfax District Disruption
Two of the three stations now shown on Fairfax Avenue should be eliminated, with surface buses bringing passengers to the remaining station. This will:
(a) Minimize disruption of the existing residential and commercial community.
(b) Save some 60 million dollars.
(c) Speed up service on the line by increasing distances between stations.

#4 Eliminate Alvarado Station
The proposed RTD station at Wilshire and Alvarado is in the heart of a Latino community occupied by low-income renters and small business people. In the same manner as in the Fairfax District, the proposed station will destroy the

existing Latino community. The Alvarado station should be eliminated in order to:

(a) Preserve an irreplaceable Latino district.
(b) Save the 30-million dollar station cost.
(c) Speed up train service.

Sincerely yours,

Samuel Schiffer

cc: Hon. E. Yaroslavsky, Councilman
O.R.T.L.A.
Rev. P. Twerling

RTD

October 5, 1982
G-9-710-RT(T)

Mr. Samuel Schiffer
729 Onarga Avenue
Los Angeles, California 90042

Dear Mr. Schiffer:

Thank you for your recent inquiries regarding the proposed Metrorail project. District staff is pleased to answer any questions you may have about the system.

1. Distance Between Stations and Train Speed

Because accessibility is critical to the success of a transit system, stations must be planned at points along the alignment that can best accommodate the anticipated patronage. Failure to locate stations with proper spacing could result in overcrowding of other stations, or loss of passengers and revenue to the system. Half mile intervals are common on other contemporary rail systems and still allow greater speed than other travel modes in congested areas such as downtown and the Wilshire corridor. The Metrorail starter line will have speeds comparable to those of all of the new rail rapid transit systems all over the world--top speed of about 70 mph and an average speed over the entire line of approximately 35 mph, including station dwell times of 30 seconds. While there are special high-speed passenger rail lines in operation in several parts of the world, these are long-haul, interurban lines with stations many miles apart. The distance and average speed between stations has been published in RTD's Milestone 1 Report, and a table showing those figures is attached to this letter.

2. Speed and Safety Through Turns

Because there are several alternatives for the proposed route, the number and degree of turns is not definite. While there will be some 90 degree changes in direction, this in no way means that these would be sharp right-angle turns. The important determinants as to speed through turns

are the radius of the curve and the amount of superelevation of the track provided, not the extent of change in direction. RTD plans to use the maximum radius possible at each curve and adequate superelevation to allow speeds of at least 40 mph to be safely and comfortably achieved on all system curves.

3. Public Benefit From Increased Land Values

Consistent with precedents established in other cities, the District will seek station capital and maintenance cost sharing agreements from developers and/or owners of buildings directly connected to the station facilities to enable the public to recaptuure some of the economic benefits resulting from the Metrorail system. Consideration is also being given to establishing benefit assessment districts to offset system costs.

4. Economic Impacts to Local Areas

RTD anticipates that some possible relocation may occur as a result of implementing the Metrorail System. However, it should be noted that much of the relocation is likely to occur in transitional commercial/residential districts which would eventually require redevelopment in any case; the rail line will merely act as a catalyst to more clearly define and accelerattе this redevelopment. The economic influence of the system would result in many positive benefits including more jobs and an improved economic climate in these areas. The District intends to provide information services and brochures, and to work in conjuction with other local agencies to attempt to minimize relocation problems to assure financial and other assistance to all eligible parties. However, it is anticipated that the positive benefits from the starter line will far outweigh the negative impacts to the areas involved.

5. Comparison With San Diego Trolley

It is not accurate to compare the Metrorail system to the San Diego Trolley. While the length of the lines may be similar, the San Diego Trolley is a light rail surface system serving a relatively low

density corridor. The Metrorail is a heavy rail subway system designed for a high density corridor. Much of the additional cost of this system is due to the need to tunnel the right-of-way below ground because of surface congestion.

The District staff thanks you for your inquiry and we hope that your questions have ben adequately answered. All information provided in this letter was directly obtained from MTD's Milestone reports. Your participation in the planning of this important project and your interest in public transportation is appreciated.

Sincerely,

/s/

John A. Dyer

Attachment

729 Charle Avenue
Los Angeles, Calif. 90042
October 11, 1982

Mr. John A. Dyer, General Manager
Southern California Rapid Transit District
425 South Main Street
Los Angeles, Calif. 90013

RECEIVED
OCT 19 1982
PASSENGER SERVICES
CUSTOMER RELATIONS

Dear Mr. Dyer:

Thank you for your courteous letter of October 5, 1982.

I assume you are replying to my statement at the RTD Metro Rail Hearing on the proposed Wilshire subway of July 29, 1982, although you do not say so explicitly.

I now duplicate pertinent elements of my July 29th statement (SS Statement), your response (RTD Response), as well as added comments and questions (Comments and Questions).

A. Public Discussion

SS Statement:

I have attended a number of these public meetings. Verbally and in writing, I have pointed out several serious faults in the design of the proposed Wilshire subway. At no time has RTD staff responded in public to my criticisms.

RTD Response:
None.

Comment:
Will RTD publish my July 29th statement and your October 5th letter in Metrorail Reports for the public to evaluate?

1. Distance Between Stations and Train Speed

SS Statement:

the proposed system shows 7 stations spaced approximately one-half mile apart. At such close spacing, average train speed between stations, allowing for station stop time, will be about 25 miles per hour.

The New York subway, designed about 1900, reached the same speed. In 1982, 25 miles per hour is simply not "rapid transit"; the Wilshire subway is obsolete before it gets off the drawing-board.

None of RTD's voluminous reports discloses the average speed between stations. I conclude RTD does not want the people of Los Angeles to understand the projected system's sub-standard performance.

RTD Response:
The Metrorail starter line will have ...
...top speed of about 70 mph and an average speed over the entire line of approximately 35 mph, including station dwell times of 30 seconds. ... The distance and average speed between stations has been published in RTD's Milestone 1 Report, and a table showing these figures is attached to this letter.

/.

METRO RAIL STARTER LINE
STATION-STATION DISTANCE AND AVERAGE SPEED

FROM	TO	DISTANCE (FEET)	AVERAGE RUNNING SPEED* (MPH)
Union Station	Civic Center	4,365	39
Civic Center	Fifth/Broadway	2,775	34
Fifth/Broadway	Seventh/Flower	2,825	32
Seventh/Flower	Wilshire/Alvarado	6,275	48 ...

*Running speed does not include the station dwell time (the time the train spends stopped in the station).

The average speed of the Metro Rail system including station dwell times is 35 mph.

Comment and Questions:
The listed average speed between stations is misleading because it omits station stop time, 30 seconds.

For the four stations tabulated, average speed between stations, allowing for 30 second dwell time at the station, works out, in miles per hour, to 28.0, 22.0, 21.4, and 36.0.

--Will RTD add these figures to its table in the Milestone I Report?

2. Speed and Safety Through Turns

SS Statement:
As currently laid out, the Wilshire subway will have six 90° turns in a distance of 18.6 miles. Each pair of transverse rail car wheels is mounted rigidly on a solid axle. Even though the rails may be banked for one given speed on a curve, the wheel flanges will scrape the rails at other speeds subjecting passengers to nerve-wracking 'screams'. None of RTD's reports mentions this fault.

RTD Response:
The important determinants as to speed through turns are the radius of the curve and the amount of superelevation of the track provided, not the extent of change in direction. RTD plans to use the maximum radius possible at each curve and adequate superelevation to allow speeds of at least 40 mph to be safely and comfortably achieved on all system curves.

Comment and Questions:
It is possible to bank the rail for one fixed speed only. If the running speed is below the design bank-speed, wheel flanges scrape the rail at one side. If the running speed is higher, wheel flanges scrape the rail on the other side.

In the half-mile run from Fifth/Broadway to Seventh/Flower, the train will accelerate or decerate continously; there will be no constant speed. So wheel flanges will scrape rails for the entire curve creating a continous "scream".

3. Public Benefit From Increased Land Values

SS Statement:

From experience in other cities, land values around a subway station increase by some 500% because of the public's investment. Rationally, the increased land value created by our investment should be recovered for the public. RTD does not mention this important element either.

RTD Response:

Consistent with precedents established in other cities, the District will seek station capital and maintenance cost sharing agreements from developers and/or owners of buildings directly connected to the station facilities to enable the public to recapture some of the economic benefits resulting from the Metrorail system. Consideration is also being given to establishing benefit assessment districts to offset system costs.

Comment and Question:

It is true that RTD is now looking at increased land values created by the public's investment of 30 million dollars in each station.

--Will RTD recapture 100% of this increased value?

4. Economic Impacts to Local Areas

SS Statement:

Fourthly, RTD does not examine community destruction.
The system now shows a station at Alvarado near Wilshire Boulevard, in the heart of a Latino community of low-income families and small shops and stores. Should the Alvarado station increase land values 500%, the existing residents and shop-keepers will find rentals sky-rocketing. So they will be forced into worse areas, and their community will be destroyed.

Also, the system proposes three stations on Fairfax Avenue through a Jewish community of similar low-income people and small businesses.

RTD does not mention this factor either.

RTD Response:

RTD anticipates that some possible relocation may occur as a result of implementing the Metrorail System... The economic influence of the system would result in many positive benefits including more jobs and an improved economic climate in these areas... However, it is anticipated that the positive benefits from the starter line will far outweigh the negative impacts to the areas involved.

Comment and Question:

What steps will RTD take to prevent destruction of the existing communities through escalating rentals for low-income renters and shop-keepers?

5. Comparison With San Diego Trolley

SS Statment:

Some of you may know that the city of San Diego recently inaugurated a highly successful rail transit system. Since San Diego rail covers 15.9 miles against the Wilshire subway's 18.6 miles, the two are comparable.

The San Diego system has a single half-mile station spacing against Wilshire's 5. So, San Diego's average speed between stations is higher than Wilshire's.

Again, San Diego has a single 90° curve while Wilshire has six. So, passenger comfort on the San Diego is superior to Wilshire's.

Finally, the San Diego system cost $86 million against the Wilshire subway's estimated $2 billion.

The conclusion: For an expenditure 20 times as great as in San Diego, the Wilshire subway will afford a slower, less comfortable ride! Therefore, the proposed Wilshire subway portends a billion dollar disaster for Los Angeles.

RTD Response:

It is not accurate to compare the Metrorail system to the San Diego Trolley. While the length of the lines may be similar, the San Diego Trolley is a light rail surface system serving a relatively low density corridor. The Metrorail is a heavy rail subway system designed for a high density corridor. Much of the additional cost of this system is due to the need to tunnel the right-of-way below ground because of surface congestion.

Comment and Question:

The San Diego system can be converted for heavy traffic at relatively small expense by grade separation at crossings and by lengthening trains and stations. So the comparison between the proposed Wilshire subway and the San Diego system remains valid.

--Will RTD publish this material in its Milestone Reports to let the public judge?

Sincerely yours,

Samuel Schiffer

cc: Hon. E. Roybal, M.C.
Senator David Roberti
Hon. Z. Yaroslavsky, Councilman
Hon. E. Bernardi, Councilman
O.M.T.L.A.

RTD

DEC 3 1982

C-18-727-RT(T)

Mr. [illegible] Schiffer
72[illegible] Charge Avenue
Los Angeles, California 90042

Dear Mr. Schiffer:

I appreciate this opportunity to provide the further clarification you requested concerning the Metro Rail Project. As you are aware, the District's fundamental goal is to encourage the public's full participation in this important decision making process.

