



**PLANNING AND PROGRAMMING COMMITTEE
SEPTEMBER 15, 2004**

SUBJECT: SANTA FE YARDS RECOMMENDED JOINT DEVELOPMENT PROPOSAL

ACTION: AUTHORIZATION TO ENTER INTO AN EXCLUSIVE NEGOTIATION AGREEMENT WITH SANTA FE YARDS, LLC

RECOMMENDATION

Authorize the Chief Executive Officer to enter into a six-month Exclusive Negotiation Agreement (ENA) with Santa Fe Yards, LLC for the development of approximately 4.0 acres of Metro-owned properties located at the Metro Redline/Santa Fe Yards Maintenance of Way facility.

ISSUE

In July 2004 Metro received an unsolicited proposal from Santa Fe Yards (LLC) to develop 270 student-housing units and 440 student and Metro staff parking on Metro property located at the Metro Red Line/Santa Fe Yards Maintenance of Way facility (Santa Fe Yards) (Attachment A). This Metro property is immediately across the street from Southern California Institute of Arch (SCI Arch). The units would be for SCI-Arch students. The development would be located on approximately four acres of the fifty-acre Metro facility. Santa FE Yards (LLC) is a partnership of Polis Builders Ltd. and the Mc Gregor Company. After an analysis of the unsolicited proposal, including review of potential operating impacts and benefits, Metro staff recommends that the Board authorize entering into an Exclusive Negotiation Agreement (ENA) with Santa Fe Yards, LLC.

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 Metro'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 Metro based on a fair market return on public investment. Metro staff has concluded that the proposal meets the goals contained in the policies and procedures.

OPTIONS

Metro could choose not to enter into an ENA with Santa Fe Yards, LLC and seek other development proposals. Alternatively, Metro could choose to not proceed with any project at this time. Staff is not recommending this because the Santa Fe Yards, LLC proposal provides an appropriate development for the site, and an experienced development team.

FINANCIAL IMPACT

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

BACKGROUND

The Metro Red Line/Santa Fe Yards (Division 20) is an approximately fifty acre train and maintenance-of-way facility located between the 1st and 3rd street bridges and runs parallel to the Los Angeles River Channel (Attachment B). Immediately across the street from Division 20 is SCI-Arch, recently housed in an old Santa Fe railroad freight facility. The unique location and configuration of the school has resulted in demand for student housing and additional parking in close proximity to the school. The surrounding community is referred to as the Little Tokyo/Loft District and has experienced significant increased demands to develop vacant land and convert older buildings to housing lofts.

The proposed development would provide replacement parking as well as additional Metro staff parking for Division 20 (Santa Fe Yards). Metro has a need to increase the number of Metro parking spaces resulting from operations consolidating some Metro services at this location.

Metro staff reviewed the Santa Fe Yards, LLC development proposal and its potential impacts to operation of Division 20. The Santa Fe Yards, LLC proposal is conceptual at this time but appears to meet the Division 20 operations needs and is proposed by a qualified development team. A general financial offer is included in the Santa Fe Yards, LLC proposal that appears consistent with MTA's joint development goals. 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.

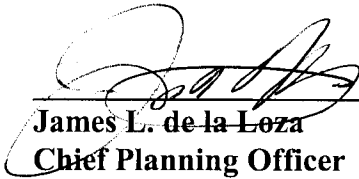
NEXT STEPS

After execution of an Exclusive Negotiation Agreement with Santa Fe Yards, LLC, Metro staff will negotiate in good faith over a six-month period to determine the specific financial arrangements, engineering constraints and schedules for this development. At the end of the negotiation period, Metro staff anticipates presenting a draft Development Agreement for Board approval. Metro, 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.

