

RESOLUTION NO. 1993-136

**AMENDING RESOLUTION NO. 1991-103 REGARDING POLICIES AND PROCEDURES FOR IMPLEMENTING JOINT DEVELOPMENT OF GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY TRANSIT FACILITIES**

WHEREAS, the Board of Trustees through the passage of Resolution No. 1991-103 on May 21, 1991, recognized the variety of benefits to be gained by the Authority from the formation of public-private partnerships to jointly develop Authority transit facilities; and

WHEREAS, an amendment to Section 306.43 of the Ohio Revised Code makes competitive negotiation a permissible means by which the joint development rights of a particular transit facility may be awarded; and

WHEREAS, it has been determined that modifications to the existing Joint Development Policies and Procedures are necessary for the Authority to take advantage of the competitive negotiation process for such joint development awards in the future;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority:

Section 1. That the Policies and Procedures for Implementing Joint Development of Greater Cleveland Regional Transit Authority Transit Facilities are hereby revised in accordance with "Exhibit A" attached hereto and incorporated herein.

Section 2. That the General Manager be and is hereby authorized to revise the procedures contained therein from time to time as deemed necessary or desirable by the General Manager to carry out joint development projects in accordance with said policies.

Section 3. That this resolution to take effect immediately upon its adoption by the Board of Trustees.

Attachment: Policy and Procedures for Implementing Joint Development of GCRTA Transit Facilities

Adopted: August 24, 1993

  
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President

Attest:

  
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Secretary-Treasurer

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
POLICIES AND PROCEDURES FOR IMPLEMENTING  
JOINT DEVELOPMENT OF GCRTA TRANSIT FACILITIES

**Purpose and Scope**

Joint development is a third party real estate development that is physically connected to public transit facilities. The access and location advantages provided by a transit facility act as an impetus for the development which benefits both the public transit authority and the private developer, as well as other public entities.

The benefits to the transit authority include increased use of the transit system, and a creative mechanism for funding construction, operation and maintenance of capital projects. The private developer receives the advantage of a built-in transportation linkage, which may decrease risk due to the influx of public resources as leverage for the development. Other public participants benefit from increased economic development and correspondingly enhanced tax and employment bases, improved urban design, and the opportunity to manage continued growth and development. Joint development has the potential to convey benefits on all participants. However, it can only prove to be a viable option for GCRTA to pursue if the appropriate blend of transit and land-use planning is realized.

Joint development agreements with the private sector will be used to offset transit system real estate acquisition and facility construction costs; provide station upgrades and desired public amenities; and help fund ongoing system operating costs.

**Development Approaches**

Four prospective joint development approaches have been identified: (i) negotiated investments; (ii) public improvement districts (PID's); (iii) connector fees; and (iv) leasing of land and air rights.

(i) A negotiated investment is a contribution of property, facilities or amenities by a private developer in exchange for benefits to a private development plan. These agreements are expected to provide access improvements (elevators, escalators, entranceways), bus and parking facilities, station aesthetics and/or real property interests.

(ii) PID's are formed when commercial property owners within a

district agree, through petition to the governing municipality, to fund all or a portion of a transit station. The municipality finances the station with debt and assesses the property owners in the form of incremental ad valorem taxes or a cents-per-square foot levy based on property values. Assessments must reflect the benefit of the station to the property owners. The Authority leases the station from the municipality until the debt is paid off, after which ownership can be transferred to the Authority.

(iii) Connector fees are paid by developers to construct a physical link between a private development and a transit station. They will be negotiated primarily on subway or elevated stations, where direct access to mezzanine levels creates additional prime rental space. Fees are usually in the form of an annual contribution for station operating costs.

(iv) Land and air rights leases will be negotiated with commercial developers on station sites and parking areas purchased or already owned by the Authority for transit purposes. In some cases, the facilities will be integrated into the overall development. Common facilities, such as plazas and entranceways, will be shared whenever possible.

The intent of joint development is to enhance station environs and attract riders, and to create a long-term (more than twenty year) revenue stream that will assist RTA in financing the transit system.

## **Policies for Joint Development of GCRTA Transit Facilities**

### Comprehensive Planning

1. Coordinate comprehensive planning and development around Rail station sites and Bus facilities (i.e. Park-n-Rides, bus loops) with the involved communities, in accordance with local and regional land use plans, policies and zoning regulations.
2. Encourage land use plans which are designed to enhance system ridership and provide needed public amenities, such as sidewalks and other pedestrian connectors to form linkages between developments and rail stations or bus facilities.
3. Ensure that all uses of Authority owned property and any given local jurisdiction's adopted land use plans are consistent, and attempt to achieve that consistency by seeking change in such land use plans.
4. Promote and reinforce local land use plans which provide for the creation of high-quality development at each rail station or bus facility; where the local governmental entity's adopted land use plans call for maintenance of a residential area, maintain consistency with those plans.
5. Provide agency support and interagency representation.
6. Encourage local jurisdictions to structure their land use plans in the vicinity of rail stations and bus facilities to promote uses supportive of transit.
7. Select joint development projects that have a primary purpose of promoting transit ridership and increasing mobility. Such projects enhance economic development including job creation, and other community needs.