You are correct that we have instituted a procedure of incorporating community input into the Milestone Appendix which is presented to our Board. Of course, only those comments which are relevant to issues associated with the milestone under consideration are included in the appendix. Accordingly, I would like to assure you that your input was considered and the pertinent issues you raised were addressed in Milestone 6 (Land Use and Development); and your comments relating to Milestone 7 (Safety, Security and System Assurance) are certainly welcome. Conversely, I must take issue with your statement "at no time has RTD staff responded in public to my comments and questions." In fact, your rapid transit concern have been answered by my staff at several Milestone Meetings, with more comprehensive responses provided in my letters to you.

With regard to your specific inquiries, I shall address each of your comments in order below.

Issue: The listed average speed between stations is misleading because it omits station stop time, 30 seconds. For the four stations tabulated, average speed between stations, allowing for 30 second dwell time at the station, works out, in miles per hour, to 25.0, 22.0, 21.4 and 20.[illegible].

Will RTD add these figures to its table in the Milestone I Report?

Response: Average speed between stations is typically computed without including station dwell times. The Milestone I Report was adopted by the SCRTD Board on August 12, 1982, with speeds computed in this manner. We do not think the suggested change is warranted.

[illegible] Pelliter
[illegible]

Issue: It is possible to bank the rail for one fixed speed only. If the running speed is below the design bank-speed, wheel flanges scrape the rail at one side. If the running speed is higher, wheel flanges scrape the rail on the other side.

In the half-mile run from Fifth/Broadway to Seventh/Flower, the train will accelerate or decelerate continuously; there will be no constant speed. So wheel flanges will scrape rails for the entire curve creating a continuous "screen".

Response: In this curve, about 1000 feet in radius, the train will be operating at the civil speed limit (45 mph.) shortly after entering the curve.

This is true for both directions of travel. The speed through the curve will be held constant at 45 mph and the rail will be "banked" for that speed. Therefore, there will be little (if any) extra noise due to the fact that the train is going through this curve.

Further, the car will be sound-proofed to the degree necessary to reduce such exterior noise to an acceptable limit. Because this is in a subway section, any noise generated should not have an impact on the surroundings.

Issue: Will RTD capture 100% of increased land value?

Response: No

Issue: What steps will RTD take to prevent destruction of existing communities?

Response: As presented at each of the ten Milestone 3 meetings and again to the RTD Board, the two keys to joint development are 1) the master planning process and 2) maintenance of a high degree of citizen participation.

The master planning process is expressly established to mitigate the adverse impacts of increased development pressure. At this point, the RTD has no power to allow for introduction of inverted rent structures or to

require provision of substitute housing in a station area. If the Milestone 6 policies are adopted by the Board, staff will be in a position to seek to establish with the appropriate authorities: (1) to plan with the community, (2) control land use in station areas, and (3) provide relief to affected renting communities. In one example, small business potentially displaced by a redevelopment project will be offered the right to become part of the larger project. Inverted rent structures, (i.e., limited subsidies), would permit this integration into the new development. This approach can also be taken for substitute housing. As noted previously, some relocation may be necessary. Expenses related to those displacements are provided for in the adopted Acquisition and Relocation Policy Document, Milestone 5. Together, Milestones 5 and 6 will provide tools to maintain the unique character of particular communities.

I also must reiterate that an accurate comparison cannot be made between a medium capacity "light rail" system (such as the trolley operating in San Diego or the San Francisco cable cars) and the High Capacity System that is now being considered. A more complete discussion of this issue is included in my correspondence of October 5, 1982.

Again, thank you for your continued interest in the Metro Rail Project.

Sincerely,

John A. Dyer

cc: The Honorable David Roberti
The Honorable Edward Roybal
The Honorable Zev Yaroslavsky
The Honorable Ernani Bernardi

SN:cea

bcc: D. Engleberg
S. Mugford
A. Nishimura
A. Perdon
A. Reyes
C. Spivack✓

729 Onarga Avenue
Los Angeles, Calif. 90042
October 24, 1982

Mr. John A. Dyer, General Manager
Southern California Rapid Transit District
425 South Main Street
Los Angeles, Calif. 90013

Dear Mr. Dyer:

As you know, the proposed Wilshire subway is estimated to cost two billion dollars of the public's money. Stations will cost 30 millions each. Each completed underground mile will average 100 millions.

The Southern California Rapid Transit District will supervise design and construction of the Wilshire subway. Because of the 30 million dollar investment at each station, there will be a major impact on surrounding property values, on residents, and on business people.

A project of this magnitude requires careful observance of well-tried procedures in conducting the public's business prudently. These may be summarized:

1. The powers of the supervising body--RTD--should be explicitly defined.
2. Metro Rail should conduct public hearings on all phases of the project with affected citizen groups advised of possible problems in time for study.
3. To assure accountability to the citizens, the Metro Rail project should be required to issue an Annual Report whose correctness is certified by an independent Certified Public Accountant.
4. Major decisions should be decided by majority vote at the ballot box.

At this time, the Metro Rail project has not observed these guidelines.

Suppose we take each point in turn.

1. Explicit Definition of Metro Rail Powers.

On page II-6 of its Milestone 6 Preliminary Draft Report on "Land Use and Development"--cited as 'Milestone 6' hereafter--, RTD states it "..selected the cooperative agreement as the preferred institutional arrangement.. This approach does not require the creation of a new institution..with the related time delays and potential political conflicts.."

Contray to RTD's intention, a new legal institution with carefully defined powers is essential to assure that political differences are resolved in advance. Such definition is necessary for clarity and public accountability.

2. Public Hearings With Affected Groups.

Page II-4, Milestone 6 says that RTD will "continue to recognize the importance of community values and participation.."

And, in the October 13th "News-Herald & Journal," you are quoted as saying "We explained these (land acquisition)policies, procedures, and payments to more than 250 persons who attended three public meetings in the Wilshire District, Fairfax, and North Hollywood in early March.."

The fact is that all of the persons present at the meetings were large or small property-owners. There were no renters, although the numbers of rented quarters throughout the district run into the tens of thousands. RTD made no effort to inform Jewish or Latino citizen organizations of the destructive 30 million dollar subway stations would have on the Fairfax community or on the Latino community adjacent to Alvarado.

RTD's effort to "recognize the importance of community values and participation" was sadly lacking.

3. Public Accountability--Annual Report Signed by Certified Public Accountant. Milestone 6, page II-18 says: "All revenues from the station cost-sharing and value capture agreements will be dedicated to the SCRTD and publicly accounted for in the District's annual financial report."

This is not good enough for a 2-billion dollar expenditure of the public's money.

Every corporation traded on the stock-exchange is required to issue an Annual Report where the major elements of its operations are spelled out. The Report must be certified for correctness and completeness by a Certified Public Accountant.

Since the Wilshire subway will spend billions of dollars and will take several years in construction, good business practice requires a complete Annual Report signed by a C.P.A. The Report should cover money receipts and expenditures, extent of construction and demolition, numbers of residents and businesses relocated, and other data necessary for an understanding of the project performance. It should be completely separate from other RTD activities.

4. Major Decisions Voted by the Public at the Ballot Box. Milestone 6, page II-12 says: "In cooperation with the Community Redevelopment Agency (CRA)..the District shall formulate a joint development program for each of the Metro Rail station areas.."

For many years, CRA has destroyed low-and moderate-income neighborhoods in Bunker Hill, Monterey Hills, and Pico-Union while subsidizing wealthy corporations. CRA has never issued an Annual Report. Joint action with CRA should be reduced to a minimum and should be undertaken only with City Council approval in each instance.

Unless responsibly planned, each 30-million dollar station may have a disastrous effect on the surrounding neighborhood, particularly in the Jewish Fairfax district and in the Latino Alvarado community. Before any station area plan is adopted, a majority vote at the ballot box by the surrounding community should be mandatory.

Similarly, no bonds should be issued without a majority vote of Los Angeles citizens.

Lacking the precautions enumerated above, Milestone 6 looks very much like an RTD grab for unlimited, dictatorial powers.

Sincerely yours,

Samuel Schiffer

Samuel Schiffer

cc: Hon. E. Roybal M.C.
Senator David Roberti
Hon Z. Yaroslavski, Councilman
Hon. E. Bernardi, Councilman
Rev. P. Zwerling
O.M.T.L.A.

Southern California Rapid Transit District • 425 So. Main St. • Los Angeles, Calif. 90013 • Telephone: (213) 972-6000

NOV 26 1982

G-10-1352-RT

Mr. Samuel Schiffer
729 Onarga Avenue
Los Angeles, California 90042

Dear Mr. Schiffer:

Thank you for your letter of October 29, 1982 concerning Milestone 6. You have raised four significant issues and I would like to review them carefully.

Note, Question 2 dealing with public access to information really comprises two issues. One is the issue related to public involvement and the second is related to Milestone 6 procedures. Each of your issues will be answered in turn.

1. EXPLICIT DEFINITION OF METRO RAIL POWERS

First, Metro Rail is not an entity but rather it is a department within the District charged with specific duties like bus transportation or maintenance. Accordingly, the main purpose of that department is to complete the preliminary engineering phase for the rail line and to submit required federal, state, and local documentation of sufficient quality and depth to justify a positive funding decision.

Milestone 6 reports on the current thinking of RTD staff and that of its consultants related to joint development and value capture strategies. The report presents a rationale for pursuing these strategies through cooperative agreements in order to eliminate the creation of additional quasi-public corporations, independent boards, and new significant staff resources all having duplicative powers. As you may be aware, the City and County both have specific and redevelopment plan processes. To change those processes to accommodate a new entity adds complexity rather than reducing it and in all probability makes it more difficult to provide the public safeguards you desire.

The ultimate legal entity established as a result of these cooperative agreements has yet to be determined. However, I can assure you that the powers, responsibilities, and limitations will be clearly spelled out.

2a. PUBLIC HEARINGS WITH AFFECTED GROUPS

The RTD has an extensive public outreach program to attempt to involve area residents and propery owners in the analysis and decision making process. Additionally, affected public officials are also kept informed directly and in advance of public meetings in an attempt to understand local impacts more fully.

I regret that the public-at-large does not attend our meetings to the extent possible. For each of the twelve Milestones, for instance, two rounds of cititzen meetings in neighborhoods, and a public hearing at the RTD Board are held for review and comment. It should also be pointed out that any resident or other interested party may address the Board at any meeting to provide information, ask questions, or make their view known.

The RTD maintains an extensive mailing list of people, organizations, associations, and other groups that may be affected by the rail system. Public meetings are advertised in the newspaper well in advance. Finally, individuals can always call our Community Relations Offices to obtain information.

I find it difficult to provide more avenues to discuss issues, answer questions, or obtain information. I would welcome your thoughts on how to get more public involvement.

2b. PUBLIC HEARINGS AND MILESTONE 6

The process for involving the public in area planning is well defined by local planning agencies and by the General Plan Guidelines. In the case of the Community Redevelopment Agency of the City of Los Angeles, for example, citizen advisory committees are established to work through the process evaluating alternatives and/or interacting directly with technical staff. The plans so developed must be adopted by the Los Angeles City Council or County of Los Angeles Board of Supervisors and have the effect of an ordinance. Suggested changes as well as the initial adoption of the plan are open to the public.

The master planning process called for in the Milestone 6 document will key on established procedures but focus on the station areas. Every opportunity for cititzen participation will be provided.

3. PUBLIC ACCOUNTABILITY

The District now publishes an annual report which is reviewed and certified by an independent audit firm. Your suggestion is well taken and will be presented to the Board for potential incorporation into our current document.

