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Metropolitan Transportation Authority

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**PLANNING AND PROGRAMMING COMMITTEE
NOVEMBER 18, 2009**

SUBJECT: 103RD STREET/KENNETH HAHN STATION – BLUE LINE

ACTION: EXECUTE A LICENSE AGREEMENT IN FAVOR OF COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES TO PROVIDE PARKING FOR A TRANSIT ORIENTED DEVELOPMENT ADJACENT TO THE BLUE LINE

RECOMMENDATION

Authorize the Chief Executive Officer to execute a long-term license agreement (“License”) with the Community Redevelopment Agency of the City of Los Angeles (“CRA/LA”) to provide parking for a transit oriented development adjacent to the Metro Blue Line’s 103rd Street/Kenneth Hahn Station (“Hahn Station”).

ISSUE

CRA/LA has been working for over ten years to develop its property located east of the Metro Blue Line right of way and Hahn Station, just south of East 103rd Street in the community of Watts (the “CRA/LA Property”). CRA/LA has now reached agreement with Wattstar (“Developer”) to construct a commercial movie theater and education center (the “Project”) on the CRA/LA Property, but needs the use of adjacent MTA land to accommodate a portion of the parking spaces required by Project entitlements. In total, 212 spaces will be constructed as part of the project and all but 69 spaces can be accommodated on CRA/LA property or public streets. CRA/LA and the Developer desire to construct and operate the 69 parking spaces on 33,429 square feet of MTA property located just south of the Project (the “MTA Property”). The CRA/LA Property and the MTA Property are indicated on Exhibit 1.

The MTA Property is currently used as the access point to an aerial pedestrian bridge situated over the Blue Line (and the adjacent Union Pacific) railroad tracks. The MTA Property is also improved with landscaping treatments that complement the pedestrian bridge and the area around Hahn Station.

The License will permit CRA/LA to sub-license the MTA Property to the Developer for the construction, operation and maintenance of the 69 additional parking spaces noted above, as such parking may be altered to accommodate evolution of the Project’s design. The License will require CRA/LA and the Developer to be responsible for all

maintenance associated with the MTA Property, including existing MTA landscaping that will remain south of the parking area, but excluding the existing pedestrian bridge which will remain MTA's responsibility. The License will ensure public access to and use of the pedestrian bridge and will also include MTA's standard indemnity and insurance language approved by County Counsel.

The initial term of the License will match the term of the permanent financing for the Project, which is expected to be 30 to 40 years. Upon expiration of the initial term, the License term will automatically renew on an annual basis up to a maximum term of 99 years. During the initial term, the License will not be terminable by the MTA, except for uncured defaults thereunder. Thereafter, the License will also be terminable by MTA if the MTA Property is needed for a public transit project. The lengthy initial term and limited termination rights are necessary for CRA/LA to obtain bond financing critical to the Project.

MTA will receive only nominal compensation (One Dollar) for the full License term. Discussions were initiated between MTA and CRA/LA in the early 2000's to permit use of the MTA Property for Project-related parking. In connection with the earlier discussions, CRA agreed to grant MTA certain permanent easements required for the Metro Blue Line operations. CRA subsequently granted MTA a permanent surface easement for the maintenance and operation of a rail operations communications building and access thereto and a permanent subsurface easement for electrical power and communication lines serving the communications building. These easements were granted at no cost to MTA with the understanding that MTA would enter into a license agreement with CRA/LA for the Project-related parking.

MTA's staff has determined that no projects are contemplated in MTA's Long Range Transportation Plan that will require the use of the MTA Property. Similarly, Metro's Rail Operations staff does not anticipate any new projects that will require the use of this property.

POLICY IMPLICATIONS

The License furthers LACMTA Board policy encouraging transit oriented development at or adjacent to its transportation lines as well as its policy encouraging the provision of convenient parking at and adjacent to transportation lines to further encourage use of public transportation.

ALTERNATIVES CONSIDERED

The Board could choose not to grant the License. This is not recommended as it would hamper the proposed CRA/LA transit oriented development and thus forego the opportunity for an attractive development project and the associated new permanent jobs for the surrounding community.

Due to the irregular shape and relatively small size of the Metro Parcels, it is unlikely that any alternative proposed development would be feasible. The Project is expected to generate over 50 permanent jobs and provide an attractive amenity for the

surrounding community. Construction of a commercial theater operation associated with a transit-oriented development is expected to generate additional ridership on the Metro Blue Line during off peak hours, which in turn will help promote regional air quality and mobility.

FINANCIAL IMPACT

Funding to support the completion of these activities are included in the FY10 Budget under Cost Center 6510, Project 610061, Task 02. Costs to MTA include labor and legal costs required to negotiate and review documentation.

Impact to Bus and Rail Operating and Capital Budget

The source of funds for these activities is revenue that MTA earns through leasing property. These funds are eligible for bus and rail operating and capital expenses. No other source of funds was considered for this activity because right of way revenues are traditionally used in support of real estate activities. No additional maintenance activities are assumed as a result of this action, in fact execution of the License Agreement will lower ongoing operating costs in that it will shift the maintenance responsibility for the MTA Property from the MTA to the CRA/LA.

NEXT STEPS

MTA and CRA/LA will finalize the License documenting the terms and conditions of the use of the MTA Property.

EXHIBITS

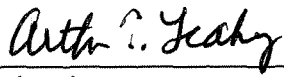
Exhibit 1 – Site Plan

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SITE PLAN

