



**PLANNING AND PROGRAMMING COMMITTEE
JANUARY 19, 2005**

**SUBJECT: VERMONT/SANTA MONICA METRO RED LINE STATION
RECOMMENDED JOINT DEVELOPMENT PROPOSAL**

**ACTION: AUTHORIZATION TO ENTER INTO AN EXCLUSIVE
NEGOTIATION AGREEMENT WITH VERMONT/SANTA
MONICA METRO RED LINE STATION, LLC.**

RECOMMENDATION

Authorize the Chief Executive Officer to enter into a six-month Exclusive Negotiation Agreement (ENA) with Vermont/Santa Monica Metro Red Line Station, LLC for the development of approximately 1.2 acre of MTA owned properties located adjacent to the Vermont/Santa Monica Metro Red Line Station.

ISSUE

In May 2004 MTA received an unsolicited proposal from Vermont/Santa Monica Metro Red Line Station, LLC which includes an adjacent property owner, to develop 200 units of for-rent housing and 18,700 square feet of retail space. The site plan configures the retail buildings adjacent to and surrounding the MTA portal. The residential units add five additional stories above the retail structure. (See Attachment A.) The proposed development includes additional adjacent property owned or controlled by the Saint Nickolas Foundation (See Attachment B). The proposed development, including the Metro portal area totals 1.5 acres. The Saint Nicolas controlled parcels are on the northwest and southwest boundaries of the MTA owned land. The inclusion of the Saint Nicolas parcels help makes the intensity of the development possible.

After an analysis of the unsolicited proposal, including review of potential operating impacts and potential benefits to MTA, staff recommends that the Board authorize entering into an Exclusive Negotiation Agreement (ENA) with Vermont/Santa Monica Metro Red Line Station, LLC. Vermont/Santa Monica Metro Red Line Station, LLC is a partnership including the Saint Nickolas Foundation, MacGregor Company and Polis Builders.

POLICY IMPLICATIONS

The recommended action is consistent with the goals of the Joint Development Policies and Procedures approved by the Board at its April, 2002 meeting. The goals of MTA 's joint development program are to promote and enhance transit ridership, enhance and protect the transportation corridor and its environs, enhance the land use and economic development goals of surrounding communities, conform to local and regional development plans, and generate value to MTA based on a fair market return on public investment. MTA staff has concluded that the land use proposal meets the goals contained in the policies and procedures. The award of an ENA is not an acceptance of the terms and conditions presented by the development team. The financial terms of the offer will be discussed and refined during the ENA period to insure a fair return to the MTA.

OPTIONS

MTA could choose not to enter into an ENA with Vermont/Santa Monica Metro Red Line Station, LLC and seek other development proposals. Alternatively, MTA could choose to not proceed with any project at this time. Staff is recommending the Vermont/Santa Monica Metro Red Line Station, LLC proposal because the opportunity to include the adjacent property significantly improves the development potential at this site. Because of the irregular configuration of the MTA parcel, inclusion of the adjacent properties increases the potential density and improves the form and type of development possible on the MTA property. The development as proposed, and inclusive of the adjacent property conforms to MTA development guidelines, provides an appropriate development for the site, and includes an experienced development team.

FINANCIAL IMPACT

The recommended action will not impact MTA 's FY-05 budget. Ultimately, development of MTA owned properties would result in new revenues to MTA.

BACKGROUND

The Vermont/Santa Monica Metro Red Line Station is located at the northwest corner of Santa Monica and Vermont Avenue (Attachment B). The western portion of the station property is currently leased to an adjacent restaurant for additional restaurant parking. The proposed development would relocate the adjacent restaurant into the new commercial space. The restaurant owner is supportive of this alternative and has provided additional property as part of the Saint Nickolas parcels. The development of housing and community serving retail is consistent with the local Station Neighborhood Area Plan (SNAP) planning effort for this site, with the development proposal generally conforming to the density and uses contained in the

plan. The SNAP process was conducted by the City of Los Angeles Planning Department and, included community outreach and community comments in the development of the SNAP plan.

