



**OPERATIONS COMMITTEE  
JANUARY 19, 2006**

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

**ACTION: APPROVE ASSIGNMENT OF THE LAND EXCHANGE  
AGREEMENTS FOR THE WEST LOS ANGELES  
TRANSPORTATION FACILITY TO KB HOME**

**RECOMMENDATION**

Authorize the Chief Executive Officer to assign the Land Exchange Agreement and Jefferson Development Agreement to KB Home Coastal, Inc., a California Corporation and a wholly owned subsidiary of KB Home, a Delaware Corporation (KB).

**DISCUSSION**

In September 2003, the Board authorized staff to execute the Land Exchange Agreement and the Jefferson Development Agreement, each dated 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 Committee in September 2005 and November 2005.

The Developer is currently negotiating for the sale of the Jefferson Site and the assignment of its development rights under the Agreements to KB Home Coastal, Inc. (KB), and has requested Metro consent to such assignment as per Section 15(o) of the Land Exchange Agreement. As such, staff is requesting that the Board of Directors authorize the Chief Executive Officer to assign the Agreements to KB.

Although the Agreements would be assigned to KB, the basic business terms of the Agreements will remain unchanged and in full force. Furthermore, KB will assume RAD's prior role as "Developer" and Metro's role as "owner" will remain unchanged.

KB Home is a Fortune 500 company listed on the New York Stock Exchange (NYSE: KBH) and is widely recognized as one of the leading publicly traded home builders in the nation. As home ownership has increased nationwide, KB has expanded into new

regions to bring choice and quality to more families. KB has conducted significant home developments in some of the most popular areas of the nation, including Arizona, California, Colorado, Florida, Georgia, Illinois, Indiana, Nevada, New Mexico, North Carolina, South Carolina, Texas and Wisconsin. In fact, KB Home builds award-winning neighborhoods in all of the top ten fastest-growing U.S. cities according to a recent U.S. Census Bureau report. KB has a proven track record of successful housing development, and posted 2005 revenues over \$5.9 billion. Building on a proven track record of success, KB Home continues to expand into markets where demand for new homes is strong, such as in the West side and Downtown areas of Los Angeles. KB headquarters are located in Los Angeles, California.

### **FINANCIAL IMPACT**

This action will not affect the currently approved life of project (LOP) budget.

### **ALTERNATIVES CONSIDERED**

The Board of Directors has the option of disapproving staff's request for assignment of the Agreements to KB. If disapproved, the inability to assign the Agreements to KB may impact the Developer's abilities to finance the Project, and could delay commencement and completion of the project. Per the Agreements and the schedule revision approved at the November 2005 Operations Committee, the Developer is obligated to start construction by April 1, 2006.

### **NEXT STEPS**

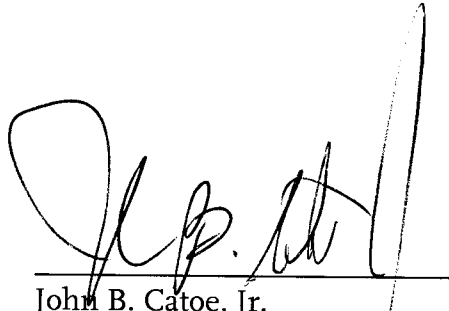
If the Board authorizes assignment of the Agreements to KB, staff and County Counsel will prepare and execute the necessary documentation to implement the assignment. Although the Agreements would be assigned to KB, the basic business terms of the Agreement will remain unchanged.

Assuming the assignment is approved, below is a summary of project activities that are forecasted to start or be completed within the upcoming months:

- KB or the Developer, dependent on when assignment is executed, will submit Construction Documents for Metro review and approval in late January 2006.
- KB or the Developer, dependent on when assignment is executed, will acquire all appropriate permits from the City of Los Angeles, and start construction of the West Los Angeles Transportation Facility (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/KB for facility betterments are complete. Metro grant 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 KB and convey the Sunset property to KB.

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