



STATION RETAIL POLICY

VISION

The San Francisco Bay Area Rapid Transit District (BART or the District) is the steward of a large-scale public investment, which includes important real property assets essential to the District's operation. These assets also contribute to the ongoing financial viability of the transit system. By promoting the coordinated introduction and operation of commercial retail goods and services at its stations through introduction of a Master Station Retail Vendor ("Master Vendor") program, the District can generate new revenues for transit, protect the core transit functions of the stations, and provide a more user-friendly environment for customers.

PURPOSE

The capacity and passenger flows of all BART stations are affected by recent growth in transit usage and anticipated growth due to the proposed Central Subway connection to the Powell Street Station, linkage to California High Speed Rail and the new TransBay Terminal, and ridership increases from BART extensions to East Contra Costa County, the Oakland International Airport, Warm Springs and Silicon Valley. In addition, there are numerous station facility functions that need to be considered in pursuing additional retail at BART stations, including station utilities, access improvements, signage, advertising, existing retail and special entrance agreements.

There are a number of existing policies guiding the current station retail program. The purpose of this new Station Retail Policy is to provide an updated, comprehensive and coordinated approach to station retail that takes into consideration the factors listed above, and introduces the Master Vendor Program.

For the purpose of this Policy, station retail means the sale of goods and services in the non-paid areas of stations, excluding parking lots. This Policy does not address newspaper sales, public telephones, telecommunication services, advertising, free speech, special events, direct line phone services, and other activities that are operated by the District under separate policies or programs.

STATION RETAIL STRATEGY

The District's new strategy for introducing retail within stations is to implement a Master Vendor Program, under which one or more Master Vendors will establish multiple retail outlets and arrange for individual vendors at specified stations. The selected Master Vendors will be required to fund station capacity and passenger flow analyses (Tier 1), as well as additional analyses (Tier 2) of potential impacts of retail on station utilities, access improvements, station facility needs, advertising and existing retail, as a prerequisite to obtaining approval to implement a comprehensive retail program. These analyses will identify necessary station improvements and constraints and provide for a comprehensive approach toward retail planning. The tenant mix and selection of retail will be determined by the Master Vendors, subject to

approval processes and other limitations set forth in this Station Retail Policy, implementing rules and procedures, and the District's agreement with such Master Vendors.

Retail under the Master Vendor Program will not necessarily be the exclusive form of retail at stations. Station retail arrangements that are not within the Master Vendor Program ("Independent Vendors") may continue to be authorized by the District by permit under the following conditions:

- a. At stations in which an Independent Vendor has an existing permit with the District at the time this Policy is adopted, for the term of such existing permit, including options. After the expiration of the existing permit term, including options, an existing Independent Vendor may be issued a new permit or other form of extension only if criteria b., c., or d. below is met.
- b. At stations for which there is no Master Vendor.
- c. At stations for which there is an existing or pending Master Vendor agreement, and staff has determined that there is a sufficient period of time for an Independent Vendor permit term preceding the commencement of improvements or operations by the Master Vendor.
- d. At stations for which there is an existing or pending Master Vendor agreement, and the Master Vendor has agreed that the issuance of a specific Independent Vendor permit is acceptable.

It is anticipated that some Independent Vendors and Master Vendors will reach agreements that will result in the operations of the Independent Vendors becoming part of the Master Vendor operations at specified stations, thereby precluding the need for the District to issue separate permits to such Independent Vendors. However, this Policy does not require that Master Vendors enter into agreements with Independent Vendors.

STATION RETAIL POLICY

A. Financial Considerations

1. In its evaluation of any proposed Master Vendor agreement or Independent Vendor permit, staff will seek to maximize revenue to the District by evaluating the financial performance of proposed station retail based on sound financial parameters, including the ability of the proposed retail to generate both base and participation revenues. All retail agreements shall provide for appropriate escalation of such revenues to the District over time. Potential cost savings to the District that may be generated due to a vendor's provision of District improvements (e.g., utilities, faregates, and other equipment) should also be considered in deciding whether to enter into a station retail agreement.
2. The duration of any station retail agreement shall be sufficient to protect the District's interests while allowing a commercially reasonable amount of time for a vendor to finance its capital and operating investments. Performance milestones shall be included in all Master Vendor agreements, and in Independent Vendor permits as appropriate, to ensure that the anticipated retail is established within appropriate time frames and meets other specified

requirements. This is particularly important in instances in which a vendor proposes to introduce retail at multiple stations.