You should also be aware that Community Redevelopment Agency also is subject to an annual independent audit and like the RTD must have its budget approved by a Board of Directors. The Community Redevelopment Agency must go one step further and submit to review by the City Council as well.

4. PUBLIC DECISIONS AT THE BALLOT BOX

The Community Redevelopment Agency's past policies have involved projects where large scale clearance programs were utilized. However, there has been a change in policy. The Agency now works to revitalize blighted areas within the context of the existing neighborhood.

The Community Redevelopment Agency of Los Angeles operates under and was created pursuant to the California Law and Statutes. These laws and statutes provide reporting and operating requirements which the Agency must comply with. Among the requirements are the following:

A. 20% of all tax increment funds allocated to the Agency must be used for the purpose of increasing and improving the community's supply of low and moderate income housing at affordable housing cost.

B. Whenever dwelling units housing low and moderate income families are destroyed or removed from the low and moderate income housing market they shall be replaced with units affordable to low and moderate income families.

C. The City Council must approve all redevelopment plans and amendments to redevelopment plans.

D. The Agency is required to issue annual financial and operating reports on its programs. Moreover, the various federal agencies which fund agency projects have specific reporting requirements.

Additionally, whenever the Agency establishes a project it also establishes a Project Area Committee (PAC). The PAC is an advisory committee composed of people with interests in the project area. The Agency consults the PAC on issues that will effect their community.

Since 1967 the Agency has assisted in the construction of 7,057 units of which 4,415 are for low and moderate income residents. An additional 6,100 units of housing is in the planning stage or under negotiation.

Your request to have every project reviewed at the ballot box is no guarantee that the residents, untouched by other attempts to bring them into the planning process, will make an informed decision. As noted above, station area specific plans must be adopted by the governing body and have the effect of an ordinance. The use of any joint development tool, i.e., providing tax-exemptions to corporations is closely scrutinized by the Community Redevelopment Agency Board and the City Council. In effect, sufficient avenues to provide public accountability exist. Forcing votes on every issue related to development will unduly complicate the process and reduce the regions' ability to defray some of the public investment with private funds.

I can assure you that all of the developments will be responsibly planned, reviewed extensively, and discussed publicly.

Please let me know if you have any further questions. I invite you to continue participating in the Metro Rail process as much as possible and hope that you will become a member of the specific planning committee efforts.

Sincerely,

John A. Dyer

cc: The Honorable David A. Roberti
The Honorable Edward Roybal
The Honorable Zev Yaroslavski
The Honorable Ernani Bernardi

STATE OF CALIFORNIA
SENATE
SACRAMENTO, CALIFORNIA 95814

DAVID ROBERTI
PRESIDENT PRO TEMPORE

RECEIVED
NOV 18 1982
GENERAL MANAGER
S.C.R.T.D.

November 12, 1982

Mr. John A. Dyer, General Manager
Southern California Rapid Transit District
425 South Main Street
Los Angeles, CA 90013

Dear Mr. Dyer:

In recent weeks I have received numerous letters from a constituent, Mr. Samuel Schiffer, relative to his frustration with RTD. Mr. Schiffer contends that despite RTD's announcement that they would include all public correspondance in their preliminary draft report for the Wilshire Subway, his written comments were not included.

I would appreciate it very much if one of your staff could contact Mr. Schiffer to either rectify the situation, or give an explanation as to why his correspondance was not included. Please send me a copy of the response as well.

Mr. Schiffer can be contacted as follows:

Mr. Samuel Schiffer
729 Onarga Avenue
Los Angeles, CA 90042
(213) 254-2956

Your prompt consideration of this matter is greatly appreciated.

Sincerely,

David Roberti.

DAVID ROBERTI

DR:babb

RECEIVED
NOV 22 1982
PASSENGER SERVICES
CUSTOMER RELATIONS

RTD

DEC 3 1982

G-11-713-RT(T)

RECEIVED
DEC 7 1982
G.S.S.

The Honorable David Roberti
President Pro Tempore of the
Senate
State Capitol
Sacramento, California 95814

Dear Senator Roberti:

Thank you for your recent letter on behalf of your constituent, Mr. Samuel Schiffer, regarding a lack of response, on our part, to his concerns.

A thorough examination of our files indicates that we have received two letters (G-9-710-RT and G-10-1352-RT) from Mr. Schiffer; both of which were answered. Perhaps you have already received a carbon copy of our reply to his most recent letter, however, I have enclosed copies of each for your review. You will note that each letter contains a lengthy response to the complex issues Mr. Schiffer raises. In keeping with our Metro Rail Public Involvement Program, Mr. Schiffer's concerns have been given serious consideration and we encourage his continued participation. I also draw your attention to the fact that Mr. Schiffer has discussed these issues with staff members on a number of occasions.

With regard to publication of the public's input, we have instituted a procedure of incorporating inquiries and observations from the community into the Milestone Appendix presented to our Board. Of course, only those comments which are relevant to the issues associated with the milestone under consideration are included. Consequently, I would like to assure you that Mr. Schiffer's input was considered and the pertinent issues he raised were addressed in Milestone 6 (Land Use and Development); and we also have solicited his comments relating to Milestone 7 (Safety, Security and System Assurance).

Again, my thanks for your interest in the matter and if I can be of further assistance please contact me.

Sincerely,

John A. Dyer

Enclosures

TH:cwa

bcc: E. Engelbery A. Perdon

AUG 06 1982

29 July 1982

Fifth District
Field Office

Mr. Michael Antonovich
23241 Ventura Blvd.
Woodland Hills, CA

Dear Mr. Antonovich:

It is evident from recent publicity and the grant of $9 million from the U.S. Department of Transportation that RTD Metrorail is working up a new plan to be submitted to the voters in a year or so for approval of financing for the Wilshire Subway, as it is commonly known.

This proposal is doomed to voter disapproval, if it asks all the voters in the city (or county) to pay for a very expensive system that benefits relatively few people, perhaps 100,000. Seven times in the last seventy years, such proposals have been turned down, for the basic reason that people in the San Fernando Valley and West Los Angeles do not benefit, and don't want to pay the bill.

However, this apparent liability can be turned into an asset. All the property owners along the chosen route, will realize a large appreciation in property values. The swath affected is about a half mile on both sides of the subway. This property appreciation, as shown by studies of cities like Toronto, Canada, is sufficient to pay off all local costs through appropriate taxation or cost assessment.

Why not form a special district, geographically close to the proposed Metrorail Subway, including those property owners whose tenants and/or employees will use the subway? A special property tax could be designed to cover local costs of the system, assuming that the Urban Mass Transit Authority of the Federal government would cover the bulk of the costs, usually 80%. Let the citizens of that zone and all of the property owners vote on the plan. It is their privilege to decide whether the benefits are worth the cost.

Past history in other cities shows strong growth around new subways, in the form of new high rise buildings. By asking these direct beneficiaries to approve a cost assessment, the logic of an effective subway system can result in a "yes" vote. The Metrorail corridor would then form the backbone of a vitalized urban zone.

Very truly yours,

A. J. R. Schneider

5167 Collett Avenue
Encino, CA 91436

I V dupr. Antonovich

OCT 4 1982

G-9-412-RT (PR)

Mr. A.J.R. Schneider
5167 Collett Avenue
Encino, California 91436

Dear Mr. Schneider:

I join Supervisor Antonovich in welcoming your comments and concern regarding the Metro Rail Project and appreciate this opportunity to briefly discuss its impact on the residents of Los Angeles County.

The project, called the "Wilshire Starter Line", is the initial 18.6 mile segment of the ultimate Metro Rail Rapid Transit System. This initial line starts at Union Station, goes through downtown Los Angeles, follows west along Wilshire Boulevard, turns north on Fairfax, passes through Hollywood and Cahuenga Pass to Universal City and terminates at Laurel Canyon and Chandler in North Hollywood. With 16 stations over its length, this line will serve the heart of the Los Angeles Metropolitan Region (called the "Regional Core") and tie together its most densely populated areas (please refer to the enclosed map). Unlike most cities, it will not be simply a "bedroom community-to-downtown" line, for it traverses a highly developed commercial, employment and residental area.

Our preliminary studies indicate that a conservative estimate of 300,000 daily riders will travel by rail during the first year of operation. Moreover, considering that bus routes will be modified to serve as "feeders" for the Metro Rail it is conceivable that the initial ridership will exceed our expectations.

Quite apart from the positive benefits Metro Rail will provide the residents of San Fernando Valley, vehicular congestion is another compelling reason why we are quickly proceeding with the design and engineering of the Metro Rail Project. Of course, rail rapid transit is more economical to operate; for example, one train operator can carry as many passengers as 14 buses and 28 operators. This means fuel savings, less pollution, faster service and substantially lower overhead costs. The public transit ridership in the Los Angeles Regional Core is expected to soar to the millionth mark in less than 10 years. To address this increased need would place an additional 600 buses on the

streets in the downtown area. In plain fact, the surface street systems probably cannot accommodate that many additional buses along with the 40,000 or so additional autos that will be required as well. Los Angeles would find itself virtually strangled by vehicular congestion. On the other hand, a subway underneath the crowded streets could actually reduce surface congestion by removing some 300,000 passengers a day from buses and autos. Completely unseen in these densely populated/employment centers and uninhibited by surface traffic and signals, Metro Rail will move people faster, more conveniently and safer than any other mode of transit.

By 1990 (the planned completion date), the subway line is estimated to have a total cost for design and construction of approximately $2 Billion in 1990 dollars (assuming an 8% per year inflation rate from 1977). Eighty percent (80%) of this total cost, called the "Federal share", will be furnished by the Federal Urban Mass Transportation Administration (UMTA) funds. The remaining 20%, called the "local share", will come from state resources.

With respect to your concerns about the creation of tax assessment districts around station areas, these and other kinds of "value capture" mechanisms are currently being explored in our Milestone 6 Study (please see enclosure) on development and land use. At public meeetings this month, citizens and developers have been reviewing our proposed policies that will guide these kinds of activities.

I trust the above responds to your concerns and if I can be of further assistance please contact me.

Sincerely,

John A. Dyer

Enclosure

cc: The Honorable Michael D. Antonovich
RTD Director Nick Patsaouras

TH:cej

bcc: C. Brown
A. Reyes

Board of Supervisors
County of Los Angeles

MICHAEL D. ANTONOVICH
SUPERVISOR FIFTH DISTRICT

RECEIVED
SEP 7 1982
GENERAL MANAGER
S.C.R.T.D.

August 26, 1982

Mr. A.J.R. Schneider
5167 Collett Avenue
Encino, California 91436

Dear Mr. Schneider:

Thank you for your recent correspondence expressing your concern with regard to the Rapid Transit District's Metro-rail Wilshire Subway.

In order that you may receive a prompt reply to your concern, I am taking the liberty of forwarding a copy of your correspondence to Mr. John Dyer, General Manager of the Rapid Transit District, and further am sending a copy to my appointee to the Board of Directors, Mr. Nick Patsaouras, for his review.

I am certain you will be hearing from Mr. Dyer shortly in this regard.

Sincerely,

MICHAEL D. ANTONOVICH
Supervisor, Fifth District

MDA:alp

cc: Mr. John Dyer, General Manager
Rapid Transit District
Mr. Nick Patsaouras

RECEIVED
OCT 14 1982
GENERAL MANAGER
S.C.R.T.D.

