



Metro

Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.9200 Tel
213.922.9201 Fax
metro.net

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PLANNING AND PROGRAMMING COMMITTEE
July 18, 2007

SUBJECT: WILSHIRE/VERMONT JOINT DEVELOPMENT

ACTION: AUTHORIZE THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING WITH UNITED COMMERCIAL FOOD WORKERS UNION (UFCW) FOR THE EXCLUSIVE RIGHT TO NEGOTIATE FOR THE JOINT DEVELOPMENT OF CERTAIN LAND OWNED BY METRO AND UFCW LOCATED AT WILSHIRE/VERMONT AND TO PROCEED WITH A PRELIMINARY FINANCIAL AND LAND USE STUDY.

RECOMMENDATION

Authorize the Chief Executive Officer to enter into an Exclusive Right to Negotiate (ERN) with the United Commercial Food Workers Union (UFCW) to jointly develop certain land owned by Metro in connection with the development of adjacent land owned by UFCW. Further, to authorize Metro and UFCW to proceed with a joint preliminary financial and land use study to determine the type of use, preliminary square footages for each use, financial pro forma, a financial plan, and associated information.

ISSUE

Metro is the owner of a certain 44,393 square foot parcel of real estate ("Metro Site") situate at the south east corner of the intersection of Wilshire Boulevard and Shatto Place in the City of Los Angeles. The Metro Site is currently utilized as a bus layover facility, UFCW is the owner of certain adjacent parcels totaling approximately 44,393 square feet in area ("UFCW Site") and lying directly adjacent to the north of the Metro Site. As a result of an unsolicited contact by UFCW concerning its desire to develop the its existing site, currently improved with a paved parking area and two office structures, Metro staff and UFCW have entered into preliminary discussions relating to potential joint development of their respective sites so as to create a larger single parcel more suitable to development in the area. A site map illustrating the location of the Metro Site and UFCW Site is found on **Attachment A**.

A preliminary financial and land use study (Study) is necessary to determine the feasibility of jointly developing the UFCW and Metro Sites for the respective current

and proposed expanded uses that would promote their respective institutional objectives and to enhance and leverage their respective economic interests. Upon the completion of the study, Metro and UFCW propose to jointly prepare conceptual development guidelines to provide guidance to prospective developers with the eventual objective of issuing a joint Request for Proposals (RFP) for joint development of the sites. A separate Board report will be submitted upon the completion of the study and will contain staff's recommendation for any potential joint development.

BACKGROUND

UFCW is the owner of approximately 1.09 acres (47,432 square feet) of land consisting of three parcels, currently occupied by a one and a-half story office building, a four-story building primarily used by UFCW, and parking lots for UFCW and/or its tenants. Metro owns approximately 1.02 acres (44,393 square feet) of land at the corner of Shatto Place and Wilshire Boulevard that it currently uses for bus parking and a layover zone. The Metro and UFCW Sites are adjacent to one another and comprise over two-thirds of the half-block along the east side of Shatto Place and lie immediately across Shatto Place from the Metro Red Line Station and the current joint development project at Wilshire Boulevard and Vermont Avenue. A map detailing the Metro and UFCW sites as well as the location of the current Red Line Station joint development is attached as Exhibit A.

Staff believes that the joint development of the Metro and UFCW Sites will provide a 2+ acre site that will be suitable for expanded development adjacent to Metro's bus and rail transportation facilities and will encourage increased transit ridership as well as further the economical utilization of Metro's real property assets.

PROPOSED USE

The development of the combined sites will allow for the continued and enhanced use of bus parking and layover, modernized and expanded facilities for UFCW's office use as well as significant residential, retail and office and parking uses that can be provided by re-configuration and enlargement of building footprint and density.

FINANCIAL IMPACTS

Funding for the efforts supporting joint development activities are included in the FY08 budget in Real Property Management & Development Budget and are funded with right-of-way lease revenues. This development is expected to produce revenues for both Metro and UFCW from the development and leasing of the proposed joint site.

NEXT STEPS

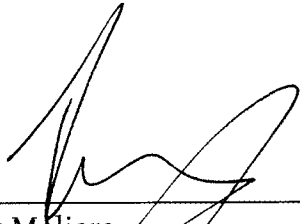
Staff will negotiate terms and conditions with the consultant firm jointly selected by Metro and UFCW to conduct the Study and return to the Metro Board. Staff will

prepare development guidelines for the joint site, an RFP for site development and a request to enter into a Joint Development Agreement with UFCW.

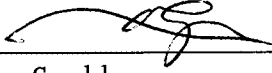
ATTACHMENT(S)

Attachment A: Premises and Development Site at Vermont/Santa Monica

Prepared by: Roger Moliere, Chief, Real Property Management & Development



Roger Moliere
Chief, Real Property Management & Development



Roger Snoble
Chief Executive Officer

Attachment A



☆ UFCW Property

☆ METRO Property

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