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### Control of Joint Development Activities

8. Obtain and retain station facility and related transportation service design and location authority.
9. Maintain an active role in all joint development activities.
10. Retain ownership of land and air rights acquired for GCRTA transit facilities; jointly develop these with the private sector and/or other public entities for the purpose of establishing long term revenues to support initial offset of GCRTA capital

expenditures, as well as a sustainable annual cash flow for meeting ongoing costs related to operating, and maintenance requirements.

### Implementation

11. Package joint development projects.
12. Establish a joint development decision making process which fosters positive relations with the private sector other public agencies, and members of the general public, particularly residents affected by development in their respective communities.
13. Solicit proposals for joint development of Authority owned property through a competitive process.
14. Infuse public sector capital or "in lieu" contributions where appropriate to create more viable joint development projects.
15. Ensure the involvement of disadvantaged and women business enterprises in joint development projects.

### Enhancement of GCRTA Transit Facilities

16. Consider the potential for enhancement of GCRTA Transit operations through joint development prior to selection and configuration of sites for GCRTA transit facilities.
17. Encourage direct connections between transit facilities and surrounding developments.
18. Encourage land uses which promote pedestrian activities and promote the safety and security of patrons.
19. Review GCRTA transit facility design and, where feasible, incorporate design features that will facilitate future joint development. Such design alternatives shall capture the greatest private sector development contributions with the least number of challenges to system performance, service quality, schedule and lowest construction cost. Site alternatives will be in accordance with planned development goals.
20. Make most efficient use of Authority real property.

## Revenue Generation, Cost Sharing and Value Capture

21. Negotiate joint agreements between the Authority and developers using Authority land and/or property rights to create a long-term source of revenue for the operation and maintenance of the system.
22. Ensure long term value capture in support of public investment in the form of contractor fees, joint ventures, and lease agreements.
23. When construction of adjacent joint development projects precede or parallel construction of GCRTA transit facilities, negotiate offsets to GCRTA rail costs through station/facility cost sharing.
24. Require connector fees or equivalent consideration from any property owner/developer of any building who requests a physical link to a GCRTA transit facility; the cost of such connectors, including additional design costs, and maintenance costs will be borne by the property owner/developer and will be negotiated.
25. Require, where appropriate, that property owners/developers who propose to be directly connected to stations, where there is no benefit assessment district, to pay fees substantially equivalent to benefit assessment as set for other stations; fees which are collected in lieu of such benefit assessments shall be in addition to all other fees, contributions, or considerations.
26. Structure connector fees or capital offset fees in the form most appropriate to the transaction; for example, lump sum payments, participation in the revenue created by the development, "in lieu" dedication payments of property and/or easements, or combinations of forms.
27. Ensure that joint development projects contain some provision for financial security against future adverse impacts on transit operations by the owner/occupants of the joint developments.

## Land Acquisition and Disposition

28. Plan property acquisitions to obtain the best possible combination of cost savings on site acquisition and joint development potential on the sites after system construction.

29. Where joint development is not feasible or is a long-range project, consider leasing land and air rights at the current market rate to potential developers, with consideration of any capital investment incorporated.
  30. Dispose of real property only when it is advantageous to the Authority.
  31. An environmental assessment will be completed of any parcel the Authority buys or sells.
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## **Procedures for Joint Development of GCRTA Transit Facilities**

The following is the process to be used by the Authority in implementing its adopted policies regarding joint development of GCRTA transit facilities.

1. The Authority may initiate joint development of a GCRTA transit facility or such a proposal may be initiated by an inquiry from a private developer, public agency or other person.
2. Any recommendation by a department of the Authority, or any inquiry from a person outside the Authority regarding joint development opportunities on a GCRTA site shall be referred to a joint staff committee of the Operations Planning, Strategic Planning and Research, Legal, Transit Transportation, and Procurement Departments, and the Finance, and Engineering and Construction Divisions (Joint Staff Committee).
3. Upon receipt of a request for joint development on a GCRTA site, the Joint Staff Committee shall analyze the feasibility and benefits of the proposed development.
4. If a preliminary analysis by the Joint Staff Committee indicates that a proposed development on a site may be feasible and beneficial, or if the General Manager determines that it is in the interest of the Authority to pursue joint development of a site, a Request For Proposals for development of the site will be issued by the Procurement Department. The General Manager may, at his discretion, brief the Board Planning and Development Committee on the proposed development prior to the issuance of a RFP.
5. Notice of the Authority's RFP for joint development of a GCRTA site shall be given in newspapers of general circulation, and in other specialized publications, if appropriate, for an adequate period of time prior to the submittal deadline. Notice may also be given to adjacent property owners and to any person specifically requesting such notice from the Authority.
6. The Authority's RFP shall contain: (1) site description, (2) basic project description and development guidelines, (3) special Authority requirements for interface with the transit operations (4) requirements for benefit to the Authority, (5) selection process, including criteria used for selection, (6) responsibilities of the Developer, (7) form of the development proposal, and (8) statement of policy regarding participation by disadvantaged