A general financial offer is included in the Vermont/Santa Monica Metro Red Line Station, LLC proposal that is consistent with MTA's joint development goals, and warrants further negotiations with the developer. The award of an ENA, however, is not an acceptance of the terms and conditions presented by the development team. The financial terms of the offer would be discussed and refined during the ENA period.

The LLC (limited liability corporation) is a sub-organization of the Saint Nickolas Foundation with development and construction management from Polis Builders and the MacGregor Company. The contacts for the development group including the adjacent property owner are as follows:

Saint Nickolas Foundation: Ted Pappas
Polis Builders: Nick Patsouras
MacGregor Company: Bill MacGregor

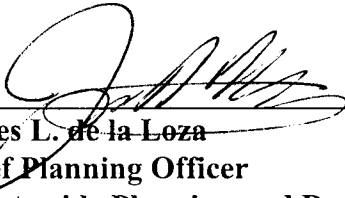
NEXT STEPS

After execution of an Exclusive Negotiation Agreement with Vermont/Santa Monica Metro Red Line Station, LLC, MTA staff will negotiate in good faith over a six-month period to determine the specific financial arrangements, engineering constraints and schedules for this development, as well as to better define the development proposal. At the end of the negotiation period, and after a more comprehensive evaluation of a terms and conditions of the development, MTA staff anticipates presenting a draft Development Agreement for Board approval. MTA, however, is not obligated to enter into a Development Agreement if the development team does not meet the negotiation points to the satisfaction of the Board. Once the Board approves the Development Agreement, the developer would start final design and construction of the project.

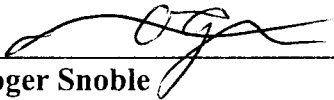
ATTACHMENTS

- A. Vermont/Santa Monica Metro Red Line Station, Conceptual Development Plan
- B. Map of Vermont/Santa Monica Metro Red Line Station

Prepared by: Robin Blair, Project Manager – Central Area Team
Diego Cardoso, Director Central Area Team

