

Riverside County Transportation Commission Rail Station Joint Development Guidelines June 2005

PURPOSE

These guidelines are issued under the authority of the Riverside County Transportation Commission (RCTC) which seeks to enter into joint development partnerships to enhance the financial return and overall patronage of the Commission's significant rail transportation infrastructure investment. For purposes of these guidelines, joint development is defined as a real property asset development and management program intended to secure the most appropriate private and/or public sector development on RCTC-owned property at and adjacent to Metrolink commuter rail stations and corridors. Joint development also includes coordination with local jurisdictions in station-area land use planning in the interest of establishing development that enhances rail transit use.

It is the intention of the RCTC to realize the maximum benefits from and utilization of property owned and acquired by the Commission consistent with transportation mobility and community development objectives.

GOALS

The RCTC joint development guidelines seek to:

1. Promote and enhance rail transit ridership;
2. Enhance and protect the commuter rail station and corridor;
3. Encourage comprehensive and complementary planning and development around RCTC-owned station sites;
4. Reduce auto use and congestion through encouragement of rail transit-linked development, consistent with Commission policy to pursue transportation alternatives that enhance or complement economic development; and
5. Demonstrate a fiscal benefit to the Commission based on a fair market return on public investment.

POLICIES

The basic construct of joint development guidelines encourages comprehensive planning of station-area development. These policies are limited to solicited proposals. To facilitate coordinated transportation and land use decisions, RCTC will:

1. Consult and work cooperatively with local jurisdictions, redevelopment agencies, developers, and other public and private sector entities to facilitate land use policies and plans which encourage intensive, high quality development at current and planned RCTC-owned stations and surrounding properties;
2. In consultation with local jurisdictions, prepare conceptual development strategies specific to each joint development site that articulate the intensity and types of land use that the RCTC envisions for that site as well as any of the desired transit facility features;
3. Encourage transit compatible land use plans that enhance RCTC's regional mobility, air quality, economic development, ridership and revenue goals;
4. Consider joint development opportunities in the location of new station sites for future rail corridors, and construction of station facilities;
5. Encourage and allow surrounding property owners/developers, at their expense, to construct direct connections to stations from their property/buildings, in particular, pedestrian connections which enhance the overall pedestrian flow of the project area; and
6. Any modifications of these guidelines may be made by the RCTC Property Committee.

Additionally, the RCTC shall consider new joint development projects based on the following standards:

1. Projects shall be evaluated for consistency with development strategies as delineated in site-specific Request for Qualification/Proposals (RFQ/RFP) issued by the Commission;
2. Projects shall not negatively impact present or future public transportation facilities;
3. Projects shall be evaluated for consistency with regional and local jurisdictions' policies and plans;
4. Projects must demonstrate, at a minimum, fair market value return to RCTC;
5. If there are multiple proposals for the same site, selection between projects will be based on those which meet the above criteria and additionally demonstrate:
 - a. The greatest potential to increase rail transit ridership and enhance the transit system environment;
 - b. The greatest economic development potential to the community consistent with adopted land use plans; and
 - c. Responsiveness to community needs for employment, services, housing or other facilities.
6. Projects are encouraged which create a long-term source of revenue for the RCTC and allow the RCTC 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 some circumstances, the Commission may consider the sale of property if it is determined to be in RCTC's best interest;
7. Projects are encouraged which require no commitment of RCTC financial resources, minimize any investment risk, and maximize asset security for RCTC;
8. Where appropriate, as defined in the site-specific conceptual development guidelines enumerated in the RFP, projects are encouraged which provide new or additional station parking facilities; and

9. Projects must allow RCTC to retain station facility and related transportation service design and location authority and access to all necessary station operational facilities.

Rail Station Joint Development Implementation Procedures

RCTC will periodically prepare conceptual development strategies for RCTC-owned properties at Metrolink commuter rail stations. The RCTC will also consult with local jurisdictions regarding local land use development efforts. These conceptual development strategies and consultations with local jurisdictions shall provide the basis for establishing project priorities and implementation approaches to ensure maximum attainment of RCTC's joint development goals.

RCTC will be open and competitive in marketing its properties. RCTC shall solicit competitive proposals for joint development of its properties. The standard RCTC procurement procedures shall be used as the general guideline for determining the appropriate process for solicitation. RCTC shall not accept unsolicited written proposals for joint development on RCTC owned property.