business enterprises.

7. Responses to an Authority RFP shall contain: (1) conceptual benefit to the community, (2) description of the development entity, (3) financial capability of the Developer, (4) conceptual benefit to the Authority, (5) detailed project description including dimensioned site plans, elevations, circulation and parking plans and a description of the interface with GCRTA operations during and after construction, (6) pro forma financial analysis including development cost and ten-year cash flow projections, (7) costs to the Authority, (8) evidence of market feasibility, (9) construction schedule, (10) identification of disadvantaged business participation at all levels at which such involvement is proposed, (11) revenue and benefits offered to the Authority, (12) a performance guarantee to be specified in the RFP based upon individual project specifics, and (13) other information appropriate to the particular project.
8. The Joint Staff Committee shall review and evaluate all RFP submittals and rank submittals in their order of preference.
9. The Joint Staff Committee will select a negotiating team who shall initiate discussions with all proposers in the competitive zone. The negotiating team shall consult with the Joint Staff Committee and the Executive Management Team on a regular basis during the negotiation process. Written best and final offers will be received from such proposers. The Joint Staff Committee shall then select the most advantageous offer.
10. The General Manager and/or designated staff shall forward the offer to the Board Planning and Development Committee for action.
11. The Authority may deviate from its RFP procedures for joint development of a GCRTA site in any case where the Authority has entered into an intergovernmental agreement with a local government that is participating in the joint development process; procedures for implementing the joint development shall be specified in the intergovernmental agreement.
12. The Authority may deviate from its RFP procedures for joint development of a GCRTA site if the interested party is an adjacent property owner and the Authority finds that combining the Authority site with an adjacent property will result in a joint development project that is feasible and beneficial to the

Authority; procedures for implementing the joint development project shall be specified in a written agreement between the Authority and the adjacent property owner.

## **Procedures for Connectors to GCRTA Transit Facilities**

The following is the process to be used by the Authority in implementing its adopted policies regarding joint development of GCRTA transit facilities, particularly those policies related to connections to stations:

1. The Authority may initiate connections (streets, sidewalks, pedestrian easements, and sub-surface or aerial walkways) into GCRTA transit facilities or such connections may be initiated by requests from private developers, public entities or other persons.
  2. Any recommendation by a department of the Authority, or any inquiry from a person outside the Authority regarding joint development connections to a GCRTA site shall be referred to the Joint Staff Committee.
  3. Upon receipt of a request for a connection to a GCRTA Rail station or Bus facility the Joint Staff Committee shall analyze the feasibility, costs, and benefits of the proposed connection.
  4. If the Joint Staff Committee finds that the connection proposal is feasible and beneficial, the General Manager and/or designated staff shall negotiate a draft agreement for the connection; the negotiating team shall consult with the Joint Staff Committee and the Executive Management Team on a regular basis during the negotiation process.
  5. A recommendation for a connection to a GCRTA Rail station or Bus facility shall be reviewed by the Board Planning and Development Committee and, if acceptable, shall be recommended to the Board.
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## **Procedures for Sale or Long-Term Lease of Sites**

The following is the process to be used by the Authority in implementing its adopted policies regarding rail stations, bus facilities or other sites, particularly those policies related to the sale or long-term lease of surplus properties:

1. The Authority may initiate the sale or long-term lease of any site or such a sale may be initiated by an inquiry from a private developer, public agency or other person.
2. Any recommendation by a department of the Authority, or any inquiry from a person outside the Authority, regarding sale or long-term lease of a Site shall be referred to the Joint Staff Committee.
3. Upon receipt of a request to sell a Site, the Joint Staff Committee shall analyze the feasibility and potential costs and benefits of discontinuing bus or other current operations at that location.
4. If a preliminary analysis by the Joint Staff Committee indicates that sale or long-term lease of the Site is feasible and beneficial, the Committee may recommend action to sell the Site, or offer it for lease in accordance with the governing statute.
5. The successful offer to purchase or lease will be presented to the Board for action.