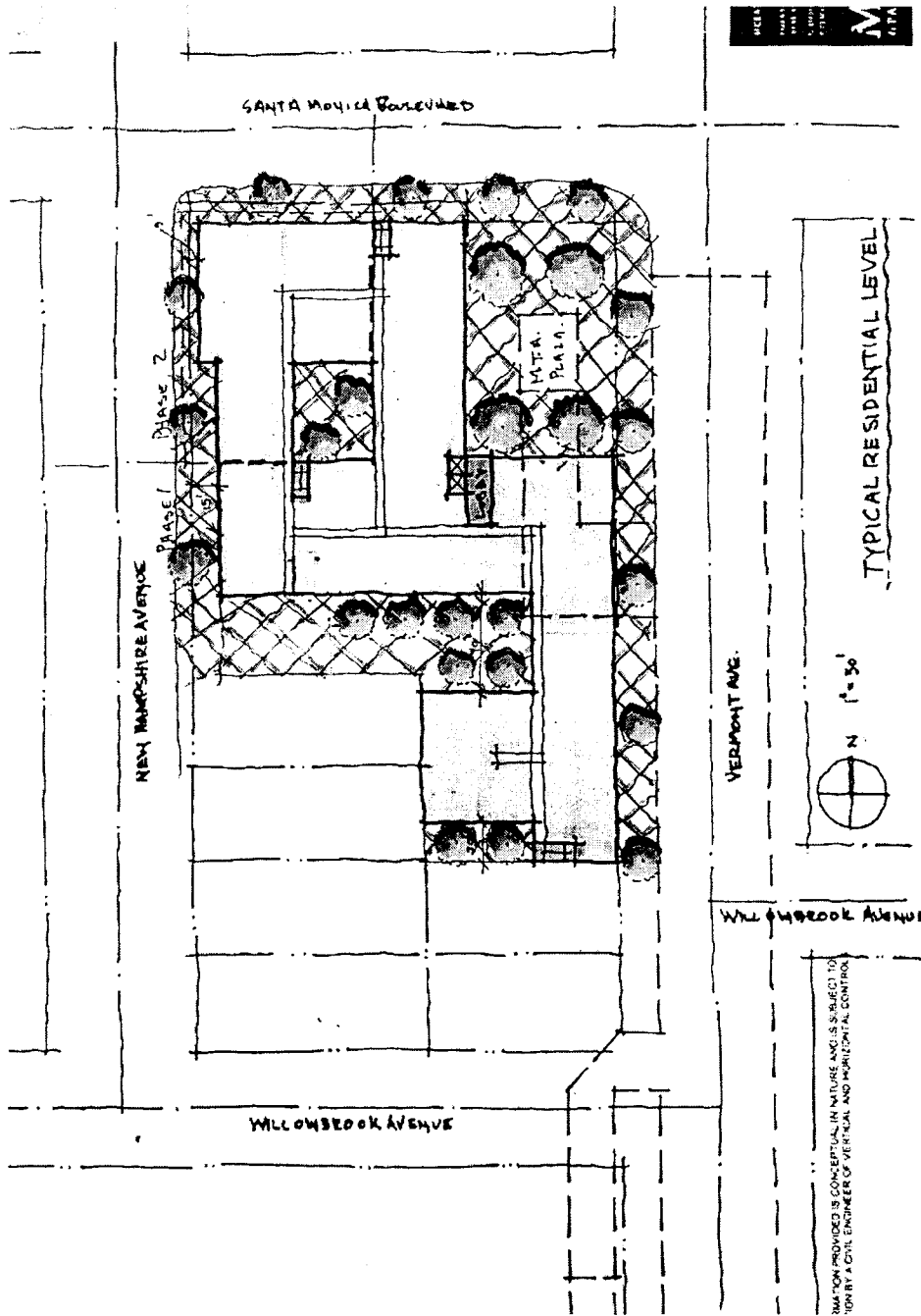


James L. de la Loza
Chief Planning Officer
Countywide Planning and Development

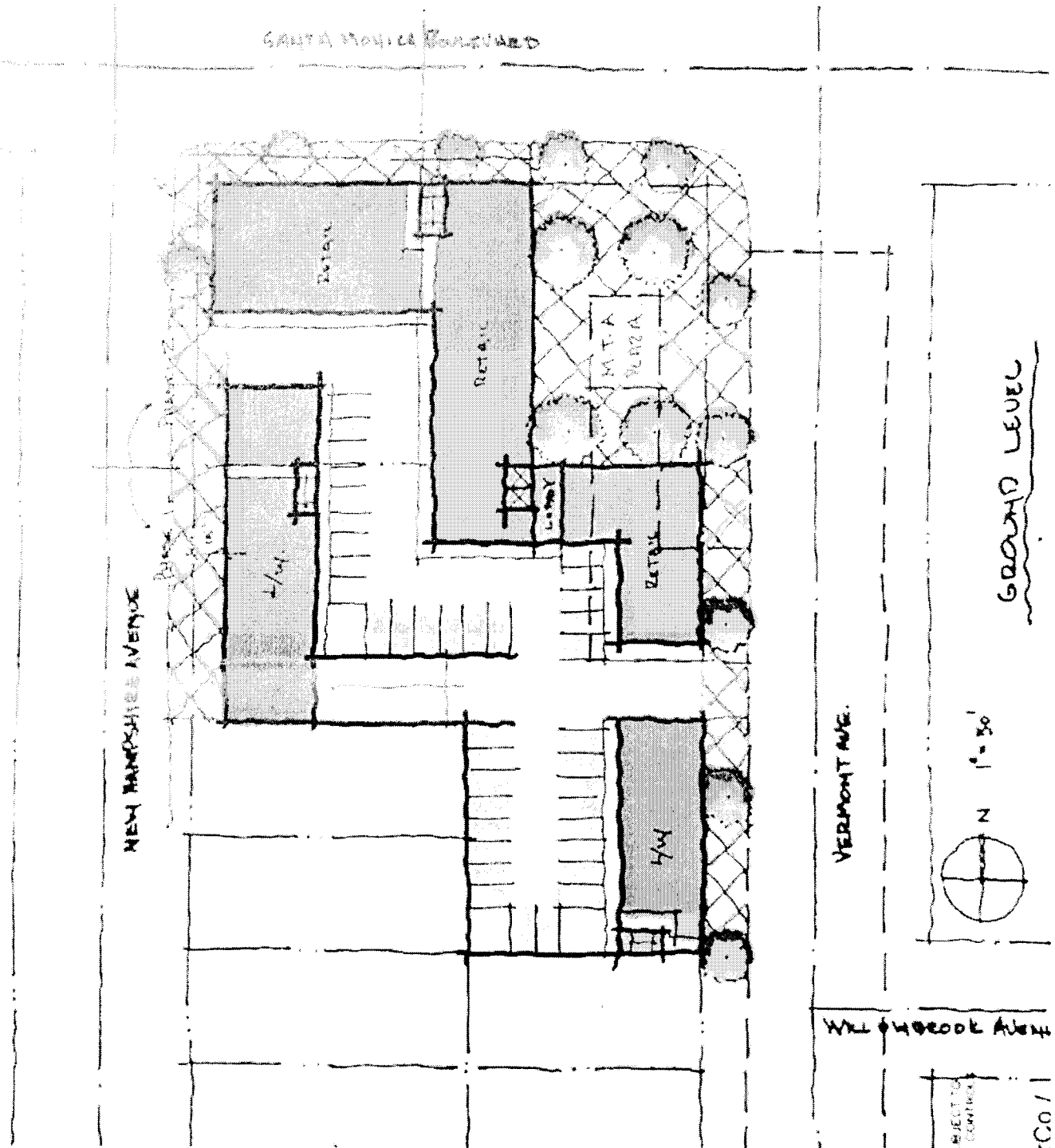