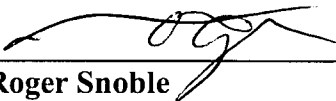
ATTACHMENTS

- A. Santa Fe Yards, Conceptual Development Plan
- B. Map of Santa Fe Yards

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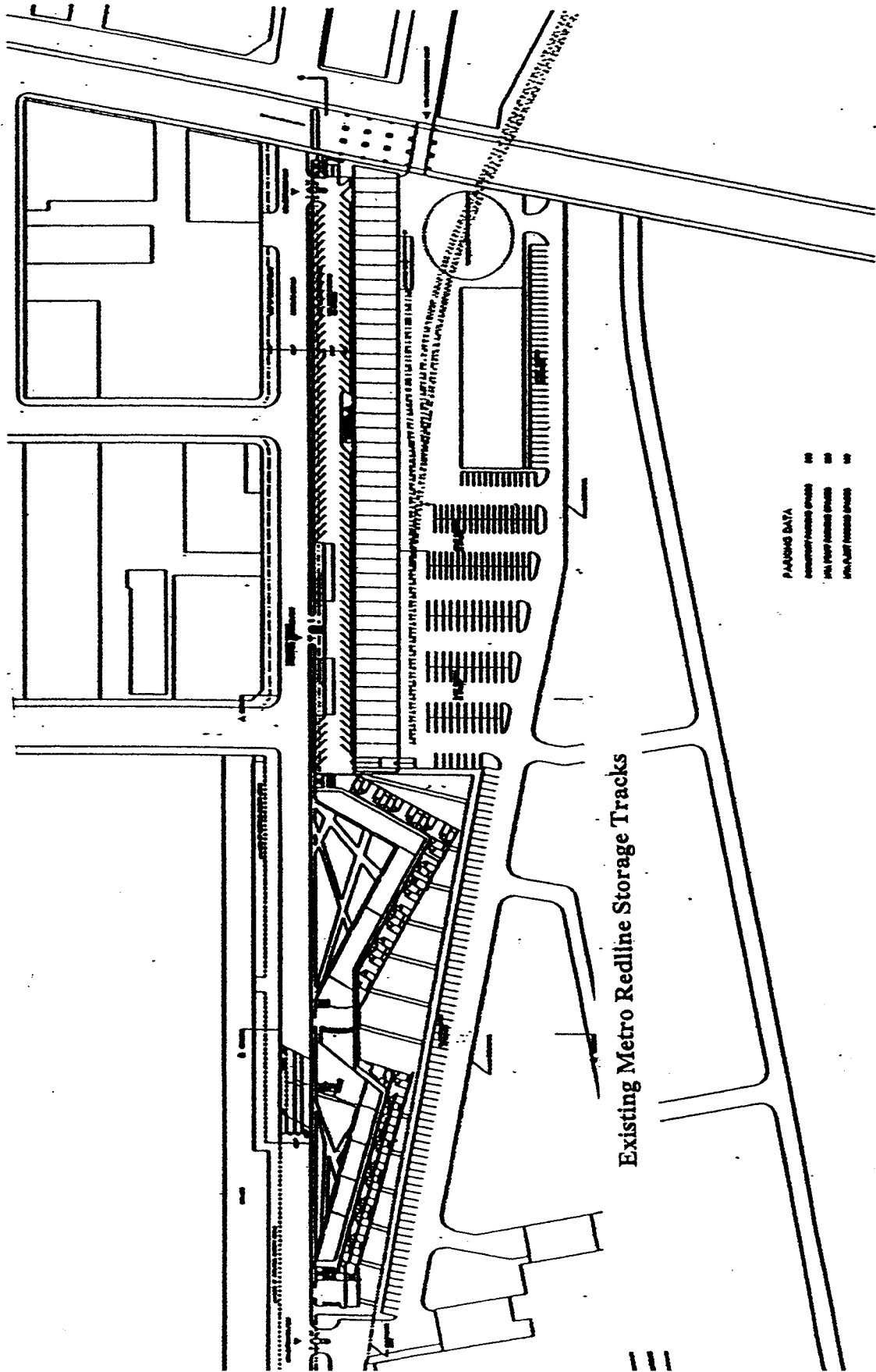


James L. de la Loza
Chief Planning Officer
Countywide Planning and Development



Roger Snoble
Chief Executive Officer

CONCEPTUAL DEVELOPMENT PLAN



Existing Metro Redline Storage Tracks

PARKING DATA
Asphalt Paved Space
Grass Paved Space
Concrete Paved Space

SITE PLAN
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SANTA FE CONSULTING
MICHAEL MASTERMAN ARCHITECTURE, INC.

Santa Fe Yards – Division 20

