



**REVISED
PLANNING AND PROGRAMMING COMMITTEE MEETING
MAY 18, 2005**

SUBJECT: REVISED JOINT DEVELOPMENT POLICIES AND PROCEDURES

ACTION: ADOPT REVISED JOINT DEVELOPMENT POLICIES AND PROCEDURES

RECOMMENDATION

Adopt the Revised Metro Joint Development Policies and Procedures. (See Attachment A.)

ISSUE

At its April 2005 meeting, the Board directed staff to revise Metro's Joint Development Policies and Procedures to require a competitive solicitation process for all joint development projects except in very exceptional cases. The Board further directed staff to submit the revised policy for its consideration at its May 2005 meeting. (See Attachment B.)

POLICY IMPLICATIONS

Adopting these revisions to the existing policies and procedures will assist Metro staff in attracting a wide range of development options and offers for its properties.

OPTIONS

The Board could choose not to adopt these revisions and allow staff to continue to evaluate unsolicited proposals. Staff is not recommending this because the competitive solicitation process will provide an efficient process of generating development proposals from as many entities as possible, providing Metro with a wide set of options.

FINANCIAL IMPACT

There is no financial impact directly associated with adopting the recommended revisions and incorporating them in the Metro Joint Development Policies and Procedures.

DISCUSSION

Metro's joint development program has been governed by policies and procedures approved by its Board of Directors in 2002. Part of that policy document is a provision that allows developers to submit unsolicited proposals. A strong real estate market has generated significant interest in Metro-owned parcels, resulting in the increase of unsolicited proposals to develop various parcels. Per its April 2005 action, the Board indicated that it wanted to rely more on a competitive process rather than continue to accept these unsolicited proposals. The proposed revisions direct Metro to solicit proposals through Request for Proposals or other forms of competitive solicitation and allow unsolicited proposals only in very limited and exceptional cases, such as when the site is small or has access problems. Per this policy **in the next 12 to 24 months** staff will use an RFP process at a minimum for the following sites listed below. **Staff will use the RFP process as well for other joint development sites that arise in the future unless they meet the very limited and exceptional criteria.**

- Metro Red Line North Hollywood Station
- Metro Red Line Universal Station
- Metro Orange Line Sepulveda, Balboa and Canoga Stations
- West Hollywood Division 7 property
- Metro Gold Line 1st and Boyle, 1st and Soto and 1st and Lorena Stations
- Chatsworth Metrolink Station

NEXT STEPS

The Revised Metro Joint Development Policies and Procedures will provide direction to staff and Metro joint development partners.

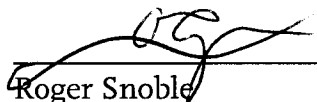
ATTACHMENTS

1. Revised Joint Development Policies And Procedures, May 2005
2. Motion by Directors Yaroslavsky and Burke, April 2005

Prepared by: Nelia S. Custodio, Transportation Planning Manager
Kevin Michel, Director, San Fernando Valley/North County Area Team
Carol Inge, Deputy Executive Officer, TDI



James L. de la Loza
Chief Planning Officer
Countywide Planning and Development



Roger Snoble
Chief Executive Officer

Los Angeles County ~~Metro~~Metropolitan Transportation Authority

JOINT DEVELOPMENT POLICIES AND PROCEDURES

~~Approved May 2002~~Revised May 2005

PURPOSE

Joint development is a real property asset development and management program designed to secure the most appropriate private and/or public sector development on ~~MTA~~**Metro**-owned property at and adjacent to transit stations and corridors. Joint Development also includes coordination with local jurisdictions in station area land use planning in the interest of establishing development patterns that enhance transit use.

This Joint Development Policies and Procedures document updates the Joint Development Policies adopted by the Los Angeles County ~~Metro~~Metropolitan Transportation Authority (~~MTA~~**Metro**) Board in ~~May 2002~~.~~January 1994~~.

GOALS

With respect to overall planning, the ~~MTA's~~**Metro's** Joint Development Program seeks to:

1. Encourage comprehensive planning and development around station sites and along transit corridors.
2. Reduce auto use and congestion through encouragement of transit-linked development.