Roger Snoble
Chief Executive Officer

ATTACHMENT A



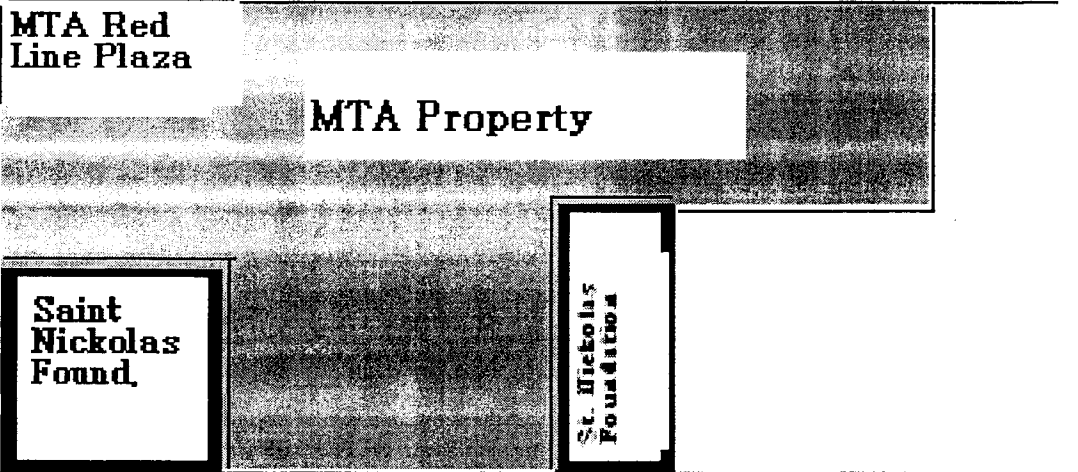
ATTACHMENT A



ATTACHMENT B

Vermont Ave

Santa Monica



New Hampshire