MEMBERS OF THE BOARD
PETER F. SCHABARUM
KENNETH HAHN
EDMUND D. EDELMAN
DEANE DANA
MICHAEL D. ANTONOVICH

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES
821 HALL OF ADMINISTRATION / LOS ANGELES, CALIFORNIA 90012

EDMUND D. EDELMAN
SUPERVISOR THIRD DISTRICT
974-3333

October 6, 1982

Dr. A. J. R. Schneider
5167 Collett Avenue
Encino, California 91436

Dear Dr. Schneider:

Thank you for your letter regarding the financing of the Southern California Rapid Transit District (RTD) Metro Line.

I greatly appreciate your innovative suggestion of capturing the increased property value as a way to help finance the Metro Line. By copy of this letter, I am forwarding your suggestion directly to John Dyer, the General Manager of the RTD, so that they may evaluate the feasibility of using this financing mechanism for the Metro Rail.

Thank you again for your interest in this important matter. Please do not hesitate to contact me whenever I may be of assistance to you.

Very truly yours,

EDMUND D. EDELMAN
Supervisor
Third District

EDE:bgv

cc: Mr. John Dyer

7.09 3 1982

29 July 1982

Mr. Ed Edelman
14617 Victory Blvd.
Van Nuys, CA

11691

Dear Mr. Edelman:

It is evident from recent publicity and the grant of $9 million from the U.S. Department of Transportation that RTD Metrorail is working up a new plan to be submitted to the voters in a year or so for approval of financing for the Wilshire Subway, as it is commonly known.

This proposal is doomed to voter disapproval, if it asks all the voters in the city (or county) to pay for a very expensive system that benefits relatively few people, perhaps 100,000. Seven times in the last seventy years, such proposals have been turned down, for the basic reason that people in the San Fernando Valley and West Los Angeles do not benefit, and don't want to pay the bill.

However, this apparent liability can be turned into an asset. All the property owners along the chosen route, will realize a large appreciation in property values. The swath affected is about a half mile on both sides of the subway. This property appreciation, as shown by studies of cities like Toronto, Canada, is sufficient to pay off all local costs through appropriate taxation or cost assessment.

Why not form a special district, geographically close to the proposed Metrorail Subway, including those property owners whose tenants and/or employees will use the subway? A special property tax could be designed to cover local costs of the system, assuming that the Urban Mass Transit Authority of the Federal government would cover the bulk of the costs, usually 80%. Let the citizens of that zone and all of the property owners vote on the plan. It is their privilege to decide whether the benefits are worth the cost.

Past history in other cities shows strong growth around new subways, in the form of new high rise buildings. By asking these direct beneficiaries to approve a cost assessment, the logic of an effective subway system can result in a "yes" vote. The Metrorail corridor would then form the backbone of a vitalized urban zone.

Very truly yours,

A. J. R. Schneider

5167 Collett Avenue
Encino, CA 91436

RTD

NOV 1 0 1982

G-10-728-P

The Honorable Edmund D. Edelman
Supervisor - Third District
County of Los Angeles
821 Hall of Administration
Los Angeles, California 90012

Dear Supervisor Edelman:

This is in response to your correspondence of October 6, 1982, on behalf of Dr. A.J.R. Schneider. I previously received and responded to a copy of Dr. Schneider's letter, which had been forwarded to me by Supervisor Antonovich. Accordingly, a copy of my response has been enclosed to complete your file.

Sincerely,

John A. Dyer

Attachment (G-9-412-RT/PR)

SM:cea

bcc: C. Brown (w/attach G-9-412-RT/PR)
A. Reyes (w/attach G-9-412-RT/PR)

ADDITIONAL QUESTIONS AND RESPONSES:

The Board has been asked to support two types of legislation. The first kind deals with the application of joint revenue net profits to capital cost construction. The second type involves requirements that a percentage of all joint development revenues in excess of construction costs, remain in the community where they are generated. The District agrees with the promotion of legislation which would allow for the application of joint revenue net profits to capital construction which may not be funded by the federal government or other sources. The District does not at this time, however, support legislation which would require that a percentage of the joint development revenues not needed to cover the cost of capital construction, be spent in the community where they are generated. This is an issue which will be dealt with during the master planning process. The Board will have to decide what to do with any surplus revenues, and whether the public interest is best served when this decision is embodied in legislation or incorporated into station specific agreements.

The suggestion has been made that public corporations be formed for each station capable of intense complementary joint development, to allow the local community to give 'adequate' input. However, it is the District's opinion that this would be ill advised. It is much better to have one entity which is responsible, than to have a number of different boards. One entity is more easily held accountable and publicly tracked. The joint development entity - whatever its form - will encourage the continued active participation of the public and Special Analysis Committees during the design and construction phases of the project.

Several people have indicated opposition to an anti-speculation capital gains tax. They feel it would be harmful to North Hollywood residents. It should be pointed out that the purpose of this tax is to dampen speculation and eliminate the possibility that private speculative interests will buy up property around the stations and inordinately raise land prices. This type of speculation would be costly for both the general public and the local residents. Any increase in property costs for SCRTD is an increase in costs for the general public. Speculation results in a decrease in the stock of rental housing. For instance, renters who are displaced because of speculation, rather than because of development, may suffer because they will have to pay their own relocation costs. This tax is only a proposal. Tne specific design of the tax has yet to be developed. If enacted, tax would be used in conjunction with another tool described as transfer of development rights, which would allow the residents to share in the profits of development and at the same time retain their homes. Thus, it is unlikely that this tax would harm residents.

The question has been asked as to whether RTD will consider the use of bonds to offset construction costs. RTD currently has the authority to issue revenue bonds, but these funds cannot be earmarked for particular areas. The possibility of issuing bonds against particular joint development projects will be investigated at a later date.

John A. Dyer
General Manager

January 25, 1983

TO: Board of Directors

FROM: John A. Dyer

SUBJECT: MILESTONE SIX REPORT

RECOMMENDATIONS

It is recommended that the Board adopt the Milestone Six Report with the changes detailed in Attachment "A" and that the Board authorize the General Manager to develop action programs to implement the policies therein.

BACKGROUND

The Milestone Six Report presents a comprehensive set of land use development objectives and policies for the Metro Rail Project. Adoption of these policies constitutes the first step in the development and implementation of joint development and value capture strategies for generating revenue to help defray the capital and operating costs of the Wilshire Corridor Starter Line and future Metro Rail extensions.

The purposes of the report are (1) to establish a set of general land use and development policies and objectives; (2) to explain the rationale for, and some of the determinants of these policies; (3) to give a brief explanation of the major joint development and value capture options, including limitations and advantages; and (4) to provide a preliminary statement of implementation requirements.

During the next phase of the land use and development process, known as the Masterplanning process, more specific action plans will be formulated and decisions will be made as to which joint development/value capture techniques are best suited for particular station locations.

The report enjoys the support of a number of groups and agencies including UMTA, SCAG and the Coalition for Rapid Transit.

The District solicited comments on the Milestone 6 Report from both private individuals and public agencies. These comments have resulted in the recommendation of a number of changes in the document. These recommended changes are explained in Attachment "A".

In addition to the ten community meetings held during the development of the Milestone 6 Report summarized in the appendix of the Draft Report, a

public hearing was held on November 17, 1982, to allow both the public and various agencies to comment on the document. A synopsis of the comments made during the hearing is given in Attachment "B". This attachment is included as an appendix to the Final Report.

A number of letters were also received from concerned individuals and agencies. A summary of the concerns expressed in these letters is provided in Attachment "C" along with a brief review of District staff responses. The actual letters and RTD's responses are included as an appendix to the Final Milestone 6 Report.

RECOMMENDED APPROACH

The Milestone 6 Report states SCRTD's joint development and value capture policies and objectives, and details the institutional arrangement for successful packaging of joint development projects. In order to successfully package joint development there are essentially five major capabilities that must be entrusted to the entity directing this process. These fundamental capabilities are as follows: (1) comprehensive planning and redevelopment coordination; (2) station facility and related transportation service design and location authority; (3) real estate project packaging resources and direction; (4) ombudsmen support and interagency representation capability; and (5) financial leverage resources and value capture authority.

In order to create an entity with these capabilities SCRTD will enter into cooperative agreements with the Community Redevelopment Agency of Los Angeles, the City of Los Angeles, Los Angeles County, and other agencies, as required. This specialized entity will: (1) direct a comprehensive station area masterplanning process at each Metro Rail Station; (2) package specific joint development projects; (3) negotiate appropriate and equitable value capture agreements and administer other joint development mechanisms; (4) provide ombudsmen support services to facilitate other joint development project implementation; and (5) monitor the implementation of the Metro Rail station masterplans.

In this way, SCRTD will foster a land use development pattern which is consistent with the centers concept adopted by the regional agencies. This process will be consistent with community desires and will generate revenues to help defray the capital, operating and maintenance costs of the system.

Respectfully,

John A. Dyer

By: J. T. Stubbs
Acting Manager of
Planning and Marketing

By: G. S. Spivack
Director of Planning

Attachments

ATTACHMENT "A"

SUMMARY OF CHANGES

Note: Additions and changes are underlined.

1. In accordance with the suggestion made by the Los Angeles Conservancy, Joint Development Policy J-2 will be modified to read: "Establish a Metro Rail Station area masterplanning and development process that preserves existing residential neighborhoods and historic resources, and protects small business interests."

2. As per the request of UMTA, Objective V-1 will be changed to read: "Establish the principle that the District shall use value capture/benefit sharing mechanisms to enable the public to share in private sector windfalls created by transit investments and to avoid the inequitable distributions of windfalls through speculation".

3. Objective V-4 will be modified to read: "In the long-term require new development to share in the costs of constructing and operating transit facilities." The change was suggested by UMTA.

4. Objective J-f will be expanded to state that: "The SCRTD shall assume an active private/public coventure position in connection with implementation of Metro Rail system joint development program. Along this vein, the District will seek to defray the cost of Metro Rail construction and to attain and sustain the highest level of system operational revenue return, without interfering with the private sector marketplace". The change was recommended by UMTA.

5. As per UMTA's request, on page II-13 under Policy Implementation, Sentence 1, Paragraph 1, will be changed to read: "The implementation of the SCRTD joint development policy will require the establishment or designation of highly qualified financial and real estate project packaging staff whose time will be solely devoted to carrying out the adopted Metro Rail Joint Development Program.

6. The subsections Joint Development, Taxation Approach, Advertising and Concessions under Policy Element Four-Value Capture, will be underlined to make it clearer that the policy decisions are grouped around various value capture mechanisms.

7. A new objective will be added which will state that the District will seek a franchise fee from public operators and private paratransit operators desiring to use Station facilities for their operations. This policy, regarding the coordination of transit access points at Metro Rail Stations is added as a result of the UMTA's adopted Paratransit Policy (Docket No. 82-k, Federal Register vol. 47, No. 201, pp. 46410) which liberalizes extensively the application of paratransit operations within existing transit Districts. It is important, given limited bus facilities being provided at stations, that the District retain full control over facilities provided for patron access. Ample precedent for this kind of fee and control

exists in the Los Angeles area. The District has required other operators to share in the costs of shared District transit facilities. Staff believes that this type of fee constitutes an additional appropriate private/public coventure strategy which will help reduce the substantial public investment cost of on and off street terminal space.

ATTACHMENT "B"

SUMMARY OF COMMENTS FROM PUBLIC HEARING
ON MILESTONE 6 - NOVEMBER 17, 1982
(Listed in Alphabetical Order)

A. Comments in General Support of Proposed Milestone 6 Policies and Procedures from Public Agencies' Representatives

1. Bob Chave, Assistant Planning Director
Los Angeles County Regional Planning Commission

In particular, support the District's intent to rely on specific station area plans to be developed by Los Angeles City and by the Regional Planning Commission for the station in West Hollywood (Fairfax and Santa Monica).