With respect to specific sites, ~~the MTA's~~**Metro's** Joint Development Program seeks developments that include a mix of the following goals:

1. Promote and enhance transit ridership.
2. Enhance and protect the transportation corridor and its environs.
3. Enhance the land use and economic development goals of surrounding communities and conform to local and regional development plans.
4. Generate value to ~~the MTA~~**Metro** based on a fair market return on public investment.

POLICIES

Transportation and Land Use Coordination Policies:

To encourage coordinated transportation and land use decisions, ~~the MTA~~**Metro** will:

1. Consult and work cooperatively with local jurisdictions, redevelopment agencies, developers, and other public and private sector entities to promote land use policies and plans which encourage intensive, high quality development at stations and surrounding properties that are located in regional/community activity centers.
2. In consultation with local jurisdictions and with community input, prepare development guidelines specific to each joint development site that articulate the intensity and type of land uses that the **MTA Metro** desires for that site as well as any desired transit and urban design features. Obtain MTA Board approval of the development guidelines for each site.
3. Encourage transit compatible land use plans that enhance MTA's **Metro's** multi-modal transit, regional mobility, ridership and revenue goals.
4. Consider joint development opportunities in the acquisition of property, location of new station sites, and construction of station facilities.
5. In the initial planning of a transit corridor project (e.g., during the environmental and preliminary engineering phases) **MTA Metro** will conduct site analysis, include a preliminary layout of each passenger station site, develop conceptual urban design strategies integrating station sites with adjacent communities, and evaluate proposed station sites for their joint development potential.
6. Actively encourage and allow surrounding property owners/developers, at their expense, to construct direct connections to stations from their properties/buildings and require connector fees or equivalent consideration for such connections based on the proportional benefit to any such property/building.

Development Policies:

The **MTA Metro** shall consider joint development projects based on the following criteria:

1. Projects shall be consistent with development guidelines to be established by **MTA Metro** for individual joint development sites. (Refer to Item #2 above.)
2. Projects shall not negatively impact present or future public transportation facilities.
3. Projects shall be consistent with regional and local community policies and plans.
4. Projects must demonstrate, at a minimum, fair market value to the **MTA Metro**.
5. Selection between projects will be based on those which meet the above criteria and additionally demonstrate:
 - a. The greatest potential to increase transit ridership and enhance the transit system environment.
 - b. The greatest economic development potential to the community consistent with adopted land use plans.

- c. Responsiveness to community needs for housing, employment, services, or other facilities.
6. Projects are encouraged which create a long-term source of revenue to the **MTA Metro** and allow the **MTA Metro** to participate in the increase in value of its real estate assets over time. This will generally take the form of a long-term lease. Under extraordinary circumstances, **MTA Metro** may consider sale of property if it is determined to be in **MTA's Metro's** best interest.
7. Projects are encouraged which do not require commitment of **MTA Metro** financial resources, minimize any investment risk, and maximize asset security for **MTA Metro**.
8. Projects are encouraged which obtain investment capital from other public agencies, or in-lieu contributions, where needed, to create greater economic benefit to **MTA Metro**-sponsored joint development projects.
9. Where appropriate, projects are encouraged which provide for increased station access using alternative modes. Where appropriate and after consideration of possible alternative modes of access, projects are encouraged which provide new or additional park-and-ride facilities (except at Downtown Los Angeles stations).
10. Consistent with **MTA Metro** procurement policy, encourage involvement of disadvantaged, minority and women-owned business enterprises.
11. Projects must allow **MTA Metro** to retain station facility and related transportation service design and location authority and access to all necessary station operational facilities.
12. Projects must provide and maintain rest rooms that are available to transit patrons and the general public.
13. Projects with a residential component are encouraged to provide a range of housing types to meet the needs of a diversity of household income, sizes, and ages particularly if such diversity of housing is not currently provided within walking distance of the transit system.

