



**Methods: Next Step for Increasing
ridership, development opportunities
and value capture**

Land Use and Economics

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- ▶ Recap of development opportunities presentation from 11/2016
- ▶ Methods: next step to capture value of investments in station development

Maximizing High-Speed Rail Station Development Opportunities

- ▶ **Build relationships**, align local interests with high-speed rail enterprise interests
- ▶ Investment in **transportation oriented development at stations presents a compelling real estate opportunity** for HSR, its local partners and the future HSR operator
- ▶ The specific value capture potential for **each community and station will be unique**
- ▶ Taking a **structured approach** to evaluating each opportunity and calibrating development strategies for each locality is key to maximizing revenue and mitigating costs
- ▶ **HSR may participate in ancillary revenue opportunities** provided those opportunities have the potential to drive future revenues to offset/reduce future HSR costs

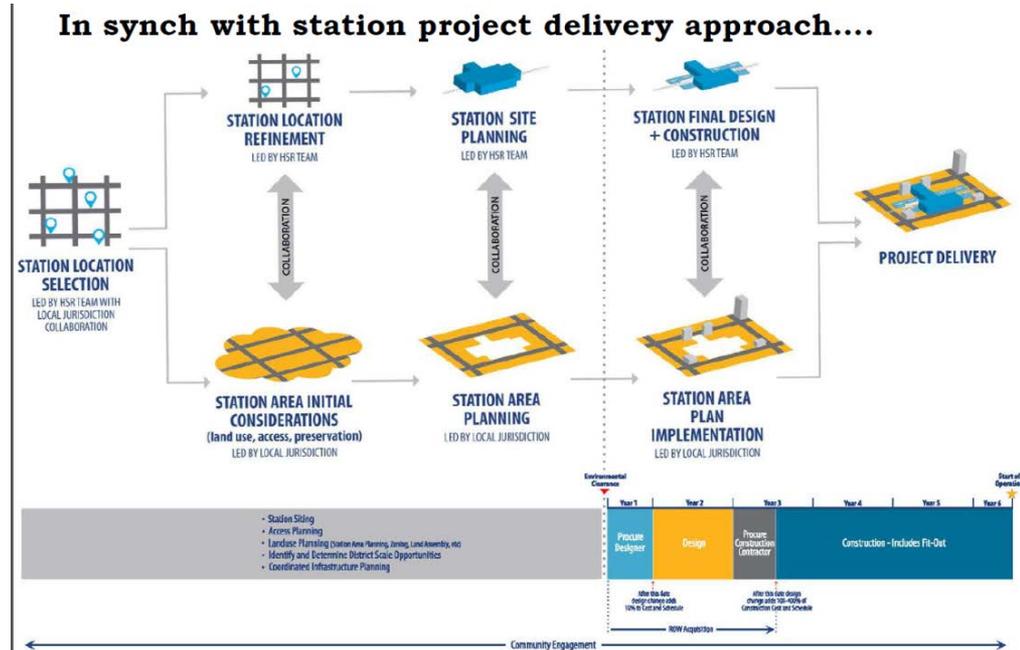


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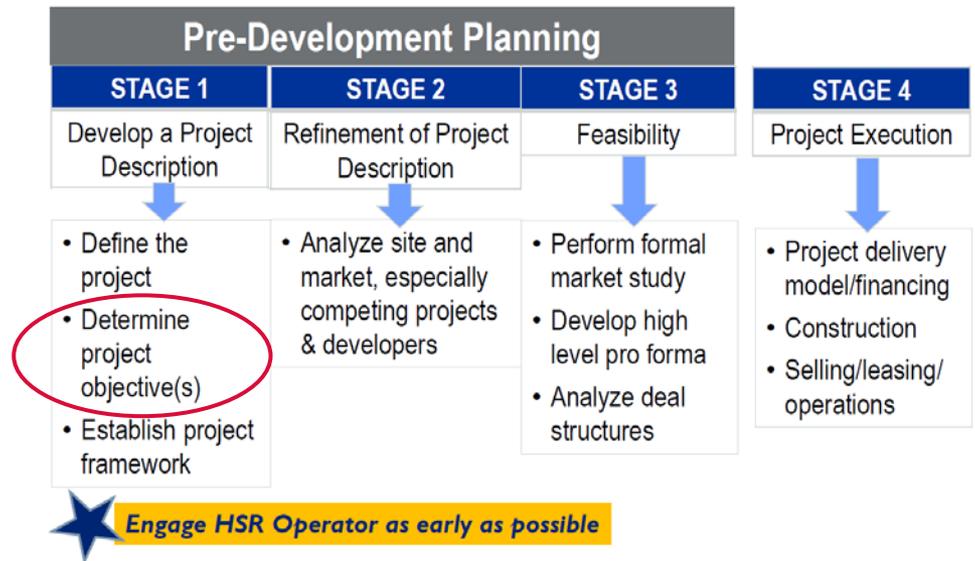
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Formalizing relationships with local agencies is the next step in station development

- ▶ Determine HSR assets and potential opportunity sites in station area
- ▶ Develop agreements/ solidify partnerships (memorandum of understanding, Intergovernmental Agreement, or similar)
 - Commit to implementing station area plans
 - Identify each party's minimal operational requirements
 - Focus funding in station area
 - Commit dedicated resources to station development implementation
 - Consider district-formation
 - Consider parameters for revenue share, ownership structure and long-term operating responsibilities

Station development agreements should be tailored to project objectives:

- ▶ Increase density of development commensurate with market conditions
- ▶ Ensure a healthy mix of high-speed rail oriented land uses
- ▶ Facilitate getting people to and from the station
- ▶ Optimize long-term ancillary revenue potential and associated costs (both initial capital and long-term operations)



In pursuing ancillary revenue for stations, many options can be considered

Potential Ancillary Revenue Source	Potential implementation timing (Pre-Ops/Ops)		Potential order of magnitude impact	Potential implementation complexity	Partnership(s) with public or private entities required?
	Pre-Operations	Operations			
HSR System (e.g. fiber, sponsorship, advertising)	X	X	Low/Med	Low/Med	No / Unlikely
Station Development / Real Estate (e.g. joint development, ground lease, special districts/assessments, parking, advertising, sponsorship)	X	X	Low/Med/High	Low/Med/High	Yes / Likely in some (e.g. district, assessment) No / Unlikely in some (e.g. parking, advertising)
Fees or Assessments (system or station level) (e.g. rental cars, ride sharing fee, other forms, assessments)	X	X	Low/Med/High	Med/High	Yes / Likely

A policy can help focus the Authority's resources

- ▶ Define a policy for station development and investments
- ▶ Layout the scope, span and purpose of the policy
- ▶ Define investment goals and objectives (e.g. returns, risk, timeframe, etc)
- ▶ Define evaluation criteria (e.g. strategic impact, achievability, financial and/or partnering arrangements)
- ▶ Determine investment evaluation review and approval process (e.g. organization, administration, governance)

The following actions are suggested to advance station development:

- ▶ Develop partnership arrangement (e.g. memorandum of understanding) with valley to valley station cities, and other agencies that are ready to advance
- ▶ Develop concepts for station development and investment policy