3. Station retail fees paid to the District shall reflect fair market value, based on what other transit and public agencies are receiving from similar retail arrangements, market competition, and/or independent financial analysis.

B. Process Considerations

1. Master Vendor and Independent Vendor proposals are to be solicited through a competitive process, except in cases where negotiations with a single source would likely result in more favorable conditions for the District. Single source negotiations may be particularly appropriate in circumstances in which no retail interest has been expressed over time. Where appropriate, staff will employ requests for qualifications rather than proposals.
2. All Master Vendor agreements, and any Independent Vendor permits that have terms exceeding five years, inclusive of options, shall require prior Board approval. This requirement is applicable whether a Vendor's form of extension is called a new permit, renewal, or extension.
3. New retail within BART stations is to be introduced only after accounting for existing and future station capacity and passenger flow needs. (Tier 1 analyses)
4. In considering station retail opportunities, staff will examine the financial and physical impacts upon existing and future station needs for utilities, access, directional and information signage, equipment such as ticket or transfer vending machines, maintenance, and construction staging areas. Staff will consider the impact of the proposed retail on existing retail and advertising. The District will also honor its legal and fiduciary obligations related to its institutional and private sector partner interest in adjacent transit-oriented development retail. (Tier 2 analyses)
5. Master Vendors will be required to fund Tier 1 and Tier 2 analyses as a prerequisite to obtaining approval to implement a comprehensive retail program.
6. Each new Independent Vendor shall pay for a commensurate level of Tier 1 and Tier 2 analyses according to the level of impacts its business would have on a station, as a prerequisite to obtaining a permit. This requirement also is applicable to existing Independent Vendors who wish to obtain a new permit, renewal or other form of extension following the expiration of their existing permit terms, including options.
7. The Real Estate Department shall continue to be responsible for the implementation of this Policy and the promulgation of rules and procedures related to station retail in collaboration with other BART departments.

C. Physical Use Considerations

1. Station retail shall be restricted to the non-paid areas of stations, excluding parking lots.
2. Station retail shall be implemented in such a manner to encourage passengers to wait for their trains at the concourse level of stations rather than at station platforms, thereby improving station capacity and passenger flow.
3. Station retail shall complement the development of livable, walkable, compact and mixed-use communities at and around BART stations.
4. Retail facilities shall be of high architectural and design quality and complement station architecture, informational and directional signage, and art.
5. To the fullest extent possible when designing and developing new retail, an attempt should be made to create new advertisement space and enhance existing advertisement space that may be used by either BART or its advertising contractor.
6. Station retail shall offer convenient goods and services of high quality that meet BART customer needs and deliver good value. The overall experience for BART customers should be enhanced by retail.
7. Station retail shall include a mixture of nationally and locally-owned businesses and small businesses to ensure financial sustainability and local development opportunity.
8. Where feasible, there shall be minimal or zero waste in the construction of retail facilities and in the packaging of goods and services.
9. Where feasible, station retail shall use biodegradable or recyclable food packaging, and provide separate receptacles for recyclables.
10. The sale of food and nonalcoholic beverages is permitted in non-paid station areas; however, nothing in this Policy shall affect the prohibition of eating and drinking in paid areas and on the trains.
11. The sale of tobacco products is prohibited.
12. The District reserves the right to provide contract cancellation provisions and disallow activities and/or the sale or distribution of goods or services that it deems inappropriate, including but not limited to, activities or sales that are detrimental to the safety or security of the BART system and its customers.

EFFECT ON EXISTING STATION RETAIL POLICIES

The following policies are superseded in their entirety by this Station Retail Policy:

- **Resolution 1368 (7/3/69) – Policy on In-Station Customer Services**
- **Board Action 9/22/77 – Temporary expansion of the concession program**
- **Board Action 10/7/99 – Policy Permitting Sale of Food and Beverages**

The following existing policy is modified in part as follows:

- **Board Action November 17, 1983 – Policy Regarding Exercise of Free Speech, Special Event Activities, and for Commercial Activities (Concessions)** – The second sentence of the Policy is replaced with the following sentence: “No commercial use of District station area property shall be authorized for a term in excess of five (5) years, including options or renewals, without prior Board approval, except for agreements in connection with parking lot operations, news racks, public telephones, and post office boxes.”

Unless specifically superseded or modified as noted above, or except to the extent that they are inconsistent with this Policy, existing policies with provisions regarding station retail shall remain in effect.