2. Don Cosgrove, Senior Deputy Administrator
Los Angeles Community Redevelopment Agency

Support the proposed cooperative agreement approach between RTD and CRA.

3. Abraham (Abe) Falick, Chairman
Coalition for Rapid Transit

Support the stated intent of Milestone 6 to use private sector financing to fund a portion of the Metro Rail costs. Approve of the planned cooperative approach with the Los Angeles CRA. Raised several concerns about the special route alternatives study underway for the Hollywood community.

4. Bill Wells, Manager, Transit Planning Section of Southern California Association of Governments (SCAG)

The SCAG growth forecast is reinforced by the Milestone 6 report with respect to support for the centers concept and for intensification of development around the rail stations. Support proposed establishment of cooperative agreements. The District needs to clarify certain technical aspects concerning the manner in which benefit assessment districts and tax increment financing are implemented.

B. Statements of General Support from General Public Regarding Milestone 6

1. Susan Shedlow
2. Wayne Wright

C. Other Comments in Regard to Milestone 6

1. Joe Ketchen

Universal Studios recommends a move of the station location on Lankershim. Will capital gains tax be applied to homes after they are sold?

Response:

The precise location of the Universal City Station remains to be determined. A capital gains tax, if implemented, would apply to an amount the seller obtains for sale of real property above the expected appreciation for the location of the property. For example, if a property generally increases in value at 10% per year and with the addition of the rail station the property increases in value at a rate of 12% per year. A tax could be applied to the difference between the expected increase (10%) and the station value added (12%) increase. Hence, the tax would be applied on 2% or the appreciated value.

2. Ruthann Lehrer, Executive Director
The Los Angeles Conservancy

The Los Angeles Conservancy believes the entire corridor should be surveyed for impact to historic properties. Add "historic resources" to Joint Development Policy J-2. Favors cooperative agreement with CRA. Union Station and Hollywood/Cahuenga should not be included in the category of type three major independent development.

Response:

The District agrees to add protection of "historic resources" to the Joint Development Policy J-2 within the Milestone 6 report.

The District believes that the Union Station and Hollywood/Cahuenga locations are appropriately placed in the master plan category of major independent development, described as Type Three in Milestone 6 report. However, the SCRTD recognizes the historic significance of both of these locations and will take measures to insure that the design will blend in with the existing structures to minimize any impacts. Historic preservation is not necessarily jeopardized by identifying an area as suitable for major independent development. This is particularly true for Union Station where major independent development

need not interfere with the preservation of Union Station together with its historical function as the regional passenger train terminal.

3. Mike Malak - Chairman, North Hollywood Special Analysis Committee

North Hollywood CAC favors joint development and has taken great care to select station locations which will maximize joint development possibilities. A station on Lankershim could be justified because the additional costs could be borne by joint development. Joint development profits should be left in the community where they are generated. Local community must have input in the architectural design of joint development projects. As an individual, he opposes a capital gains tax. Increases in property values due to Metro Rail will be impossible to determine. Suggests use of local and state bonds to be repaid by joint development to allow North Hollywood to develop their station areas to the maximum feasible extent.

Response:

The value of leaving joint development profits in the community where they are generated must be balanced with the fact that a portion of these profits, or "windfalls" where gained as a result of the Metro Rail project which will be funded largely, if not exclusively, by the general taxpayers.

A capital gains tax would be directed only at the increment of real estate appreciation attributable to speculation and would not attempt to tax value appreciation resulting from the general increase in real estate values. This tax, if imposed in a particular situation, would be in addition to state and federal taxes. Consideration of this mechanism has not progressed to the point to address the issues of the taxing entity and revenue receiving entity. This tax would not discourage the present property owner from participating in joint development. If used, this tax would encourage present property owners to (1) develop their properties, (2) sell them directly to developers, or (3) in combination with another tool, known as Transfer of Development Rights (TDR), maintain their home but sharing in the appreciation created by the rail line. Application of TDR, as explained in the report allows sale of development incentives to developers. This is accomplished by having the owner agree not to develop his property beyond the current level of improvement. The developer buys, therefore, the rights to develop that property and transfers these rights to the station area. The use of these tools would help lower the public cost of acquisition as property owners would not be selling their properties to speculators who in turn would sell to developers at higher cost.

4. Joe Markham

Cities are losing millions of dollars to CRA who is beating the little man out of his home. Gave examples of CRA takings in San Gabriel Valley.

Response:

Tax increment financing does result in some loss of tax proceeds to agencies which receive property tax revenues from general area-wide property tax rates. Alternatively, tax increment financing makes possible redevelopment projects which have the potential, as demonstrated throughout the state, to substantially upgrade areas in social and economic decline. This effect, in many cases will avoid social and economic costs otherwise borne by both the private and public sectors.

In recent years, redevelopment agency practices have been much more sensitive to the need to protect small property owners and tenants from possible adverse effects of redevelopment projects. The Community Redevelopment Agency of Los Angeles is no exception. Whenever the agency establishes a project, it also establishes a Project Area Committee (PAC). The PAC is an advisory committee composed of people with interests in the project area. The agency consults the PAC on issues that will affect their community. It should be mentioned that since 1967, the CRA has assisted in the construction of 7,057 units of which 4,415 are for low and moderate income residents. An additional 6,100 units of housing is in the planning stage or under negotiation.

5. Greg Roberts, Member
North Hollywood Project Area Committee (PAC)

The PAC does not include "property-less" tenants and bus riders and, therefore, does not represent the views of these groups.

Response:

The Citizen Advisory Committee (CAC) and Project Area Committee (PAC)--community participation process is open to the entire community. In some cases, participants are required to be persons who either live or work in the area in order to insure these committees are representative of local interests. Publicity is given to these community meetings. Small business and residential tenants are equally welcome to participate in these committees, along with residential and business property owners and with large commercial tenants. It is difficult, however, to get small business tenants and apartment tenants to participate in this process. Attempts are made to provide adequate notice of meetings as well as holding meetings during

work and non-work hours. Unfortunately, some people cannot be attracted to these types of meetings. However, it should be noted that the RTD maintains additional communication links with citizens via the Board, telephone information lines, and where appropriate individual staff can also answer directly.

6. Samuel Schiffer

Because of the cost of this project and the major impact on neighborhoods, powers of RTD need to be defined explicitly; public hearings on possible effects need to be held with affected groups to assure public accountability. RTD should issue a CPA certified annual report. Major decisions should be decided by the ballot box.

Response:

Milestone 6 proposes joint development and value capture strategies. The report presents a rationale for pursuing these strategies through cooperative agreements in order to eliminate the creation of additional quasi-public corporations, independent boards, and new significant staff resources all having duplicative powers. The City and County both have specific and redevelopment plan processes. To change those processes to accommodate a new entity adds complexity rather than reducing it and in all probability makes it more difficult to provide the public safeguards as to public accountability and clear divisions of responsibility.

The District has an extensive public outreach program to attempt to involve area residents and property owners in the analysis and decision-making process. Unfortunately, the public at large does not attend District's hearings, Board meetings and community meetings to the extent possible. The District would welcome efforts of private organizations to help disseminate District information and to help obtain more community participation in meetings toward the objective of obtaining the broadest possible community representation in the District's decision-making process.

The District now publishes an annual report which is reviewed and certified by an independent audit firm. The District maintains a high level of accountability and political responsiveness through its policy making board consisting of eleven members. These are elected and appointed through several selection mechanisms to insure broad representation within the District. Decisions determining the level of funding for the District are the result of a combination of decisions made by the U.S. Congress in conjunction with decisions made by the Secretary of the U.S. Department of Transportation and by a similar combination of executive and legislative decisions made

at the State level. In addition, two funding sources were approved directly by the voters. In 1976, through a referendum, the people of California voted to authorize up to one quarter of State gasoline tax funds for guideway (rapid transit) construction, contingent upon a separate approval for each county.

Also in 1976, through a county referendum, Los Angeles County voters authorized use of up to one-quarter of the County's share of state gasoline tax funds for guideway construction. Lastly, in 1980 the voters of Los Angeles County approved a one-half cent increase in the sales tax to fund capital and operating costs for public transportation within the county.

6. Mike Walker
Studio City/North Hollywood Community Action Group

Studio City Community Action urges the use of underground parking and storage areas to reduce the need for taking of property. Opposes large stations because areas cannot handle the impacts. Suggests smaller stations. Opposes benefit assessment districts because costs to property owners are not known. RTD will lose control if developers own joint development projects. Anti-speculation clause will "stick" homeowners 10 years from now.

Response:

Underground parking is several times more expensive to build compared to surface or multi-level above ground parking. It is not considered financially feasible unless possibly it would be a part of a large joint development project.

Benefit assessment districts will be investigated by the District. If used, the size of any district will vary from station to station according to the geographic distribution of the benefit. The legal concept of the assessment district involves an important protection to assessed property owners. That concept is that assessments must not exceed benefits accruing to the property which are subject to court review for the protection of the assessed property owners.

The studied capital gains tax, intended to reduce the profitability of speculative property acquisitions which provide no community benefits, would not interfere with the ability of property owners to financially gain from property appreciation resulting from general increases in land values in the community.

7. John Welborn, Member
Wilshire-West Citizens Advisory Committee (CAC)

Representative of Wilshire West CAC, complimented staff on report, especially on Chapter 3 in which the critical interrelations between land use and the project are discussed. Also Chapter 4, in which the Cities Centers concept is discussed, is very important. Noted corrections in Appendix C-10. The zoning around Wilshire-Crenshaw site is CR-Park Mile. Next sentence states - "most areas are R-1". It should read that most areas are zoned RE-15. The report says "strong community pressure would inhibit development", - when in fact zoning would prevent development. Under the bullet items (page C-10) - planning and design issues - if zoning is left as is, the possibility of development is virtually nill. Buses, kiss and ride and parking will have impact on residences, since this would be a change from the status quo.

Response:

Corrections have been made to Appendix C-10 to reflect the latest decisions of the adopted community plan for the area.

Both community pressure and zoning affects the amount of development allowed in a community. Zoning is the legal procedure but what determines the zoning over time are community interests as expressed by elected officials who in turn are influenced by organized groups and politically active individuals in the community.

D. Other Comments Not Directly Related to Milestone 6

1. Ed Duncan

Peripheral CBD parking should be coordinated with the Metro Rail Line.

Response:

Parking may be provided at the Metro Rail Station at Union Station. This would provide peripheral parking for persons destined to the Los Angeles CBD from the San Gabriel Valley and the Santa Ana Freeway Corridor. For the Wilshire Boulevard stations, the emphasis will be placed on accessing the stations by walking, bus transfers and by other modes of access. Parking facilities are planned for the Universal City and North Hollywood Stations and also possibly at several other stations.

2. Gerald O. Johnson

Supports aerial alignments (west of Hollywood Hills) due to better passenger feelings resulting from riding above ground compared to the "depressed" feeling one gets riding underground.

Response:

An aerial structure offers the passenger an opportunity for sight-seeing which, of course, cannot be done while riding in a subway. On the other hand, the majority of transit users are regular riders whose interest in using the system is focused on general convenience and a short travel time rather than on sight-seeing opportunties.

3. Paul Walker

Urges better street maintenance in North Hollywood area, especially at Magnolia and Lankershim.

Response:

The City of Los Angeles is responsible for maintenance of the local street system in North Hollywood.

