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**PLANNING AND PROGRAMMING COMMITTEE
JANUARY 14, 2008**

SUBJECT: EL MONTE STATION

**ACTION: FIRST RIGHT TO PURCHASE EL MONTE STATION COMMUTER
PARKING PROPERTY, AND; A EXCLUSIVE NEGOTIATING AGREEMENT
WITH THE CITY OF EL MONTE AND ITS COMMUNITY
REDEVELOPMENT AGENCY**

RECOMMENDATION

Authorize the Chief Executive Officer (“CEO”) to:

- A. Exercise LACMTA’s first right to purchase El Monte Station Parking Property (“Property”) from Caltrans and its re-sale to the El Monte Community Redevelopment Agency (“Agency”) under specified conditions;
- B. Enter into an exclusive negotiating agreement (“ENA”) with the El Monte Community Redevelopment Agency (“Agency”) for development of LACMTA commuter and employee parking.

ISSUE

LACMTA and Caltrans are parties to a certain co-operative agreement (“Agreement”) which allows LACMTA to utilize the Caltrans-owned Property adjacent to its El Monte bus facilities for commuter parking. The Agreement contains a “right of first offer” allowing LACMTA to purchase the Property under certain conditions. The agreement also requires LACMTA to maintain certain minimum levels of parking spaces on the site as well as to increase the number of parking spaces at the facility when certain parking thresholds are reached.

In conjunction with LACMTA’s Congestion Reduction Demonstration program, LACMTA plans to construct a new bus terminal at its El Monte facility which may further increase the demand for commuter parking at the El Monte facility as well as utilize portions of the Caltrans-owned Property for its construction. In order to provide for the proposed bus facility construction and for the increased parking demands at the site, maximum flexibility in land use is obtained by exercising LACMTA’s right of first offer to purchase the Property.

In addition, the proposed ENA with the Agency contemplates a simultaneous re-sale of the Property to the Agency which action will fully fund the purchase of the Property by LACMTA; facilitate the Agency’s proposed transit oriented development (“TOD”) on

portions of the Property and; provide replacement structured commuter parking to LACMTA at the Agency's expense in locations acceptable to LACMTA in LACMTA's sole and absolute discretion.

POLICY IMPLICATIONS

Since the recommended actions will facilitate the objectives of the Congestion Reduction Project as well as provide for enhanced commuter parking and opportunities to further transit oriented joint development, these actions are consistent with the both the goals of our Congestion Reduction and Joint Development Policies and Procedures.

OPTIONS

The Board could choose not to authorize the recommended actions, but we do not recommend this option. The recommended actions provide an economic solution to commuter parking needs and support our Congestion Reduction Project in the most economic manner available and also facilitate the joint development of property adjacent to and surrounding our El Monte bus facilities.

BACKGROUND

The El Monte Busway, completed in 1974, is approximately 11 miles long and connects to Union Station in downtown Los Angeles with travel times of approximately sixteen minutes. In addition, Metro's Sector Office for Division 9 is housed at the El Monte terminal area and the terminal is utilized by Foothill Transit and Greyhound Bus Lines as well as LACMTA to serve the San Gabriel Valley, and is one of the nation's busiest bus-only terminals. The nearby Metrolink station also provides additional transportation connections.

LACMTA's El Monte terminal is also a key element of the forthcoming Congestion Relief Demonstration Project ("Project"). Part of that Project involves the construction of a new bus terminal that will facilitate the increased demands of the Project as well as provide larger and enhanced facilities, including additional underground parking, to meet existing and projected demand.

Many of the current commuter El Monte "park and ride" spaces are located on the station-adjacent Caltrans Property (denominated Parcel C-1 on the attached Exhibit 1). The Property is subject to a cooperative Agreement with Caltrans, entered into in 1973 and amended in 1985 and provides LACMTA with a perpetual easement to use the Property for parking, requiring that that LACMTA continue to provide a minimum of 2,108 total parking spaces on the Property and the adjacent Caltrans owned site (denominated C-2 on Exhibit 1). The recent construction of LACMTA's new administration building on the C-2 site as well as increased parking demands for employee and commuter parking - coupled with the planned construction of the new bus terminal facility - now require that we make arrangements for enhanced parking at the terminal site, both to meet growing current demand and to meet the anticipated increased demands created by the Congestion Relief Project. The Agreement

also provides, among other conditions, that if the busway becomes overloaded and it is necessary to upgrade it to a higher capacity transit system, LACMTA has a right of first refusal to purchase the property at fair market value. The purchase of the property will relieve the restrictions on land use and provide maximum flexibility to meet the increased parking demands on both the C-1 and adjacent properties as well as facilitate the construction of the planned new bus terminal facilities.

In addition, LACMTA has been working cooperatively with the City of El Monte (City), its Redevelopment Agency and Caltrans on a planning study for a TOD on land including LACMTA's El Monte station as well as surrounding land owned by Caltrans and the City, comprising approximately 55 total acres. Current planning for the area includes the potential utilization of a portion of the C-1 Property for the mixed-use TOD.

