

RETAIL DEMONSTRATION PROGRAM IN METRORAIL STATIONS

Executive Summary

Background

- In July 2004, the Board voted to allow commercial activities subject to Board approval of the specific uses (excluding the sale of food, beverages and tobacco) in the free areas of Metrorail stations to increase revenues for the Authority
- Staff now proposes to expand upon the first successful retail program - the installation of Automated Teller Machines (ATMs) in 36 Metrorail stations - and issue a Request for Proposals (RFP) for a retail demonstration program in twelve (12) Metrorail stations throughout the District of Columbia, Maryland and Virginia
- An amendment to the Regulation Concerning the Use By Others of WMATA Property ("Use Regulation") will be required to allow retail activities in the paid areas of Metrorail stations since some stations, such as Gallery Place - Chinatown and Metro Center, have more space in the paid areas and those areas will also capture transferring passenger traffic
- The RFP:
 - Identifies stations were chosen from among all jurisdictions and types of neighborhoods based upon ridership levels and location characteristics, i.e., end of line, suburban and urban locations.
 - Seeks a licensee(s) to finance, install and operate sites in the system. Based on input from various WMATA Departments, security, uniformity of design and operational standards were identified and a licensee(s) would be best able to ensure day-to-day compliance with all of WMATA's requirements.
 - Offers one (1) five year term with two (2) one year extensions to allow a licensee(s) to amortize its significant investment. All costs to be borne by the selected licensee(s).
 - Provides for additional retail locations at other Metrorail stations during the license term if successful and mutual agreement of the parties
 - Requires that selected proposer obtain all local jurisdictional zoning and other applicable approvals for its retail operations
 - Encourages participation by local small businesses including Disadvantaged Business Enterprises

- Includes Design Criteria to ensure uniformity and preserve WMATA's architectural excellence
- Makes it clear that the sale of food is not permitted, but asks proposers to indicate how offers would change if food and beverages were allowed. If food proposals would generate significant revenue, staff will submit such proposals to the Board for its consideration.
- After reviewing the RFP responses, staff will present its recommendation to the Board

Recommendation

- That the Real Estate Committee and the Board of Directors approve the issuance of a Request for Proposals for a Demonstration Program to provide retail services at selected Metrorail stations
- That the Real Estate Committee and the Board of Directors approve amending the "Regulation Concerning The Use By Others of WMATA Property" to permit retail uses in both the free and paid areas of Metrorail stations subject to Board approval of the specific uses

PRESENTED AND ADOPTED:

SUBJECT: REVISIONS TO THE USE REGULATION CONCERNING THE USE BY OTHERS OF WMATA PROPERTY

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, In 1980, the Board of Directors (the "Board") adopted Board Resolution #80-19, in which it declared that it would allow the use of WMATA property by others for a limited number of activities, including some commercial activity, but clearly stated its intent to closely monitor/control such use; and

WHEREAS, in 1987, the Board adopted Board Resolution #87-02, promulgating the Regulation Concerning the Use By Others of WMATA Property (the "Use Regulation") to codify the policy expressed in Board Resolution #80-19, and allowed some additional activities; and

WHEREAS, in 1995 ,the Board adopted Board Resolution #95-27, amending the Use Regulation to allow WMATA to lease WMATA property for the installation of communications antennas and equipment in addition to fiber optic cables; and

WHEREAS, in 2002, the Board adopted Board Resolution #2002-47, amending the Use Regulation to allow WMATA to use its parking facilities for non-transit, public parking, civic uses, and limited commercial uses; and

WHEREAS, In 2004, the Board adopted Board Resolution #2004-07 and #2004-35, making many substantive changes to the Use Regulation, one of which was to allow commercial use (excluding the sale of food, beverage and tobacco) of Authority-owned facilities, including the free areas of Metrorail stations, subject to Board approval prior to the initiation of such commercial use; and

WHEREAS, Staff now proposes issues a Request for Proposals to select a licensee(s) to install and operate retail concessions at twelve (12) Metrorail stations to provide frequently-used/needed goods or services to transit customers which will reduce travel time required to purchase such goods or services; and