JOINT DEVELOPMENT IMPLEMENTATION PROCEDURES

A. Project Proposals Initiation/Solicitation:

MTA Metro will periodically conduct market feasibility studies for **MTA Metro**-owned properties at transit stations. ~~The~~ **MTA Metro** will also consult with local jurisdictions regarding local land use development efforts. These market analyses and consultations with local jurisdictions shall provide the basis for establishing project priorities and project implementation strategies to ensure maximum attainment of **MTA's Metro's** joint development goals.

Based on the consultation with the local jurisdiction and with community input, **MTA Metro** will prepare development guidelines specific for each joint development site that articulate the intensity and type of land uses that the **MTA Metro** desires for that site as well as any desired transit and urban design

features. MTA S-staff will forward proposed development guidelines for each site to the MTA-Board for approval.

~~MTAMetro will be open and competitive in marketing its properties. From time to time, MTA will publish a list and description of its properties available for joint development and circulate this to the development community.~~

~~The MTAMetro will may solicit proposals for joint development of its properties through a Request for Proposal or other forms of competitive solicitation as appropriate except that an unsolicited proposal may be recommended in very limited cases, such as when the site is small or constrained by location or access. a competitive selection process. Alternatively, projects may be initiated by a private entity, MTA, or other agencies. If solicited by the MTAMetro, the standard Request for Proposal procedure as practiced by the MTA the Procurement Department following the MTA's Procurement Policies and Procedures shall be used as a general guideline for determining the appropriate process for solicitation. The Chief Executive Officer (CEO), based on the nature of the development proposal to be solicited, shall decide specific procedures for solicitation of each development proposal. Once the MTASTAFF issues a request for proposals for a specific site through a competitive selection process, MTAMetro shall not accept unsolicited proposals on the same site during that processthat process.~~

B. Proposal Evaluation:

1. Solicited Proposals:

At Metro's discretion, staff can initiate an RFP process to solicit development proposals. In soliciting joint development proposals, the Metro shall provide all available relevant site information including the Board adopted design guidelines for the site and encourage developers to seek information or consult with local jurisdictions regarding current and planned land uses in the project area.

In evaluating proposals solicited through an RFP process, staff will use the Metro's Procurement Policies and Procedures as a general guideline for determining the appropriate process. Staff will utilize an evaluation panel generally consisting of key personnel, joint development and/or urban design consultants or academic professionals, and local jurisdiction technical staff where appropriate.

Additionally, an urban design panel may be used to evaluate projects in an advisory capacity to the evaluation panel. The panel will use the joint development checklist in Attachment A1 to evaluate joint development proposals and advise the CEO on a developer to be recommended to Board. The CEO may recommend a developer to the

Board or defer joint development if none of the proposals maximize joint development objectives.

24. Unsolicited Proposals:

Anyone wishing to propose a joint development project shall present the proposal to the CEO. **The CEO shall evaluate and recommend unsolicited proposals only in very limited cases as discussed in Section A, above, such as when the site is small or constrained by location or access. In the event that Metro receives an unsolicited proposal, the CEO shall evaluate whether the project meets the exceptions for non-competitive solicitation and is in the best interest of Metro to accept for evaluation.,** TThe CEO and staff, in consultation with local jurisdictions, will analyze the proposal using the **joint development checklist**process summarized in Attachment A. MTA Joint Development Implementation Procedures. Proposal evaluation procedures and guidelines are as follows:

- a. Proposals for joint development shall be submitted to the CEO along with sufficient information to allow the MTA staff to adequately evaluate the proposal in terms of the joint development checklist. (See Attachment B.)
- b. In addition to the checklist information, developer shall submit a recent (within the last 12 months) statement of financial assets or provide evidence of being bondable.
- c. Using the checklist, the CEO will review the proposed project with local agencies having jurisdiction in the project area (cities, County, CRA, etc.)
- d. The CEO shall perform the **initial** ~~initial~~ evaluation and make a recommendation to the ~~MTA~~ **the Board of Directors** to either enter into an Exclusive Negotiation Agreement (ENA) with the developer, or to reject the proposal.

