UNION STATION, WASHINGTON, DC

Case Study (Public Buildings and Transportation)

Project Summary:

At the time of its opening on October 27, 1907, Union Station was the largest train station in the world and was a truly monumental example of Beaux-Arts architecture. By the late 1970s, however, the building was in a serious state of disrepair, was unoccupied and in danger of demolition. The Federal Government lacked funds to renovate or even maintain the station.

Citizen groups and politicians began searching for an alternative approach. As a result, the U.S. Congress enacted the Redevelopment Act of 1981. Under the Redevelopment Act, the U.S. Department of Transportation (USDOT) took control of the project and began to transform the station into a thriving transportation terminal and commercial center. Because of the costs involved in the restoration and the potential commercial economic benefits, a public-private partnership was immediately identified as the best tool to accomplish the restoration.

The transformation process included the efforts of the USDOT, the District of Columbia city government, Amtrak (The National Railroad Passenger Corporation, a quasigovernmental entity) and a private developer. The $160 million project took almost five years to complete, including three years of renovation. The project goals encompassed the authentic restoration of the original architecture, the reintroduction of train and urban mass transit services and the addition of a wide range of retail, dining and entertainment options. As a result of a strong public-private partnership, Union Station has been restored to its original grandeur and utility and is now the most visited site in the city, with over 25 million visitors each year.

Project Objectives:

Prior to the decision to renovate it, costs to maintain the station had become overwhelmingly expensive. Both the Federal and District governments wished to find a financially viable option to fund the restoration of the station in order to create transportation hub, stimulate economic development in the area, and retain the historic quality of the Washington, DC landmark.

Project Description:

1. Partners
The Union Station Redevelopment Corporation (Redevelopment Corporation), a nonprofit entity, was formed with the goal of finding private sector partners to complete the restoration process and selected private sector development partners through a national competition. The railway companies using the terminal, both intercity and the regional mass transit systems, also participated. Ultimately, twelve state and federal agencies, each with varying levels of jurisdiction over the project, and the private partners negotiated agreements that met each agency's requirements and served the overarching goal of ensuring the station's long-term commercial success.

2. Implementation Environment

Congress wanted the station to be restored as the primary tourist and transportation center for Washington, DC and for the Federal government to withdraw from any active role in the operation and management of Union Station as soon as practical. Furthermore, the project was to be completed with the least possible Federal Expense. The project required careful coordination of code compliance, historic preservation methods and retail principles.

3. Financial Agreement

The $160 million restoration cost was derived from a combination of public and private financing. Amtrak contributed $70 million to the refurbishment. The District of Columbia contributed $40 million in surplus interstate highway funds. Finally, the private developer provided the remaining balance through equity financing.

In order to generate an ongoing income stream, the agreement stipulated that the private developer would pay a base rent (indexed for inflation) and profits from the operation of the station would be shared by both the private developer and the Redevelopment Corporation. Finally, the funds provided by Amtrak would be repaid from the station's revenues.


Agreements for twelve state and federal agencies were developed and conflicts were resolved through multi-party discussions. Memoranda of Agreement with each of these agencies embodied concepts that allowed the design to proceed with a regular design review and a dispute resolution process. The final contract incorporated the needs of the transportation function of the station and historic preservation, while enabling Union Station to become a commercially viable
operation. For instance, a significant component of making this project financially viable was the addition of mezzanine levels in the station to create more commercial space in order to generate more station revenue.

5. Implementation Metrics

The Redevelopment Corporation was confident that the project would be successful if the combination of traffic flow segments - intercity rail passengers, commuter rail customers, subway users, tour bus visitors and neighborhood residents - all came to the newly renovated station in large numbers. The renovation plan provided that the historic Main Hall be set aside as a restored space without commercial enterprises. The Concourse became the railroad's ticketing and baggage facility and was expanded into a three-level commercial retail center.

A multi-deck, 1,500-space, public parking garage, a tour bus level capable of handling 80 buses, and a rail service waiting were added. More than 120 stores, restaurants, cafes and a nine screen cinema were constructed providing over 210,000 square feet of retail space. Office space was also created, which accommodates Amtrak's 100,000 square foot national headquarters. The net effect of these changes was to double the commercially-available space.

Commentary:

The successful collaboration of the public and private made the Union Restoration a triumph that benefits, not just the partners involved, but every visitor to the unique historic site. The public-private partnership succeeded due to a combination of factors that included commitment on the part of the political leadership to the project and public sector involvement throughout the project. Moreover, the project followed a well-conceived, carefully executed plan that included a dedicated income stream, open communication and dispute resolution channels and the right private partner.

The Union Station public-private partnership incorporated the building’s transportation utility and unique architectural aspects to create a functional commercial destination that attracts train travelers, tourists and local customers alike and benefits the city of Washington, DC.