Proposal Solicitation and Evaluation Process

RCTC may periodically initiate a process to solicit development proposals for specific properties owned by RCTC. In soliciting joint development proposals, the RCTC shall provide available relevant site information including the conceptual development strategies for the site and encourage developers to seek information or consult with local jurisdictions regarding current and planned land uses in the project area. The RFQ/RFP will outline the minimum qualifications and project selection criteria, including any unique capabilities or credentials which would be required of the proposer. Pre-proposal conferences may be held, as deemed necessary by RCTC.

The solicitation process will consist of two distinct stages – an assessment of qualifications and an assessment of development proposals. The first stage, the Qualifications Assessment, involves a request for qualifications (RFQ). This stage establishes the fitness of potential development teams to present formal development proposals to the RCTC for the specific site. During this stage, development teams are to be evaluated on two major criteria:

1. the Experience and Qualifications of the Development Team
2. the Financial Capacity of the Development Team

Public notice of the RFQ issuance will be posted at least 30 days prior to the date set for receipt of Statements of Qualification. Development teams that meet the predetermined minimum requirements for both evaluation criteria will be invited by RCTC to participate in the second stage of the development solicitation process.

The second stage of the development solicitation / RFP process is an Assessment of Development Proposals. During this stage, the set of pre-qualified development teams will be given the opportunity to prepare a proposal for development on the site in question. The proposals shall include:

1. A description of the project (program and schematic site plans)
2. A description of the approach to implement the proposed project (management plan, schedule, and financial terms).

Proposals shall be evaluated by a review panel selected by the Executive Director. It is anticipated that the panel will include representatives from the local jurisdiction and RCTC staff. Additionally, an urban design panel may be used to evaluate projects in an advisory capacity to the review committee. The RCTC shall notify Proposers within 30 days following their proposal submittals as to the estimated time frame for proposal review. It is the intent of the Commission to review proposals as expeditiously as possible, and review periods may be dependent on the volume and complexity of the proposals. The review committee will use the Rail Station Joint Development Checklist to evaluate the initial submittals and make recommendations to the Commission on the selected developer/proposal to be considered for advancement to the Exclusive Negotiations Agreement phase.

Exclusive Negotiations Agreement

Upon recommendation and approval of the Commission, the Executive Director may enter into an Exclusive Negotiations Agreement (ENA) with the selected developer for a period of 180 days or such other term that is mutually acceptable to the parties.

A. Requirements of proposer/developer under the ENA:

1. Developer shall provide the Executive Director with a "good faith refundable deposit," in the amount of \$25,000 in the form of cash or certified check or an alternative amount determined by the Executive Director or his designee. The amount shall be sufficient to cover reasonable expenses incurred by the RCTC in carrying out the analysis of the proposal.
2. Developer shall have 120 days to provide the Executive Director with the following information:
 - a. A preliminary site plan showing building layout and dimensions, parking, landscaping and access.
 - b. Project development schedule including milestones for site control, financing commitments, design and environmental clearances, entitlements, construction and completion.
 - c. Cost estimates and project data for the proposal in sufficient detail to permit adequate financial analysis.
 - d. Evidence of a firm commitment from key managerial members or tenants of the proposed projects.
 - e. A comprehensive list of previous experience in the specific project area and of like projects for both construction and operation of the said project type, as well as disclose full credit and litigation history under penalty of perjury.
3. Evidence of a firm financial plan, including:
 - a. Evidence of construction financing.
 - b. Evidence of long-term financing.
 - c. Evidence of other financial sources necessary to carry out the project.

Evidence shall consist of a letter of commitment from a financial institution or any reasonably acceptable party providing development capital. The financial plan shall include a proforma statement of project return adequate to enable the Commission to evaluate the economic feasibility of the proposed project.

4. Developer shall provide a written offer to the RCTC for fee purchase of land, purchase of lease rights, or other development rights as appropriate to the proposal.
5. Evidence of control of any properties not owned by RCTC 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 costs basis as well as a detailed action plan and schedule relating to the acquisition of the properties.