4. Shelton Walters

It is doubtful Milestone 6 policies will ever be implemented because there is no federal funding available for the proposed Metro Rail project.

Response:

An indication of the Federal Government's support and interest in the Metro Rail project is the fact that the District has already received 46 million dollars from Washington to complete preliminary engineering, excluding the 20 percent local and state matching funds. In addition, to date a House/Senate Conference Committee of the U.S. Congress has approved another 25 million dollars, excluding the 20 percent match, for continuing engineering.

ATTACHMENT "C"

SUMMARY OF MILESTONE 6 CORRESPONDENCE

LETTERS FROM PUBLIC AGENCIES

1. Rick Richmond, LACTC, September 27, 1982.

Letter This letter is in response to SCRTD's Metro Rail Project CA-03-0130 grant amendment request. Six specific questions are asked by LACTC in the letter: (1) Why does the District want to produce detailed station designs at Union Station, Civic Center and Alvarado/Wilshire when no specific developer plans exist for the parcels? (2) What are the specific work products associated with the joint development work plan? (3) How do the joint development work products expected from the $1.5 million amendment request differ from the work products obtained from the $85,000 Milestone 6 contract and from the contract for EIS-related joint development work? (4) How will the proposed station designs relate to the Proposition "A" regional rail system? (5) To what extent have the prerequisite tasks in the preliminary engineering effort been completed? and (6) Can the District please describe the nature of the additional 15 positions to be funded under the grant?

Response - SCRTD's response includes detailed answers to these six questions.

Briefly it was explained that:

1. The District wants to produce a station design for Union Station because Caltrans, LACTC and Amtrak are all proceeding with various transit proposals and SCRTD wants to make sure that adequate space is provided for each mode. At Hill/First Station a distinct joint development opportunity exists at the site owned by the Music Center Performing Arts Council and discussions should thus begin as soon as possible. Strong joint development interests are anticipated at the off-street station site at Wilshire/Alvarado.

2. Specific tasks associated with the joint development work plan include: data collection, development analysis, development and construction plans, and designs and agreements.

3. The work products provide the necessary input data in a timely manner for implementing the four major policy sets relating to joint development and provide backup data for risk assessment.

4. The proposed station designs anticipate options for integration of Proposition "A" regional rail system lines with the starter line.

5. All the preliminary engineering work tasks are scheduled for completion by January 1983.

6. The 15 additional positions are:

   - o 1 Supervising Engineer;
   - o 1 Supervising Architect;
   - o 1 Senior Engineer (R/W);
   - o 1 Senior Engineer (Utilities);
   - o 1 Senior Engineer (Config. Control);
   - o 1 Systems Safety Engineer (Senior Level);
   - o 1 Engineering Config. Control;
   - o 1 Assistant Architect;
   - o 1 Program Control Engineer;
   - o 1 Assistant Program Control Engineer;
   - o 1 Document Control Clerk;
   - o 1 Administrative Assistant; and
   - o 3 Secretaries

2. Interoffice memorandum from Ben Darche to Paul Taylor, LACTC, dated October 25, 1982, forwarded to SCRTD for comment.

Memorandum - Mr. Darche asks that some of the terms in the Report be clarified.

Response - The terms and language Mr. Darche found unclear are explained. Clarifications as indicated in Attachment "A" were made in response to the LACTC review.

3. James Gosnell, SCAG, November 18, 1982.

Letter - Mr. Gosnell congratulates the District on its well thought out comprehensive and clearly presented report. He expresses the opinion that benefit assessment has more merits and less pitfalls than indicated in the Milestone 6 Report and foresees obstacles to applying the proposed "anti-speculation" tax. Mr. Gosnell indicates SCAG's desire to see the next steps towards implementation of Milestone 6 proceed as quickly as possible.

4. Advisement Memorandum No. 6 from Brigid Hynes-Cherin of UMTA

Letter - This lengthy and detailed document is primarily concerned with having more emphasis placed on defraying the capital costs of the Metro Rail Project. In the memorandum UMTA also requested more detail on the amount of revenue expected from various joint development/value capture strategies and more specifics about implementation.

Response - RTD's point by point response included the modification of several objectives to state RTD's desire to defray capital as well as operating costs. Clarification of the scope and purpose of the Milestone 6 report and latter stages of the Masterplanning process was also provided in the response. These modifications are detailed in Attachment "A".

LETTERS FROM PRIVATE INTERESTS AND CITIZENS GROUPS

5. Sidney Morse, California Mart, September 22, 1982

Letter - The letter indicated the interest of California Mart in the development of mass transit and desire to be kept informed of meetings and hearings pertaining to the Downtown segment of the Metro Rail Project.

Response - District representatives called and met with Mr. Morse to explain the project and the process.

6. Abraham Falick, Coalition for Rapid Transit, Letters dated November 15 and December 6, 1982

Letters - Mr. Falick's December 6 letter is primarily concerned with the route alignment and station locations in Hollywood. His November 15 letter is more directly related to Milestone 6.

Mr. Falick's November 15 letter compliments the staff and consultants for the quality and substance of the report. He states his approval of the recommended institutional framework, and requested information concerning issuance of revenue bonds by the District. He recommends considering "fast track" methods for cutting construction costs and suggests adding an objective which states that RTD's goal is to make the stations self-financing. Mr. Falick also makes an inter-connectivity argument for different station locations in Hollywood.

Response - RTD's response primarily deals with Milestone 6 issues and includes an explanation of the District's capacity to issue revenue bonds. The response indicates that "fast track" methods will be examined during the Masterplanning process and explains that totally self-financing stations are not a stated objective because the land use desires of the local community and the concerns of the developer will control.

7. Ruthann Lehrer, Los Angeles Conservancy, October 14, 1982

Letter - Five major concerns are expressed by the Conservancy in this letter: (1) The agency requests that the words "and historic resources" be added to Joint Development Policy J-2; (2) The Conservancy favors SCRTD entering into a cooperative agreement with the CRA, an agency which it feels is sensitive to both the city's history and to community concerns; (3) It disapproves of Union Station and Hollywood/Cahuenga Station being included in the group for major independent development; (4) Requests that new development at Union Station to be integrated with the existing character of the building and; (5) Strongly objects to any clearance of buildings or major redevelopment at the Hollywood/Cahuenga Station.

Response - RTD's response states that the District recognizes the historic significance of both of the locations; that measures will be

taken to insure to the extent possible that any development is compatible with existing structures. It is explained that the area proposed for joint development at Union Station is in an industrial area. The Conservancy is informed that policy J-2 will be modified to include historic resources.

8. Helen Gibbel, Lyon Financial Corporation, letters dated September 10 and October 14, 1982

Letter - The purpose of the letters are to inform the District of Lyon's services and availability.

9. Michael J. Malak, North Hollywood Special Analysis Committee, November 17, 1982

Letter - The North Hollywood Special Analysis Committee asks the Board to support legislation which would: (1) Allow joint revenue net profits to be applied to capital construction which may not be funded by the Federal Government; and (2) Which would require that a percentage of joint development revenues not needed to cover the cost of capital construction be spent in the community where they are generated. The Committee supports the establishment of public corporations for each station. Mr. Malak personally opposes the anti-speculation capital gains tax, fearing it will harm local homeowners. The Committee asks that SCRTD consider issuing bonds which would be repaid from joint development revenues.

Response - The District states its support for legislation which would allow joint revenue net profits to be applied to capital construction which is not funded by the Federal Government. It says that the District cannot however support legislation specifically requiring that generated revenues be spent in the community where they are generated. It is stated in the response that the Board will decide how surplus revenues will be allocated during the Masterplanning process. The response further indicates that staff cannot support formation of public corporations for each station because of the difficulty of monitoring multiple entities with significant concurrent land use analysis processes. It is explained that the anti-speculation capital gains tax should not hurt local homeowners because it will be used in combination with such techniques as transfer of development rights. Finally, RTD will investigate the possibility of issuing bonds against particular joint development projects.

LETTERS FROM PRIVATE CITIZENS

10. Mr. Robert Burger, September 13, 1982

Letter - Mr. Burger expresses his opinion that a subway alignment is preferable to an elevated guideway and will yield high density multiple use development. He thinks RTD should hire a consulting firm

to develop the land use statement. He believes any available vehicle should be used to induce developer participation in the project, and that the developer should share the station costs in exchange for development rights. He requests more information about T.C.D.C.'s.

Response - Mr. Burger was sent a copy of the Milestone 6 Draft Report which reviews the advantages and disadvantages of his suggestion. The response also indicated that RTD has hired consulting firms as well as other local agencies to prepare land use reviews. Specific plans are being developed by the City.

11. Mrs. Carl McCalla, October 15, 1982

Letter - Mrs. Carl McCalla indicated her wish that the disruption of the North Hollywood community caused by the Metro Rail system be minimized. She says she would support major joint development ventures in underground stations, but says she would like to see development kept to a minimum if the system is elevated.

Response - The response discusses how the system can be successfully integrated into development and gives examples of some joint developments involving aerial guideways.

12. Samuel Schiffer - Transcript of comments made in the Community Meeting on July 29, 1982, forwarded to RTD for response by Congressman Roybal, September 10, 1982; letter dated October 11, 1982; letter dated October 24, 1982

Letters - In addition to specific engineering issues, Mr. Schiffer is particularly concerned with the disruption of the Latino Community at Alvarado and Wilshire and of the Jewish Community at Fairfax, which may result from increasing land values caused by the Metro Rail system. Mr. Schiffer recommends some particular measures to protect the community and small businesses. He also requests an explicit definition of Metro Rail powers, public hearings with affected groups, the publication of annual reports by involved agencies to insure public accountability and that all station area plans be subject to voter approval.

Response - RTD's letters of response, explain the expected impact of the Metro Rail system on the two communities Mr. Schiffer describes and explains the proposed measures for minimizing the negative impacts on the communities. It is explained that Metro Rail is not an entity; that an entity will be created to administer land use development, and that the powers of the entity will be made explicit when created. Both the RTD's and CRA's mechanisms and requirements for obtaining public input are explained. The District's annual report process is explained.

13. Mr. Schneider, July 29, 1982. Copies of letter forwarded by Supervisor Edelman and Supervisor Antonovich

Letter - Mr. Schneider recommends creating benefit assessment districts to help finance the Metro Rail system.

Response - A copy of the Milestone 6 Draft Report was forwarded to Mr. Schneider. The report includes a discussion of benefit assessment districts.

APPENDIX E: STATION AREA PROFILES

Introduction

Profiles of each of the proposed Metro Rail station areas have been prepared to provide information on existing land use, zoning, the market outlook, and planning and urban design issues relevant to specific station areas. For station area planning purposes the basic impact area or areas to be directly influenced by the project is a quarter mile radius around the station. As discussed in Chapter III, the development of a rail station in an area may serve to reinforce these forces of change. The station area profiles list the stations in order along the alignment from Union station to the North Hollywood station.

Existing Land Use and Zoning. The area surrounding the Union Station complex consists of a variety of civic, ethnic and cultural institutions and attractions, as well as retail/commercial and industrial developments. Chinatown and Little Tokyo serve as social, religious and retail centers for Southern California's diverse Asian population, and provide interesting cultural opportunities for the City's natives and visitors. El Pueblo State Historic Park, located directly across from the Union Station, serves several million visitors annually. Land east of Alameda Street is zoned for industrial uses and land west of Alameda is zoned commercial or public.

