

# **JOINT DEVELOPMENT GUIDELINES, POLICIES AND PROCEDURES**

## **Metropolitan Transit Authority of Harris County, Texas (“METRO”)**

### **I. Definition and Purposes**

Joint development is a real property asset development and management program designed to secure the most appropriate private and/or public sector development that is functionally or physically related to METRO’s transit facilities. The purposes of METRO’s joint development program are to (1) enhance and increase ridership on the METRO system, (2) achieve transit, land use, economic development and urban planning goals while maximizing revenues generated to METRO from its property by providing at a minimum a financial return equal to the highest and best transit use of the specific site, and (3) create a long-term, continuing source of revenue to support operations of METRO and increase utilization of this community’s public transit system.

### **II. Goals**

METRO’s joint development program seeks to:

- A. Provide transportation related services and conveniences;
- B. Provide pedestrian oriented development and create a sense of place around a transit facility that is compatible with the nature, scale and aesthetics of the surrounding community;
- C. Include a mix of uses that will support the continued growth and meet identified needs of the immediate area;
- D. Achieve the highest levels of quality in terms of urban and architectural design;
- E. Generate economic development benefits through job creation and additional revenue for the local economy; and
- F. Promote involvement of local interests in the location, design, function and operation of the transit oriented development to the extent reasonable and appropriate.

### **III. Policies**

A. The policy governing joint development projects shall:

1. Create both a long-term source of revenue for METRO, and allow METRO to participate in the increase in the value of its assets over time;
2. Encourage increased transit utilization and ridership;
3. Exhibit high urban design standards and quality;
4. Provide for efficient and safe vehicular and pedestrian circulation and shall provide adequate parking for transit demand while maximizing shared parking opportunities;
5. Enhance and maintain existing or future transportation systems, operations, and infrastructure;
6. Address community needs in joint development which are consistent with METRO's policy of encouraging revenue generation and implementing transit oriented development design principles;
7. Seek opportunities in the acquisition of properties for transit facilities, stations and corridors;
8. Be evaluated in the initial planning of a transit project, including but not limited to, transit facilities, stations, and corridors; and
9. Encourage design in open and public spaces that contribute to the overall quality of life in the built environment.

### **IV. Criteria**

- A. Projects are encouraged which increase transit ridership.
- B. Projects are encouraged which create a long-term source of revenue to METRO and allow METRO to participate in the increase in value of its real estate assets over time.
- C. Projects are encouraged which minimize the commitment of METRO financial resources, minimize any investment risk, and maximize asset security for METRO.
- D. Projects should set and strive towards a goal of thirty-five (35%) percent small business participation in all aspects of the program that are reasonable and appropriate.

- E. Projects should demonstrate that the joint development will provide a reasonable return to METRO based on the highest and best transit use of the property with a goal of a minimum annual yield to be set by METRO staff.
- F. Projects are encouraged that create the greatest economic development potential to their respective communities.
- G. Projects are encouraged which include investment capital from other public agencies, or in-kind contributions, to create greater economic benefits to joint development projects.
- H. Projects must protect METRO's control of operation, access and use and allow METRO to retain station facility and related transportation service design and location authority and access to all necessary station operational facilities.

## **V. Joint Development Procedures**

### **A. Marketing and Solicitation**

1. METRO will be open and competitive in marketing properties. Periodically, METRO will prepare and publish a list and description of its properties available for joint development and circulate this to the development community.
2. METRO may solicit proposals for joint development of its properties through a competitive selection process. Alternatively, projects may be initiated by a private entity or other agencies. If solicited by METRO, the Request for Qualifications ("RFQ") and/or Request for Proposals ("RFP") procedures shall be used for determining the appropriate process for solicitation. The Vice President of Real Estate Services, based on the nature of the development proposal to be solicited, shall decide specific procedures for solicitation of each development proposal. Once METRO issues an RFQ and/or RFP for a specific site through a competitive selection process, METRO shall not accept unsolicited proposals on the same site during that process.
3. Proposals may be initiated by public and/or private entities. Such proposals will be considered unsolicited and be governed by the procedures outlined herein.
4. Solicited and unsolicited proposals should comply with the established goals, policies and criteria as previously outlined. All proposals will be evaluated based on a joint development evaluation form (the "Joint

Development Evaluation Form”) or similar document(s) as shown in Exhibit “A.”

#### B. Evaluation of Solicited Proposals

1. At METRO’s sole discretion, METRO can initiate an RFQ and/or RFP process to solicit development proposals.
2. In soliciting joint development proposals, METRO shall encourage developers to seek information regarding current and planned land uses in the project area.
3. In evaluating proposals solicited through the RFQ and/or RFP process, METRO will utilize an evaluation panel consisting of key METRO personnel, METRO joint development staff, and where appropriate, urban design and/or academic professionals.
4. The evaluation panel will use as a guideline the Joint Development Evaluation Form or similar document(s) to evaluate joint development proposals and advise the Vice President of Real Estate Services on the selected developer(s). The Vice President of Real Estate Services will advise the President & CEO of the evaluation panel’s recommendation while concurrently beginning the Preliminary Negotiation Period with the selected developer(s).