The ENA contemplates the Agency's simultaneous purchase of the C-1 Property from LACMTA, at a price equal to LACMTA's purchase price, as a condition of closing the LACMTA purchase from Caltrans, as well as the Agency's agreement to provide, at its expense, replacement structured parking in locations and with configurations, design and projected operations acceptable to LACMTA in its sole and absolute discretion. This will simultaneously provide the funds for the LACMTA purchase; replacement parking; and the opportunity to work cooperatively with the Agency on shared parking solutions that will enhance the total number of commuter parking spaces available as well as facilitate integration of the new bus station and parking with the planned TOD. The arrangement also provides technical "site-control" of the Property to the Agency for purposes of its submission of a grant application (for which transportation agencies are ineligible) to provide some or all of the projected funds necessary for the structured commuter parking. A copy of the Term Sheet detailing the provisions of the proposed ENA is attached as Exhibit 2.

The purchase and parking structure arrangements are contemplated to be memorialized by a Joint Development Agreement between LACMTA and the Agency which we plan to present to the Board for approval if the purchase of the Property and the requested ENA is authorized as requested.

FINANCIAL IMPACT

The funds required for legal services to assist with this project are included in the FY09 budget in cost center 1210, Project #401025.

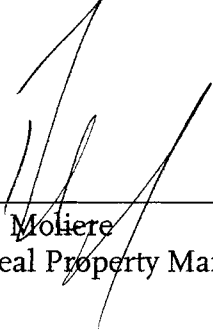
NEXT STEPS

Upon approval of the recommended actions we will execute the ENA with the Agency and prepare a Joint Development Agreement between LACMTA and the Agency setting forth the detailed terms and conditions of the proposed purchases of the Property by LACMTA and the Agency as well as the terms and conditions of the replacement parking and operating arrangements therefore, and return to the Board for approval thereof.

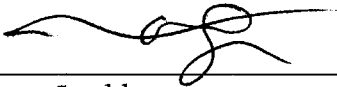
EXHIBITS

1. Site Map
2. Exclusive Negotiating Agreement Term Sheet

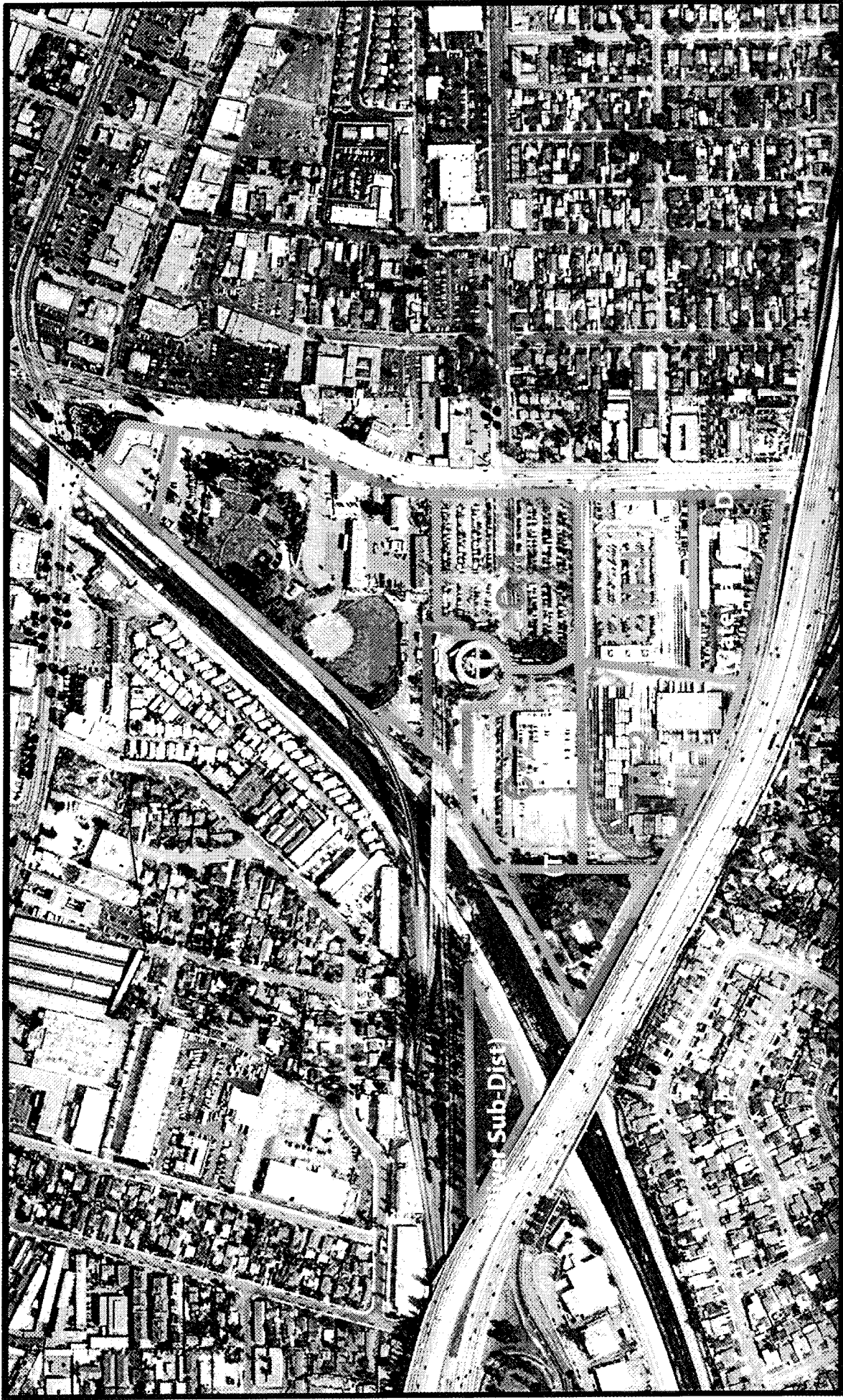
Prepared by: Roger Moliere
Chief, Real Property Management & Development