Market Outlook. Preliminary plans for development of Union station propose a mixed use project incorporating retail, hotel, office and industrial uses. The California Department of Transportation along with the City of Los Angeles is attempting to purchase the property from the Santa Fe, Southern Pacific and Union Pacific railroad companies.

Planning and Urban Design Issues. The following represent relevant issues:

- Strong potential as a multi-modal transit center with hotel, retail, and offices uses due to air rights and available land at grade; and service by auto, regional and local bus, potential downtown circulation/ distribution service, commuter train.

- Possible need for auto parking serving Metro Rail.

- Need to carefully relate any new construction to the architectural and site planning character of the historic Union Station.

- Need for relating station entrances to Olivera Street, Chinatown, Terminal Annex and establishing an effective pedestrian circulation system as part of the project to link these areas with Union Station and other site development.

- Strong potential and need for pedestrian linkage around Union Station development.

Existing Land Use and Zoning. The area surrounding the Civic Center station consists of a large concentration of government offices including federal, state, county, and city office complexes. Older low-rise, retail-commercial and office buildings and public and private parking lots occupy most of the fringe areas. Land northeast of First Street is zoned for public uses, while most of the land southwest of First is zoned for office, commercial, and mixed uses (C2-4, C5-4, and M2-4). Some high density housing (R5-4) is zoned for this area, including the new Angelus Plaza housing complex.

Market Outlook. After completion of California Plaza, available land in this area could be used for expansion of the Music Center, the Civic Center, or California Plaza.

Planning and Design Issues. The following represent relevant issues:

- Station nearest to Civic Center needs effective pedestrian connections to government buildings, civic center mall. Connection with future CBD distribution system should be anticipated.
- Possibility of connecting station access with site of old state building (demolished) and/or with development planned for the block to the southwest of First Street and Hill Street owned by the county and Times-Mirror Corporation.
- Private or public sector development associated with Metro Rail stop should provide some retail facilities for government workers and others.

FIFTH STREET/HILL STREET

Existing Land Use and Zoning. The area surrounding this station encompasses a variety of land uses. In the southern sector there is a thriving garment district, in the northeast sector the area is interspersed with parking lots and Hispanic oriented stores. Many of the older buildings are under-utilized. The northwest sector is principally office and commercial uses. The core area lies within the Central Business District (CBD) redevelopment area and the northwest sector lies within the Bunker Hill redevelopment area. Land within the station area is primarily zoned for office and commercial uses (C5-4).

Market Outlook. If the eastern portions of the CBD are redeveloped (Spring, Main, Broadway Streets), this area would be revitalized. Without a major redevelopment effort, however, only limited development is likely to occur, not withstanding California Plaza.

Planning and Design Issues. The following represent relevant issues:

- Station is located at the nexus of several development areas with joint development potential: the Hill Street jewelry businesses to the south; under-utilized office/retail structures to the north on the east side of Hill, and on Broadway and Spring Street to the east; and the massive Bunker Hill developments to the northwest.

- Station closest to Bunker Hill and Pershing Square needs effective pedestrian connections to both. The transition up to Bunker Hill represents a problem for access to station.

- Effective connection to potential development on the southeast corner of Fifth and Hill Streets should be considered.

- Station is directly in path of pedestrian and auto circulation between Bunker Hill and Broadway — a relationship which should be encouraged by station connections and potential associated development.

- The mixing of Broadway and Pershing Square area users through effective pedestrian connections, merchandise and activity programming may serve to link now disparate downtown areas, create increased level of activities, and thereby increase patronage.

- Station also has possibility of vitalizing Pershing Square area and supporting the emerging Hill Street jewelry industry, and appropriate revitalization on Broadway and Spring Street.

- Pressure to redevelop historic district within the station area needs to be directed to ensure that the goals of preservation and effective reuse of historic structures are achieved.

Existing Land Use and Zoning. Northeast of Seventh and Flower Streets the area is intensely developed with several high-rise office buildings. On the south side of Seventh Street there is a mixture of vacant lots, old under-utilized buildings, and parking lots. The entire station area falls into the CBD redevelopment area. Most of the parcels are zoned for commercial (C5-4) use. The Community Plan for the area shows Regional Commercial designations north and east of Seventh Street and Regional Commercial or High Density Residential to the south and west.

Market Outlook. This station area is highly developed and after completion of the planned office and retail oriented projects in this area, only a limited amount of developable land will be available. That land which is available will very likely be used for high-rise office developments.

Planning and Design Issues. The following represent relevant issues:

- The station occupies a strategic position at the crossroads of three development sectors: Seventh Street office and retail uses; and extension west over Harbor Freeway; Flower Street and Bunker Hill high-density office development with related uses; and the emerging Figueroa street multi-use corridor to the south (which itself is the border of South Park, a multi-function community of residential, retail and office uses being planned by the CRA).

- Pedestrian connections between station and all these development areas are critical.

- Strong immediate potential for direct connection of station to Oxford development to the west. This connection should utilize possibilities of incorporating retail and public assembly.

Existing Land Use and Zoning. The station area is characterized by an older residential area with strip commercial serving the neighborhood. The commercial uses are located along the arterial streets of Alvarado, Sixth, Seventh, and Eighth Streets. A small concentration of office buildings exists along Wilshire Boulevard. MacArthur Park is located in the core of the station area. The zoning for the street frontages of Wilshire, Alvarado, Sixth, Seventh, and Eighth Street is commercial (C2-4 and C4-4). The remaining parcels are zoned for residential uses (R5-4 and R4-2).

Market Outlook. Any commercial development in this area will be community retail to meet neighborhood requirements. Low income housing developments could also be expected in this area to provide neighborhood housing.

Planning and Design Issues. The following represent relevant issues:

- Provision of stations in lower-income areas increases accessibility to the transit-dependent and is one of the important equity benefits of Metro Rail. Ease of public access to the station, station signing, clarity of station and transit system use, particularly for non-English speaking people, are important considerations.

- Station entrance should have a strong and clear relationship to MacArthur Park which can expect to increase its utilization due to increased accessibility.

- Location of the station in an off-street alignment will disrupt parking available to adjacent office buildings.

- Any land use changes and joint development which occurs here must be carefully accomplished to incorporate essential community values, e.g., the maintenance of a stock of low and moderate income housing and needed commercial and social services.

Existing Land Use and Zoning. Major corporations and professional organizations have offices along this section of Wilshire Boulevard. Stable, well-maintained, multi-family residential units are located to the south and north of Wilshire Boulevard. The Wilshire and Vermont Street frontages are zoned commercial with the Wilshire District Plan showing Regional Commercial along Wilshire Boulevard. The remainder of the area is designated as high residential in the Wilshire District Plan and zoned primarily R5-4 and R4-4.

Market Outlook. Limited high-rise office development can be expected for this area. Low density, ethnic oriented retail developments will probably occur in this station area.

Planning and Design Issues. The following represent relevant issues:

- Off-street location proposed, but no market identified for substantial commercial development of this station. Interest in joint development would have to be created.

- Not an imageable area -- lacks character, definition, and focus. High-rise offices to the west are the edge of the office concentration around Normandie. At the intersection of Wilshire and Normandie and to the east is low-rise development which represents an under-utilization of the land. Substantial development around the off-street station could create a focus for this area and serve as an attractor for more intensive reuse of the area.

- Opportunity and need for high density housing given existing zoning. Such development would increase the attractiveness of the area for commercial development.

Existing Land Use and Zoning. The blocks between Wilshire and Seventh and Catalina and Harvard are almost totally devoted to regional office activity with newer office towers or large parking structures to serve them. Residential areas are located on the northern and southern blocks of the area with the former containing newer and less dense buildings and the latter containing older and more concentrated buildings. The blocks north and south of Wilshire between Catalina and Harvard are primarily zoned commercial (C2-4) and designated as Regional Commercial in the Wilshire District Plan. The northern and southern blocks are designated High Density Residential in the Wilshire District Community Plan and zoned primarily R5-4. Single family residential (R1-1) is located around the northernmost boundary of station area.

Market Outlook. Other than the planned and proposed projects in this area, very limited real estate development is likely to occur. New moderate density residential development will slowly replace older residential structures.

Planning and Design Issues. The following represent relevant issues:

- Outside of the downtown area this station area is one of the more intensely developed resulting in less available under-utilized land than at other stations along Wilshire. Because it is the most intensely developed station area in the mid-Wilshire market area, it will tend to attract most of the new commercial development for that market area in the near-term future.

- Major development potential is located one block east of Normandie on the Ambassador Hotel site and Brown Derby site, but due to engineering constraints the station has to be located west of Normandie, reducing the opportunity for establishing a strong link between the station and new development. The challenge will be to establish that link.

- The corridor between Fifth and Eighth Streets is designated for Regional Commercial uses by the Community Plan and is currently zoned for multi-family housing. What mix of housing and commercial development is appropriate for this station area? If the zoning is made consistent with the community plan, can an adequate supply of housing be provided?

Existing Land Use and Zoning. Community Plan designates the blocks north and south of Wilshire Boulevard as Regional Commercial. Street frontages along Western are also zoned for lower density commercial (C2-2). Northern and southern blocks are primarily zoned for medium density residential (R4-2).

Market Outlook. In this area, upgrading of community retail is likely to occur while high rise office development is possible west of Western Avenue along Wilshire Boulevard.

Planning and Design Issues. The following represent relevant issues:

- Like the Vermont Station, the Wilshire and Western area lacks definition. The renovated Wiltern Theater may create the focus needed to attract additional development, creating the opportunity for a concentration of community-serving, specialty retail development and a limited amount of major office space.

- Linking the Metro Rail station to the Wiltern development may strengthen the ability of the Wiltern project to attract subsequent development within the station area.

- Like Normandie, the corridor between Fifth and Eighth is designated for Regional Commercial Development in the Community Plan and is zoned for multi-family housing. Only about 15 percent of the under-utilized land currently zoned commercial is expected to be developed in the next 20 years, leaving a substantial surplus of developable commercially zoned land. Is additional commercially zoned land needed or does residential zoning represent a better use?

Existing Land Use and Zoning. South and north of the Wilshire Boulevard frontages are long established R-1 zones consisting of very stable and well-maintained single family residences. No change is proposed for this residential area in either the Wilshire District Plan or the Park Mile Specific Plan. Land use east of Crenshaw Boulevard is mainly commercial with a few higher quality restaurants. Extending a few blocks west of Crenshaw Boulevard are office buildings, and further west are condominiums and vacant lots. Wilshire frontage is zoned for commercial uses (CR-1) and most of the remaining residential area is zoned RE15-1 to the north of Wilshire and RD3-1, R3-1, and R1-1 to the south.

Market Outlook. Strong community pressure will prevent any high density development at this station. Any commercial development will be low rise office, office condominium, and small (corner type) retail centers. Low density residential condominium projects could also be expected in this area.

Planning and Design Issues. The following represent relevant issues:

- Unique among the station stops, Crenshaw would be a residential station, serving primarily home to work trips and serving as a transfer station for bus service to the south and north. The nonresidential potential is severely restricted by the sentiment of surrounding residents, the few available commercially zoned parcels, and the land use provisons of the Park Mile Specific Plan. Therefore little or no joint development potential may be assumed.

- Station facilities must be designed to fit into existing community as unobtrusively as possible, and buffer transit-related activity from surrounding residential neighborhoods.

- The station facility should be able to accommodate buses, kiss and ride, and possibly some parking without impacting the residential area.