B. Responsibilities of the RCTC under the ENA:

1. The RCTC shall approve no other joint development proposals for the land in question during the period of the ENA. The ENA shall serve as proof of control of land for acquiring letters of financial commitment by the developer.
2. The Executive Director shall place the "good faith" deposit in an interest-bearing account, and shall have the right to draw down from the account payment for reasonable expenses incurred by the RCTC for such items as land and development rights appraisals, materials, data and other information costs, and other administrative and consultant costs expended in the evaluation of the proposal.
3. The RCTC shall provide the developer with an appraisal for the fair market value of the fee interest or lease rights or other development rights appropriate to the project.
4. The RCTC shall deliver, within 30 days of receipt of written request, any existing RCTC-owned information, studies, reports, site and construction plans or other documents requested by the developer to facilitate project design at cost to the developer.
5. Upon completion of the 120-day period referenced above in Section A, the RCTC will evaluate and negotiate with the Developer in close coordination with the local jurisdiction for a period of up to 60 days.
6. If, at the conclusion of the ENA period, the proposal is terminated, the Executive Director shall return any remaining balance of the "good faith deposit," including any interest accrued thereon to the developer.
7. If, at the conclusion of the ENA, a Development Agreement is entered into, the remaining balance of the "good faith deposit," including interest accrued thereon, shall be subtracted from the cost of land, lease or other development rights conveyed to the developer by the RCTC.

Extension of ENA

Either the developer or the Executive Director may request from the Commission an extension of the 180-day exclusive negotiation period. The Commission will determine whether sufficient progress has been made toward fulfillment of the above requirements in their consideration of extension.

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.

Conclusion of the Rail Station Joint Development Evaluation Process

Upon satisfactory fulfillment of all the development requirements in the ENA, the RCTC may enter into a Joint Development Agreement for the implementation of the project.

Joint Development Agreement

The Joint Development Agreement shall describe the rights and responsibilities of both parties and shall contain, but not be limited to the following elements:

1. Identification of the parties to the agreement including prohibition against change, transfer or assignment of ownership, management and/or control of developer;
2. Description of the site including a map. If the subject of the lease is an air space development, placement of supports shall be included on the map;
3. Requirement that the developer must secure from appropriate local agencies all necessary permits and approvals;
4. The terms and conditions of the lease (if applicable) including but not limited to:
 - Lease price and payment schedule;
 - Conveyance and delivery for possession;
 - Payment of taxes and insurance requirement;
 - Condition of site at time of beginning and end of lease;
 - Financial statement of developer;
 - Hold harmless and indemnity clauses;
 - Limitations of use and terms of lease; and
 - Schedule of the RCTC approval of all plans and drawings.
5. If the development incorporates a sale of property, the conditions and terms of such sale including but not limited to:
 - Sale or purchase price and payment schedule;
 - Escrow instructions;
 - Conditions, covenants, restrictions and other limitations of use as terms of sale;
 - Conveyance and delivery of possession;
 - Form of deed as approved by RCTC counsel;
 - Condition of title and insurance of title;
 - Time and place for delivery of deed;

- Taxes, assessments, and insurance requirements;
- Condition of site at time of sales;
- Financial statement of developer; and
- Prohibition of transfer without prior Board approval.

6. The scope of the development of the site including:

- a. Schedule for submission of concept, schematic, construction, grading and landscaping plans and drawings;
- b. Schedule for local agency and the RCTC review, and approval of plans and drawings. The staff review will include but not be limited to:
 - (1) Design of site and improvements;
 - (2) Relationship to the urban design of the community both form and scale;
 - (3) Architectural design and visual continuity;
 - (4) Effects on railway operations;
 - (5) Type and quality of building materials;
 - (6) Structure location, height and lot coverage;
 - (7) Parking requirements and design;
 - (8) Streetscape and landscaping; and
 - (9) Vehicular circulation.
- c. Schedule of performance; and
- d. Insurance requirements.

6. Failure of either party to perform including defaults, remedies and termination by either party;
7. Ownership of improvements constructed upon leased land upon the expiration or termination of lease term;
8. Requirements to restore leased property to original condition upon expiration or termination of lease term;
9. Possible performance bond requirements; and
10. Any other general or special provisions which are deemed necessary by the Commission.

Use of Revenue

Revenue obtained from joint use and development of property including concessions and advertising will first be applied to the maintenance and operation of RCTC-owned facilities from which the revenue is generated, with any additional revenue being applied to any other RCTC commuter rail operations.

Applicability of Guidelines

Nothing in these guidelines shall 1) require RCTC to enter into any agreements or commitments or 2) invalidate any action of the Commission, or 3) require any action by the Commission.