WHEREAS, Three (3) designated sites (Metro Center, Gallery Place-Chinatown, and College Park/UMd Metrorail Stations) do not have sufficient space in the free areas for such commercial activity and commercial activity is proposed for the paid areas of those stations; and

WHEREAS, Staff recommends that the Board adopt revisions to the Use Regulation, attached hereto as Exhibit A, to allow commercial ventures (retail sites) in both free and paid areas of Metrorail stations where safety and security permit such use; now, therefore be it

RESOLVED, That the Board adopts the revision to the Use Regulation, attached hereto as Exhibit A, to allow for commercial ventures, such as concession stands that provide frequently-used/needed goods or services to transit customers in order to reduce travel time required to purchase such goods or services where safety and security permit, subject to Staff receiving prior Board approval for each venture; and be it finally

RESOLVED, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

Carol B. O’Keeffe
General Counsel



(Board Copy)
Washington Metropolitan Area Transit Authority
**METRO ELECTRONIC ACTION
DOCUMENT**

IDENTIFICATION			
MEAD ID:	99181	ACTION:	N/A
AWARD VALUE:	(Not yet awarded)	CONTRACT: (Proposed)	
FUND SOURCES: (View)		CONTRACTOR:	
LAST MODIFIED:	05/01/2006		

DESCRIPTION	
SUBJECT:	Request approval to issue RFP for Demonstration Program for retail services in Metrorail stations
PURPOSE:	To request approval of the Real Estate Committee and the Board of Directors to issue a Request for Proposals (RFP) for a Demonstration Program to provide retail services at twelve (12) Metrorail stations and to amend the "Regulation Concerning The Use By Others Of WMATA Property" to allow for retail uses in both the free and paid areas of Metrorail stations.

ORIGINATION					
INITIATOR			DEPARTMENTAL APPROVAL		
MARK MEISTER on 12/08/2005			Approved by SALPEAS , PANAGIOTIS 12/27/2005		
PHONE:	202-962-1589	OFFICE:	LAND	DEPT:	Secretary and Chief of St

COORDINATION (ROUTING)		
OFFICE	NAME	ACTION/DATE
LAND (7310)	MALASKY, GARY	Approved 12/16/2005
STRK (6210)	BOND, MURRAY	Approved 12/28/2005
MTPD (1810)	HANSON, POLLY	Approved w/ Comments 03/03/2006
MTPD (1810)	HANSON, POLLY	Re-assigned 03/01/2006
(1711)	GOODINE, FRED	Approved 03/08/2006
COUN (1410)	O'KEEFFE, CAROL	Approved 03/16/2006
OPAS (3161)	HUGHES, JAMES	Approved 03/20/2006
(1120)	Moneme, Emeka	Approved 03/21/2006

FINAL APPROVALS	
OFFICE	NAME/ACTION
PLN_DEV_CMTE	Approved for by PANAGIOTIS SALPEAS on 12/27/2005
SAFETY_CMTE	Approved for by FRED GOODINE on 03/08/2006
OPER_CMTE	Approved for OPAS by JAMES HUGHES on 03/20/2006
BEMR	Approved for by Emeka Moneme on 03/21/2006
GM	Approved for GMGR by GMGR CEO on 04/07/2006
BOARD	BOARD WMATA (Not Yet Approved)



Washington Metropolitan Area Transit Authority
**METRO ELECTRONIC ACTION
 DOCUMENT**

NARRATIVE

DISCUSSION:

On July 16, 2004, the Board approved a modification to the Regulation Concerning The Use By Others Of WMATA Property (hereinafter, "the Use Regulations") to allow commercial use of Authority-owned facilities including the free areas of Metrorail stations (with the exception of the sale of food, beverages and tobacco), subject to Board approval of the specific uses. In addition to generating revenue to WMATA, the objectives of the retail program include:

Providing frequently-used/needed goods or services to transit patrons which will reduce travel time required to purchase such goods and services; and

Increasing transit ridership to reduce air quality impacts, energy consumption and traffic congestion.