2. ~~2.~~ Solicited Proposals:

~~At MTA's discretion, the MTA can initiate an RFP process to solicit development proposals. In soliciting joint development proposals, the MTA shall provide all available relevant site information including the Board adopted design guidelines for the site and encourage developers to seek information or consult with local jurisdictions regarding current and planned land uses in the project area.~~

~~In evaluating proposals solicited through an RFP process, the MTA will use the MTA's Procurement Policies and Procedures as a general guideline for determining the appropriate process. The MTA will utilize an evaluation panel generally consisting of key MTA personnel, MTA~~

~~joint development and/or urban design consultants or academic professionals, and local jurisdiction technical staff where appropriate.~~

~~Additionally, an urban design panel may be used to evaluate projects in an advisory capacity to the evaluation panel. The panel will use the joint development checklist in Attachment A1 to evaluate joint development proposals and advise the CEO on a developer to be recommended to the MTA Board. The CEO may recommend a developer to the Board or defer joint development if none of the proposals maximize the MTA's joint development objectives.~~

C. Exclusive Negotiations Agreement: Upon approval of recommended developer and authorization by the ~~MTA~~**Metro** Board, the CEO enters into an Exclusive Negotiations Agreement (ENA) with the developer for a period of 180 days.

1. Developer/Proposer Responsibilities under the ENA:
 - a. Developer shall provide the ~~MTA~~**Metro** a good faith deposit ("Deposit") in the amount of twenty-five thousand dollars (\$25,000) in the form of cash or certified check or an alternative amount determined by the CEO or his designee.
 - b. Developer, at its sole cost and expense, shall prepare and submit the following documents and perform the following acts all in furtherance of the negotiation process within 90 days after execution of the ENA:
 - (1) A comprehensive list of previous experience in the specific project area described in the solicitation document ~~in both~~ **both** the construction and operation of the said project type being solicited, as well as disclose full credit and litigation history under penalty of perjury.
 - (2) Evidence of control of any properties not owned by ~~MTA~~**Metro** but considered essential to the Project. Evidence shall be in the form of letters of intent from each of the owners stating commitment of land, economic terms and cost basis as well as a detailed action plan and schedule relating to the acquisition of the properties.
 - (3) Revised or updated Project design concept plan, including a site plan and sections as necessary to describe the proposed scope.
 - (4) Project development schedule including milestones for site control, financing commitments, design, environmental clearances/entitlement, construction and completion.
 - (5) Financing plan/economic projection for the project, including source and availability of equity capital, and

construction and long-term development financing. The economic projection shall include a proforma statement of Project return adequate to enable the **MTAMetro** to evaluate the economic feasibility of the proposed Project.

- (6) Written term sheet or offer for the Ground Lease or other development rights as appropriate to the proposal.

2. **MTAMetro** Responsibilities:

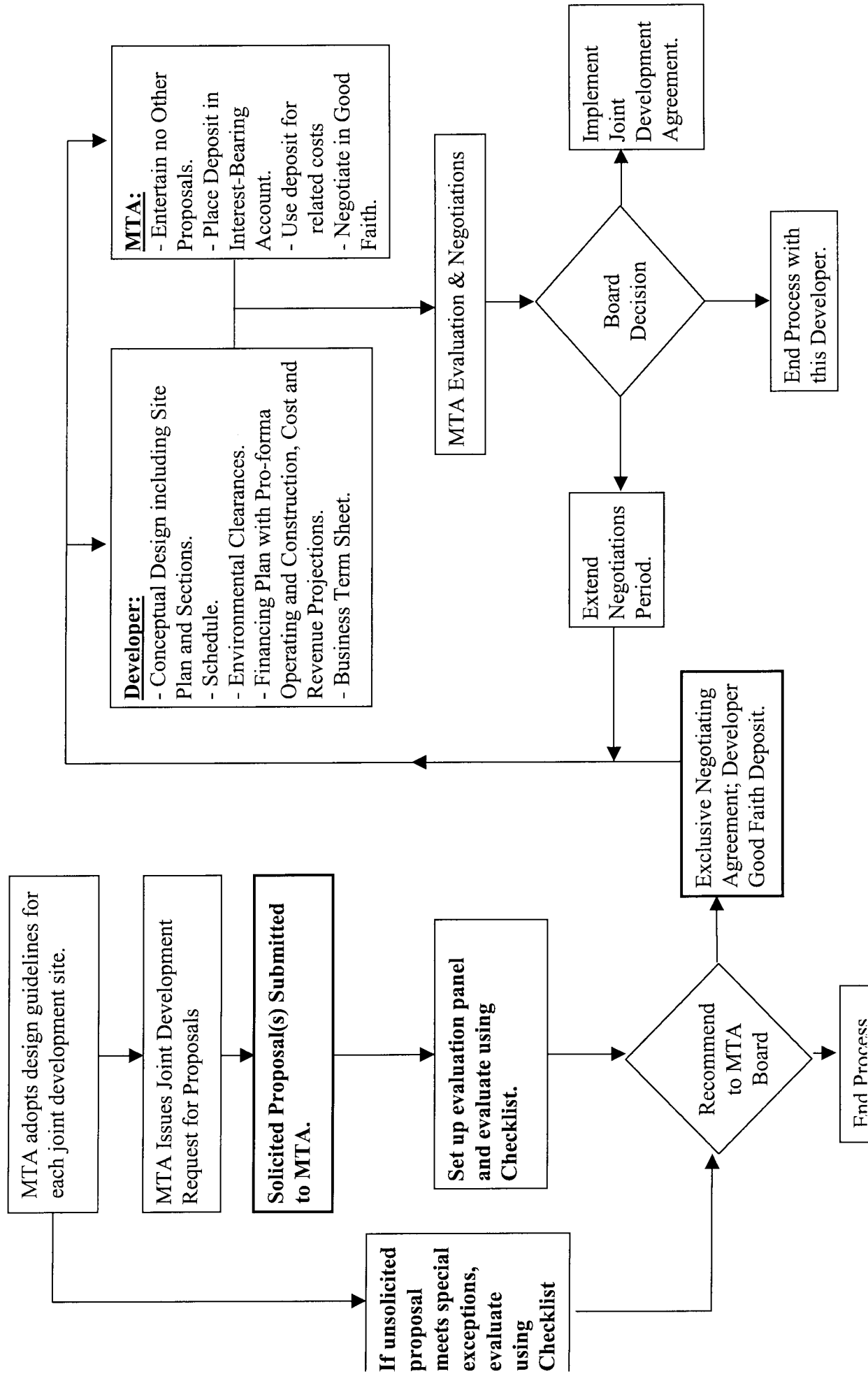
- a. The **MTAMetro** agrees that, during the Negotiation Period and provided that Developer is not in default of its obligations under the ENA, it shall negotiate exclusively and in good faith with Developer with respect to a Joint Development Agreement (JDA) and Ground Lease to be entered into between the **MTAMetro** and Developer, and shall not solicit or entertain offers or proposals from other parties concerning the Site.
 - b. The **MTAMetro** shall place Developer's "good faith" deposit in an interest bearing account. (The **MTAMetro** shall have the right to draw down from the account payment for such reasonable expenses incurred by the **MTAMetro** for such items as appraisals, data or other information costs, negotiations support, and other administrative costs expended in the evaluation of the proposal.)
 - c. The **MTAMetro** shall deliver, within 30 days of receipt of written request, any existing **MTAMetro**-owned information, studies, reports, site and construction plans or other documents requested by the Developer to facilitate Project design at cost to Developer.
3. Extension of the ENA: **MTAMetro** staff may request from the Board an extension of the 180-day exclusive negotiation period. The MTA Board will determine whether substantial progress have been made towards fulfillment of the requirements of the ENA in considering an extension.
4. Environmental Documents: The Developer shall bear the responsibility and costs associated with the preparation and certification of any required environmental clearance. It is generally assumed that the local jurisdiction will be the lead agency in the preparation of any required environmental clearance for the development.

E. Development Agreement: Upon satisfactory fulfillment of all the development requirements in the ENA, the **MTAMetro** may enter into a Joint Development Agreement for the implementation of a Project. The Development Agreement shall describe the rights and responsibilities of both parties.

