



**OPERATIONS COMMITTEE
NOVEMBER 17, 2005**

**SUBJECT: WEST LOS ANGELES TRANSPORTATION FACILITY
(DIVISION 6 LAND EXCHANGE)**

**ACTION: APPROVE REVISION TO SCHEDULE OF PERFORMANCE
FOR THE WEST LOS ANGELES TRANSPORTATION
FACILITY**

RECOMMENDATION

Approve revision to the Jefferson Development Agreement's Schedule of Performance for the West Los Angeles Transportation Facility (Division 6 Land Exchange), extending the hard dates (milestones) for "Commencement of Construction" to April 1, 2006 and "Completion of Construction" to June 30, 2007.

DISCUSSION

In September 2003, the Board authorized execution of the Land Exchange Agreement and the Jefferson Development Agreement, each effective October 30, 2003 (collectively, the "Agreements"), and each between Metro and RAD Jefferson, LLC (the Developer). The Agreements provide for the exchange of Metro's current Division 6 property on Sunset Avenue in Venice (the "Sunset Property") for a new replacement property to be developed as a bus operating facility in the west Los Angeles area. The proposed replacement site is located south of the Santa Monica Freeway (I-10), in an industrial area on Jefferson Boulevard between National and Rodeo. Current status of the project and milestones achieved to date were reported to the Operations and Executive Management Committees in September 2005.

The Agreements include a Schedule of Performance for development of the West Los Angeles Transportation Facility (WLATF), which shows the overall plan for development of the Project and the scheduled timing and sequence of milestones related to the Project. The Schedule of Performance also contains four "hard", or "default" dates, that constitute an "Event of Default" in the Agreements. The four milestones and their due dates are as follows: (1) Submit Draft Environmental Impact (EIR) to staff (May 20, 2004), (2) Completion of the Final EIR (February 28, 2005), (3) Commencement of Construction (June 1, 2005), and (4) Completion of Construction (June 30, 2006).

To date, the Developer has achieved the first two milestones satisfactorily and by the dates required. The Developer did commence demolition of the site on June 1, 2005, and completed the demolition in July 2005; however, due to design delays,

construction is not likely to re-start until the beginning of 2006. Design work for the WLATF is approaching 100% complete, and design documents have been submitted to the City of Los Angeles for a first plan check and review. The Developer has notified Metro that due to the delays in completion of the design and construction documents, the project will not be complete by the June 30, 2006 date required by the Agreement. Based on the current status of the project, the amount of remaining milestones to achieve prior to construction, and construction schedule information provided by the Developer, staff concurs that construction will not be able to realistically commence until April 2006, and consequently, cannot be completed by June 30, 2006 as required.

Given the current situation, in order to develop a realistic timeframe for start and end of WLATF construction, staff initiated negotiations with the Developer to extend the “hard” dates as required in the Agreements, subject to Board approval. The “Commencement of Construction” date is proposed to move from June 1, 2005 to April 1, 2006, which would be the maximum amount of time required for the Developer to achieve the necessary steps such as completion of the construction documents, plan check with the City and receipt of all required permits, and selection of a Contractor. The Developer will endeavor to start construction sooner, if possible.

In regards to the “Completion of Construction” date, staff proposes to extend the completion date 15 months past the actual date the Developer starts construction, or at the latest, June 30, 2007. The 15-month construction duration is two months longer than the 13-month schedule in the Agreements; however, the additional two months will be sufficient time to incorporate additional scope changes negotiated for facility betterments and LEED certification. The Developer has agreed to be solely responsible for all cost increases attributable to the delay in commencement and completion of construction.

The proposed revisions to the development schedule are summarized in Attachment A.

FINANCIAL IMPACT

This action will not affect the currently approved life of project (LOP) budget of \$12.4 million. As discussed above, Metro will not be liable for any additional costs attributable to the delay and all associated construction cost increases will be borne by the Developer.

Negotiation of this schedule extension has also been conducted concurrent with negotiations for a change request from the Developer which covers improvements to the facility not contemplated in the original Agreements, such as betterments to improve facility efficiency, an increase in employee parking, and costs for incorporating LEED features into the design of the facility. Although staff and the Developer have reached agreement on the schedule extension, negotiations for the scope and cost of the change request are ongoing. After negotiation of the change request, staff will seek Board approval of the change order and a Life of Project (LOP)

increase. Metro has received additional grant funds for this project, which will cover the anticipated cost increase related to the charge.

ALTERNATIVES CONSIDERED

The Board of Directors has the option of disapproving staff's request for revision and extension to the Schedule of Performance. If disapproved, the Developer will be unable to achieve the end of construction "hard" date required in the Agreement, and will be in default under the Agreements. This would negatively affect the Developer's abilities to finance the Project, and could delay commencement and completion of the project indefinitely.

Further, although the Agreements do not provide a contractual link between development of the WLATF and the residential/commercial development proposed by the Developer in Venice, the Developer has informed staff of a non-contractual economic link between the two projects since the Developer's financing of the WLATF is currently contingent upon receiving entitlements for the Venice project. Approval of this schedule extension will provide the additional time requested by the Developer and his investors in order to obtain the necessary entitlements for the Venice project, and to start construction of the WLATF by the revised April 1, 2006 "commencement of construction" milestone.

NEXT STEPS

If the extension to the Schedule of Performance is approved by the Board of Directors, staff and County Counsel will prepare and execute the necessary changes to the Agreements.

Also provided below is a summary of project activities that are forecasted to start or be completed within the upcoming months:

- The Developer will complete the 100% and Final Construction Documents submittals as required by the Development Agreement. The 100% complete documents were received for Metro review on October 25, 2005.
- The Developer will acquire all appropriate permits from the City of Los Angeles, and start construction of the WLATF by April 1, 2006 or earlier. Construction of the facility is forecasted to be complete in 15 months from the date construction commences, or at the latest, June 30, 2007.
- Staff will request Board approval of a change order and a Life of Project (LOP) increase when negotiations with the Developer are complete. Metro's BOS funds reserved for this project will cover the anticipated cost increase related to the change.
- Upon completion of the WLATF, the parties will consummate the exchange. Metro will occupy the facility and pay the equalizing payment to the Developer and convey the Sunset property to the Developer.

- Prior to opening the facility in 2007, Westside/Central Service Sector staff will be developing detailed plans for shutting down operations in Venice and transitioning to the new WLATF.

ATTACHMENT

A. Schedule of Performance: West Los Angeles Transportation Facility

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For John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

ATTACHMENT A

Schedule of Performance: West Los Angeles Transportation Center Summary of Jefferson Development Agreement "Hard" Dates

Milestone	Original "Hard" Date	Milestone Status	Proposed Hard Date Extension
(1) Submit Draft Environmental Impact Report (EIR) to Metro Staff	May 20, 2004	Completed May 20, 2004	Not Applicable
(2) Completion of the Final EIR	February 28, 2005	Completed February 20, 2005	Not Applicable
(3) Commencement of Construction	June 1, 2005	Demolition started on June 1, 2005 and was completed in July 2005. 100% design is under Metro review. Construction has not started.	April 1, 2006
(4) Completion of Construction	June 30, 2006	Developer cannot complete project by this date due to delayed commencement date. Developer has requested 15 months past start date for completion of project.	June 30, 2007