LAND proposes to issue a Request for Proposals (RFP) to select a licensee(s) to install, operate and manage retail concessions at 12 Metrorail stations. Four (4) stations each in the District of Columbia, Maryland and Virginia are included in the Demonstration Program:

District of Columbia

Anacostia (outside of station)
 Columbia Heights (free area of mezzanine)
 Gallery Place - Chinatown (free and paid areas of mezzanine)
 Metro Center (free and paid areas of mezzanine)

Maryland

College Park - U of Md (at least one of the following: paid area of mezzanine, outside of station, inside garage)
 New Carrollton (outside of station)
 Shady Grove (outside of station)
 Silver Spring (outside of station)

Virginia

King Street (free area of mezzanine)
 Rosslyn (free area of mezzanine)
 Vienna/Fairfax - GMU (free area of mezzanine and outside of station)
 West Falls Church - VT/UVA (outside of station)

Station selection criteria included ridership, location (downtown, suburban, end-of-line) and tourist destinations. Sites were generally chosen in the free areas of the stations with the exception of Metro Center and Gallery Place-Chinatown where inadequate space is available outside the fare gates. Sites are recommended for the paid area of the mezzanine at those stations. Architectural criteria will be included in the RFP to ensure a uniform, professional appearance among all stations.

The Use Regulations do not permit retail uses in the paid areas of Metrorail stations. Therefore, approval is requested to amend the Use Regulations to allow for retail sites in both the free and paid areas of Metrorail stations. If approved, section 100.7 Definitions, (e) "Commercial Use of Authority-owned Facilities" would be amended to read:

"Commercial Use of Authority-owned Facilities" means the use of the Authority's parking facilities/structures, Metrorail stations, Metrobus garages, rail yards and office buildings, for

commercial ventures, such as office space and retail ventures (sale of products or services, except food, drink and tobacco, deemed to reduce the travel time of transit users by providing easy access to frequently used/needed products or services). Each commercial use requires Board approval."

Proposers will be asked to submit proposals which do not include the sale of food, beverages and tobacco. However, it is known that other transit agencies earn significant revenue from food and beverage concessions. Since this RFP is intended to generate new revenue for WMATA, proposers will also be asked to submit alternate proposals which include the vending of food and beverages. In accordance with the Use Regulations, the proposed retail uses will be presented to the Board for approval. If proposals demonstrate that the sale of food and beverages would generate significant additional revenue for WMATA, LAND will submit the best proposals to the Board with and without food so that the Board may decide if it desires to amend the Use Regulations to allow the sale of food and beverages.

The Selected Proposer will be required to obtain all local jurisdictional zoning and any other applicable approvals for its retail operations. A licensee(s) with the financial resources and experience in operating a large-scale retail program is being sought for this Demonstration Program. The licensee(s) will be responsible for all capital outlays and overseeing day-to-day operations including rent collection and facilities maintenance. A licensee(s) is preferred as neither WMATA nor small, individual business operators have the resources to successfully operate a retail program which may ultimately expand throughout the Metrorail system. To encourage participation by local small businesses, one of the criteria for selecting a licensee(s) will be the proposer's plan to include local small businesses (including Disadvantaged Business Enterprises) in its retail operation.

The licensee(s) will be granted an exclusive license to operate retail services at the twelve Metrorail stations for a term of five (5) years with two (2) one year extension options. Based upon the success of the Demonstration Program and upon mutual agreement of the parties, the licensee(s) will have the right to add retail locations at other Metrorail stations during the license term.

ALTERNATIVES:

Do not approve the issuance of the RFP and forgo a potentially significant revenue source and customer amenity.

IMPACT ON FUNDING:

This is a revenue generating contract with all costs to be borne by the selected licensee(s).

AFFIRMATIVE ACTION REQUIREMENTS:

Although this RFP for Retail Services is a new endeavor, WMATA desires to maximize participation by Disadvantaged Business Enterprises (DBEs). WMATA is therefore requesting all proposers to provide a plan to identify potential opportunities for DBE participation, as well as those DBE firms which may provide services, equipment or supplies needed on this solicitation.