#### C. Evaluation of Unsolicited Proposals

1. Qualified developers may propose a joint development project and submit the proposal to the Vice President of Real Estate Services. Such proposals must conform with the goals and criteria of the Joint Development Guidelines, Policies and Procedures. If the joint development project meets the specified goals and criteria, the Real Estate Services staff will analyze the proposal using the Joint Development Evaluation Form or similar document(s).
2. Developers shall submit a recent (within the last 12 months) statement of financial assets and/or provide evidence that key construction companies are bondable.
3. Using the Joint Development Proposal Evaluation form, the Vice President of Real Estate Services will review the proposed project with the staff and any other personnel he or she deems to be appropriate. The Vice President of Real Estate Services will advise the developer whether the proposal meets the goals and criteria of a joint development project. If the proposal meets the standards of a joint development project, the Vice President of Real Estate Services will begin the Preliminary Negotiation

Period with the developer while at the same time advising the President & CEO of the proposal.

#### D. Preliminary Negotiation Period

1. Upon the preliminary selection of the developer and/or proposal, METRO will enter into preliminary negotiations with the developer.
2. The Vice President of Real Estate Services will determine, at his or her sole discretion, the length and duration of the preliminary negotiation period. The Vice President of Real Estate Services reserves the right to terminate preliminary negotiations with the developer at any time.
3. In order to expedite the preliminary negotiations and upon written request by developer, METRO will deliver any existing METRO-owned information, studies, reports, site and construction plans requested.
4. During the preliminary negotiation period the developer will:
  - a. Provide METRO with a comprehensive list of previous experience in the specific project described in the proposal in both the construction and operation of the said project type;
  - b. Provide evidence of control of any properties not owned by METRO but considered essential to the project;
  - c. Provide project development schedule(s), design(s), and construction and completion timeline(s);
  - d. Provide METRO the financing plan, including source and availability of equity capital and construction and long-term development financing;
  - e. Provide METRO with an economic projection for the project, including a pro forma statement of project return adequate to enable METRO to evaluate the economic feasibility of the proposed project;
  - f. Draft the initial Letter of Intent (“LOI”) to be reviewed and negotiated by both parties prior to the LOI being submitted for approval by the President & CEO and the METRO Board of Directors (the “METRO Board”).

E. Exclusive Feasibility Period

1. The Exclusive Feasibility Period begins upon the METRO Board's approval of a recommended developer and/or proposal authorization of the President & CEO to negotiate, execute and deliver appropriate documents for the project. The terms and conditions of the LOI will specify the termination date for the Exclusive Feasibility Period.
2. The Vice President of Real Estate Services at his or her sole discretion may grant an extension of time for negotiations in the Exclusive Feasibility Period.
3. Developer's responsibilities include:
  - a. Developer shall provide 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 as determined by the Vice President of Real Estate Services;
  - b. Developer will provide a revised or updated project design concept plan, including a site plan(s) as necessary to describe the proposed scope of the project;
  - c. Developer will provide revised or updated evidence of control of any properties not owned by METRO but considered essential to the project;
  - d. Developer will provide revised or updated project development schedule(s), design(s), and construction and completion timeline(s);
  - e. Developer will provide revised or updated financing plan, including source and availability of equity capital and construction and long-term development financing;
  - f. Developer will provide a revised or updated economic projection for the project, including a pro forma statement of project return adequate to enable METRO to evaluate the economic feasibility of the proposed project.
4. METRO's responsibilities include:
  - a. METRO will work exclusively and in good faith with the developer in negotiating and implementing a Joint Development Agreement or other documents pertinent to the project;

- b. METRO shall not solicit nor entertain offers or proposals from other parties concerning the project;
- c. METRO shall place the developer's Deposit in an interest-bearing account. METRO shall have the right to draw down from the account payments for reasonable expenses incurred by METRO including but not limited to appraisals, research and/or market data, negotiations support, and other administrative costs expended in the evaluation of the proposal.
- d. METRO shall deliver upon written request by the developer any existing METRO-owned information, studies, reports, site and construction plans.

F. Conformity with Design Criteria for METRO Park and Ride and Transit Center Facilities

These policies and procedures shall be implemented, as appropriate, in conjunction with the "Design Criteria for METRO Park and Ride and Transit Center Facilities dated November 2000" as shown in Exhibit "B" and as amended. This manual establishes the design criteria for transit operations for all construction over, under or adjacent to a METRO transit facility or structure.

G. Statutory Authority and Governing Legislation

Metropolitan Transit Authority of Harris County, Texas was created by and exists under Chapter 451 of the Texas Transportation Code.