F. Adjacent Construction Guidelines: These policies and procedures shall be implemented, as appropriate, in conjunction with the “Adjacent Construction Design Manual, Volume III, ~~MTA~~**Metro** Design Criteria and Standards, 1994”. This Manual establishes the criteria and review process for all construction over, under or adjacent to an ~~MTA~~**Metro** facility or structure.

G. Statutory Basis: ~~The MTA’s~~**Metro’s** joint development function acquired a statutory basis ~~acquired~~ through one of its predecessor agencies, the Southern California Rapid Transit District. Under California Public Utilities Code, Section 30600: “The district may take by grant, purchase, gift, devise, or lease, or by condemnation, or otherwise acquire, and hold and enjoy, real and personal property of every kind within or without the district necessary or incidental to the full or convenient exercise of its powers. That property includes, but is not limited to, property necessary for, incidental to, or convenient for joint development and property physically or functionally related to rapid transit service or facilities. The Board may lease, sell, jointly develop, or otherwise dispose of any real or personal property within or without the district when, in its judgment, it is for the best interests of the district to do so.”

Los Angeles County Metropolitan Transportation Authority Joint Development Implementation Procedures



JOINT DEVELOPMENT PROPOSAL EVALUATION CHECKLIST

Proposer DATA

Name Of Firm: _____ Phone Number: _____ MBE/DBE/WBE: _____
 Address: _____
 Other Participants (Names and Addresses): _____
 Principal: _____

PROJECT DATA

Project Site: _____
 Time To Construct: _____
 Proposed Completion Date: _____
 Brief Project Description: Include information on type of Joint Development (lease of ground or airspace, accessibility enhancement, etc.), proposer role (anticipated costs/benefits), and **MTAMetro** role (anticipated costs/benefits).

Proposed Financing: _____
 Number of Jobs Created: _____
 Additional Land/Parking Requirements: _____
 Adjacent Land Uses: _____
 (Attach conceptual site plans and elevations): _____
 Brief Project Justifications: _____

Ground Space Area (Square Feet): _____
 Total Structure Area (square Feet): _____

A. Development Concept	(30 Points)	
1. Transit compatibility and enhancement; ability to increase transit ridership.		
2. Ability to enhance the transit/station environment including safety and security.		
3. Provision for increased station access using alternative modes where appropriate. Provision of adequate convenient parking for transit patrons.		
4. Urban Design Quality of the concept--positive aesthetic impact on the station area and surrounding neighborhood.		
5. Conformance of the concept to current market conditions and demand.		
6. Conformance to City/County policies and plans.		
7. How goals of Development Objectives and Development Considerations, as outlined in the RFP, are met.		
8. Provision of adequate parking for development patrons.		
9. Meets community needs by providing needed housing, jobs, services, etc.		
10. Plan for providing adequate security for project and transit patrons.		

B. Return to the MTAMetro/Financial Feasibility of Proposal (20 Points)	
1. Soundness of the financial pro-forma analysis including reasonableness of cost, revenue assumptions and return on investment.	
2. Financial value to MTAMetro from proposed ground lease terms.	
3. Value to MTAMetro of any other proposed transit enhancements or project features.	
4. Reasonableness of conditions required/proposed for successful project development, operation and maintenance.	
5. Financial benefits to the community (e.g., jobs, redevelopment, taxes).	
C. Development Team Qualifications and Financial Capacity (30 Points)	
1. Demonstrated record of experience with similar projects.	
2. Past performance in meeting development schedules.	
3. Evidence of financial capacity.	
4. Demonstrated ability to obtain required financing on schedule.	
5. Commitment from one or more financial institutions to back the project.	
D. Project Schedule (20 Points)	
1. Short time frame for project completion.	
2. Ability to complete EIR, if necessary, and other development requirements on schedule.	
3. Coordination of schedule with construction and operation of transit facilities.	
4. Soundness of development and construction schedules.	
TOTAL POINT SCORE (100 Points)	