RECOMMENDATION:

That the Real Estate Committee and the Board of Directors approve (1) the issuance of a Request for Proposals for a Demonstration Program to provide retail services at the following twelve (12) Metrorail stations:

District of Columbia

Anacostia (outside of station)

Columbia Heights (free area of mezzanine)

Gallery Place - Chinatown (free and paid areas of mezzanine)

Metro Center (free and paid areas of mezzanine)

Maryland

College Park - U of Md (at least one of the following: paid area of mezzanine, outside of station, inside garage)

New Carrollton (outside of station)

Shady Grove (outside of station)

Silver Spring (outside of station)

Virginia

King Street (free area of mezzanine)

Rosslyn (free area of mezzanine)

Vienna/Fairfax - GMU (free area of mezzanine and outside of station)

West Falls Church - VT/UVA (outside of station)

with the understanding that staff will present a licensee(s) and proposed retail uses to the Board for approval; and (2) that the Board of Directors adopt a resolution amending the "Regulation Concerning The Use By Others Of WMATA Property" to permit retail uses in both the free and paid areas of Metrorail stations.



Washington Metropolitan Area Transit Authority

Retail Demonstration Program In Selected Metrorail Stations

Presented to the Board of Directors:

Real Estate Committee

by

Office of Property Development
and Management

May 4, 2006





Selected Stations

Jurisdiction	Station	Total Weekday Entries & Exits Average
District of Columbia	Anacostia	12,500
	Columbia Heights	13,000
	Gallery Pl-Chinatown	18,000
	Gallery Pl-Chinatown (MCI)	39,000
	Metro Center (East)	11,000
	Metro Center (West)	21,000
	Metro Center (South)	58,000
Maryland	College Park-U of Md	7,000
	New Carrollton	18,000
	Shady Grove	27,000
	Silver Spring	26,000
Virginia	King Street	17,000
	Rosslyn	32,000
	Vienna/Fairfax-GMU	25,000
	West Falls Church-VT/UVA	20,000

* May 2005 ridership numbers - the month used by WMATA's Planning Department



Retail Locations

Jurisdiction	Station	Retail Site
District of Columbia	Anacostia	Outside of station building
	Columbia Heights	Free area of mezzanine
	Gallery Pl-Chinatown	Free area of mezzanine
	Gallery Pl-Chinatown (MCI)	Free and paid areas of mezzanine
	Metro Center (East)	Free area of mezzanine
	Metro Center (West)	Free area of mezzanine
	Metro Center (South)	Paid area of mezzanine
Maryland	College Park-U of Md	Inside garage, free and paid areas of mezzanine
	New Carrollton	Outside of station building
	Shady Grove	Outside of station building
	Silver Spring	Outside of station building
Virginia	King Street	Free area of mezzanine
	Rosslyn	Free area of mezzanine
	Vienna/Fairfax-GMU	Free area of mezzanine, outside of station building
	West Falls Church-VT/UVA	Outside of station building



Selection Criteria

- Criteria that will be used to evaluate proposals include:
 - Financial offer to WMATA
 - Range and creativity of proposed uses
 - Quality and appearance of structures proposed
 - Business experience and financial resources of proposers
 - Business operations plan
 - Proposer's plan to identify sub-contracting opportunities for disadvantaged and local, small businesses



Typical Locations

Locations for retail uses are site specific, but generally fall into one of the following categories:

- Inside the station in either the free or paid area of the mezzanine
- Outside the station near the entrance, bus bays or kiss & ride
- Inside the parking garage

Outside The Station



West Falls Church – VT/UVA

Free or Paid Area Within a Station



Gallery Place – Chinatown

Inside the Garage



College Park – U of Md

Beneath The Covered Entrance



Anacostia



Retail Examples



Examples of free standing kiosk and retail structures that are appropriate for interior or exterior locations



Recommendation

- Obtain Board approval to:
 - Issue a Request for Proposals (RFP) for a Demonstration Program to provide retail services in selected Metrorail stations
 - Amend the “Regulation Concerning The Use By Others of WMATA Property” to allow for retail uses in both the free and paid areas of Metrorail stations, subject to Board approval of the specific uses