Existing Land Use and Zoning. Wilshire Boulevard is developed with local retail shops and office development. Commercial strip development also runs along La Brea Avenue. The northern section of the station area is primarily residential with stable single family development east of La Brea and older multiple residential units to the west. The southern section consists of a mix of stable single family and multifamily residences. Wilshire is zoned commercial (C4-4) with street frontages from Sycamore to Burnside Avenue designated as Regional Commercial in the Wilshire District Plan. The northeast sector is zoned for single family residences (R1-1), the northwest sector for medium density residences (R4-4), and the southern section is primarily zoned for single family and medium density multifamily units.

Market Outlook. If high-rise office development occurs in this area, it will lag behind office development east and west of La Brea Avenue along Wilshire Boulevard. A major regional retail center could be supported in this area if one is not developed in the Hollywood Cahuenga station area.

Planning and Design Issues. The following represent relevant issues:

- A joint development possibility in the currently underdeveloped northwest corner of Wilshire and La Brea.

Existing Land Use and Zoning. This station area has a mix of land uses. There is commercial development along La Brea Avenue, office development along Wilshire Boulevard, and multiple residential development both north and south of Wilshire Boulevard. Neighborhood commercial and retail shops exist along Fairfax. The multiple family residential units north of Wilshire Boulevard are older and in transition. The southwest sector of the station area is solidly developed with single family units. Older multifamily units exist in the southeast sector. Commercial frontage along Wilshire is designated as commercial (C4-4). The residential areas to the north of Wilshire are zoned as low and medium density. The southwest sector is single family residential and the southeast is primarily medium density with some single family.

Market Outlook. Intensive office, retail and residential development may occur in this station area. Except for the CBD stations, this area could be the most highly developed station area within the system.

Planning and Design Issues. The following represent relevant issues:

- Locate station access to maximize joint development potential. Joint development and station connection opportunities exist from Curson to Fairfax. Wherever the station and entrance locations are finally established, the area between Curson and Fairfax should be treated as a unified, multi-use area.

- Future transit extensions should be allowed for to the west and north. The Wilshire/ Fairfax station is planned as a key interchange point for future extensions north and south.

- Parking and other surface access needs should be accommodated. The location of the station at the southwest corner of the regional core appears to make the station a major entry point for travelers from the west and south. Parking, while not currently provided for, may be necessary around the station area. The location of this parking offers joint development possibilities, if incorporated, for example, in the May Company or Orbach's properties, but could impact residential areas if located in the southwest quadrant. Alternate locations are available to the east, but increase difficulties of access from the west and south.

- Station design should accommodate access, relation to bus lines, parking, kiss and ride facilities, bus bays, and the possible need for a storage yard.

Existing Land Use and Zoning. The area surrounding the station has a distinct ethnic make-up and a sizable senior citizen population. It is an older area, with primarily stable single family and multifamily residences in the northern section. Tourist related development and employment including the Farmers Market and CBS occupy the southeast portion. More single family and multifamily units occupy the southwest sector. Street frontages along Fairfax and Beverly are zoned for commercial uses. The northwest sector is zoned for medium density residential development and the northwestern sector is zoned for single family with some medium density. The southeast sector is zoned for commercial development while the southwest sector is zoned primarily for single family with some multifamily residences.

Market Outlook. The availability of open land in this station area may dictate an intensive mixed-use development that could include hotel, office, retail, and residential uses.

Planning and Design Issues. The following represent relevant issues:

- This station has the potential of becoming the focus of a unique set of uses with local and region-wide appeal: the Jewish commercial strip north of Beverly, the Farmers Market, the CBS television studios, the Pan Pacific Regional Park, and the shopping center south of Farmers Market.

- New development in this area should realize the need to revitalize but maintain the primarily Jewish low-scale community serving retail uses of Beverly.

- Scale transitions between new development and existing residential should be carefully designed. Impacts on the adjacent residential communities and the danger of increased land values driving out existing residential and retail uses are possible negative consequences which need to be resolved through project planning.

- The large scale structured parking facility proposed for this station may not be the most appropriate location due to restricted street capacity from all directions and the fact that the station is not located at a major intersection point (as is the Fairfax/Wilshire station). Parking may be sensible here, however, as a supplement to other parking locations.

- The Fairfax community merchants have identified additional parking to serve the commercial facilities, as well as a general revitalization of the existing commercial strip as top priorities. Any joint and private sector development connected with the station should recognize and, if possible, assist in realizing these local needs.

FAIRFAX/SANTA MONICA

Existing Land Use and Zoning. This area includes a C-3 (Unlimited Commercial) zoned strip of properties lining Santa Monica Boulevard. Commercial frontage also extends from Santa Monica Boulevard to Willoughby. The remainder of the station area is zoned R-4 (Unlimited Residence) and is residentially developed at a mixture of densities from single family homes to high density complexes. The south sector is developed at predominantly medium and high densities.

Market Outlook. Development in this area may be limited to the renovation of the existing low density retail and residential developments.

Planning and Design Issues. The following represent relevant issues:

- The Fairfax/Santa Monica station is located in an area of single family to medium density residences served by low-rise neighborhood retail. Except for the possibility of a shopping center on the northeast corner, no major sites are available and no major existing commercial uses would warrant a direct communication to the station.

- The station is not now anticipated to be a major activity focus. However, should an east-west auxiliary line serving Hollywood (and possibly extending west from Fairfax) be constructed, the station may become a major transfer point/intersection. This could lead to attendant pressure for parking facilities, additional development, and increased street capacity which could adversely affect the existing residential and commercial uses.

Existing Land Use and Zoning. Frontages along Sunset Boulevard and La Brea primarily include retail and office uses. The remaining south and west portion of the station area is characterized by medium and high density residential units with some lower density scattered in the northwestern section. The northeast sector is characterized by office and retail with several large parking lots. Hollywood High School is located in this sector. The northeastern sector is primarily zoned for commercial and some high density residential uses and is designated as Regional Commercial by the Hollywood Community Plan. Street frontages along Sunset Boulevard and La Brea are zoned for commercial uses. The entire southern portion of the station area is zoned for R-4 residential.

Market Outlook. Intensive residential redevelopment and new development is possible in this area. Neighborhood retail centers would be developed to support the expanded residential community.

Planning and Design Issues. The following represent relevant issues:

- The station area lies on the western border of the Hollywood Regional Center area. However, this area is not now anticipated to be a major activity focus. Any new development should be carefully integrated with existing strip commercial and high density residential but should also help provide the area with image or focus.

- Potential for high density residential development should be carefully planned for easy access to station.

Existing Land Use and Zoning. Strip retail uses run along Hollywood Boùlevard. Large parking lots are scattered throughout the entire area. Retail with some office and industrial uses characterize the remaining portion. Some large high density residential units are located in the northwest portion of the area. Most of the station area is zoned for commercial (C4-4) with Hollywood Community Plan designation as Regional Commercial. The northernmost portion of the station area is zoned for high and medium density residential uses (R5-4).

Market Outlook. Depending on revitalization efforts for Hollywood, a major regional retail center could be developed in this station area. A hotel might also be developed while high-rise residential projects might be successful if located off of the main thoroughfares.

Planning and Design Issues. The following represent relevant issues:

- The extensive amount of vacant and under-utilized land in this area makes it, from a physical planning point of view, an excellent location for major development/redevelopment.

- Major opportunity to create a new and intense activity center within the Hollywood community, with deliberate and extensive station connections integrated with commercial and cultural uses.

- Station is the easternmost point of the Metro Rail station location alternatives, not incorporating the auxiliary alignment. Therefore it might also be a major access point for travelers from the eastern part of the city.

Existing Land Use and Zoning. The station location is set back from Lankershim Boulevard. Frontages along Lankershim Boulevard are primarily low-intensity strip commercial with a considerable number of parking lots. Universal City, a major growth center with new high-rise construction, is located in the southeast sector of the station area. North of the station is a large-lot, single family residential area. The western section also is predominately single-family residences. The Hollywood Freeway cuts through the south and west sections. Strip commercial also is located along Ventura Boulevard.

Market Outlook. At this station, there is strong potential for high density development of office and office supported retail projects. MCA's proximity to this area will encourage these high density projects. Some residential projects are possible north of Lankershim Boulevard.

Planning and Design Issues. The following represent relevant issues:

- The station is located at one of the major regional activity centers for tourist, recreation, hotel, and office uses. A main planning issue is providing effective vehicular and pedestrian access and connecting station with associated development with Universal City.

- Station also has potential of anchoring the southern end of Lankershim Boulevard, as the North Hollywood commercial core revitalization by the Community Redevelopment Agency is doing for the other end. Again, effective pedestrian, auto and bus connections with the commercial portions of Lankershim north of Cahuenga is desirable to reinforce the development potential on southern Lankershim Boulevard.

STUDIO CITY

Existing Land Use and Zoning. The Studio City area is developed with largely low density residential units. Some medium and high density residential units are located in the core area. Weddington Park is also located in this area. Retail frontage runs along Cahuenga Boulevard. Single family units are scattered throughout the southern and northeastern portion of the station area. Street frontages along Cahuenga Boulevard are zoned for commercial uses. The northwestern sector, north of Cahuenga, is zoned for medium density residential (R4-1 and R3-1). Most of the station area south of Cahuenga is zoned for single family residential (R1-1) with some medium density (R4-1) located near Cahuenga Boulevard. The area north and east of Weddington Park is primarily zoned for single family residential (R1-1).

Market Outlook. Low density, low rise office and retail developments might occur in this area. Any residential projects would be multifamily, low rise developments.

Planning and Design Issues. The following represent relevant issues:

- Proposed station, particularly if elevated, could require the removal of many residential units on Bluffside.
- The site is not well related to existing centers of activity and is separated from the closest designated center, Universal City, by the Hollywood Freeway. Access to Universal City should be provided.
- The proposed station location would have little opportunity to stimulate joint development, mixed land use, pedestrian activity, and the other aspects of a vital urban center.

Existing Land Use and Zoning. A railroad right-of-way (ROW) along which the station location is proposed runs through the center of this station area. Located along this ROW are several large lumber/construction yards. Community retail shops run along Lankershim Boulevard. The northeastern corner of the area is developed as low and high density residential. The southern half of the station area is developed with retail, office, industrial, with some low and high density residential scattered throughout. A large portion of the southeast sector lies within the North Hollywood Redevelopment Area which is planned to be developed as retail and office with some mixed use residential. The parcel frontages along Lankershim Boulevard are zoned for commercial use (C2-2) as well as the parcels between Tujunga and Bakman. The northeastern sector is zoned largely for residential (R4-2) which is not consistent with the North Hollywood Community Plan designation for industrial uses. The western section is zoned primarily for residential (R4-1).

Market Outlook. Without CRA intervention, there is only limited potential for significant new real estate development. CRA plans include retail, office and residential development. The successful completion of the CRA project will encourage additional development on available sites in this station area.

Planning and Design Issues. The following represent relevant issues:

- The station is located within the North Hollywood Redevelopment Project and directly north of a major CRA multi-use proposed development. Hotel, office, retail, mall, senior citizen and condominium housing is proposed for the redevelopment area. Station entrances and potential joint development should be integrated or directly connected with the CRA project. Pedestrian connections should also be made to Lankershim Boulevard and the park.

- The station's proximity to the park, and the potential for a considerable amount of new development surrounding and above the station area, would make possible the creation of a linked open space system incorporating the park and open spaces within the new development.

- Given adequate auto and bus access, the station will be the primary Metro Rail embarcation point for Valley patrons from the north, east, and west. Adequate street and parking capacity is critical to effectiveness of the station and associated development. However, severe street capacity restraints and inadequate parking are major issues which may hurt the station's development potential.

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