Roger S. Moliere
Chief, Real Property Management and Development



Roger Snoble
Chief Executive Officer



OWNERSHIP MAP

EXHIBIT 2

LACMTA/El Monte ENA-Term Sheet

1. **Parties and Purpose.** LACMTA and the Community Redevelopment Agency (the “**Agency**”) of the City of El Monte, California (the “**City**”) intend to enter into an exclusive negotiation agreement (“**ENA**”) pursuant to which the parties will negotiate exclusively and in good faith during the Term (defined in Section 2) regarding (x) the Agency’s purchase from LACMTA of portions (the “**Northern Premises**”) of the property (the “**Caltrans Property**,” approximately depicted as Parcel C-1 on the attached Exhibit A) located in the City, owned by Caltrans and utilized by LACMTA in support of its El Monte Transit Station and (y) the exchange, lease and/or sale of portions (the “**Southern Premises**”) of the property owned and utilized by LACMTA in support of its El Monte Transit Station and approximately depicted as Parcel M-1 on Exhibit A.

(a) **Purchase Subject to Easements, Covenants, Reservations, and Provisions.** Any grant by LACMTA of the Northern Premises and/or Southern Premises to the Agency will be subject to the easements, covenants, reservations, and provisions set forth in the JDA (defined in Section 4), purchase agreement and any other agreements between the parties.

(b) **LACMTA’s Purchase of Caltrans Property.** Immediately prior to any grant by LACMTA of the Northern Premises to the Agency, LACMTA will purchase the Caltrans Property from Caltrans.

(c) **Southern Premises.** LACMTA and the Agency may elect, at the sole and absolute discretion of each party, to enter into an agreement pursuant to which (i) LACMTA will exchange all or a portion of the Southern Premises for all or a portion of the property (the “**Gateway Sub-District Property**”) approximately depicted as the Gateway Sub-District on Exhibit A), which the Agency has an option to acquire from an unrelated third party and/or (ii) LACMTA will sell or lease all or a portion of the Southern Premises to the Agency.

2. **Term.** The term of the ENA (the “**Term**”) will commence on the effective date of the ENA (intend by the parties to be no later than February 11, 2009) and continue until the earliest of (a) the date it is reasonably determined that the Agency will not receive Proposition 1C funds or other funding sufficient to fulfill the Agency’s obligations under the contemplated JDA, (b) the date it is reasonably determined that California Transportation Commission (the “**CTC**”) will not agree to transfer the Caltrans Property to LACMTA on reasonable terms and conditions, (c) the date on which the ENA is superseded by the JDA, or (d) the date that is six (6) months after the effective date of the ENA; provided, however, the date set forth in clause (d) of this Section 2 may be extended by up to three (3) months, if LACMTA determines in its reasonable discretion that the Agency has been diligently negotiating pursuant to the ENA.

3. **LACMTA to Exercise First Right.** After the execution of the ENA by both parties and on or prior to February 11, 2009, LACMTA will send written notice to Caltrans of

LACMTA's exercise of its first right to purchase the Caltrans Property from Caltrans pursuant to, among other things, the following terms and conditions:

(a) Purchase Price. Purchase price to be a sum equal to fair market value of the Caltrans Property to an unrelated third-party, as determined by (i) the terms of the cooperative agreement between LACMTA and Caltrans or (ii) an appraisal acceptable to both LACMTA and Caltrans, which considers the effect on value of (1) any covenants, easements or requirements imposed by the Federal Highway Works Administration (the "FHWA"), (2) any covenants, easements or requirements imposed by Caltrans or the CTC and (3) LACMTA's perpetual usage rights to the Caltrans Property.

(b) Covenants, Easements or Requirements. Purchase to be subject to any covenants, easements or requirements imposed by the FHWA, Caltrans or the CTC.

(c) Closing.

(i) Unless waived by LACMTA, closing will be contingent upon the Agency's receipt of commitments for Proposition 1C funds or other funding sufficient to fulfill the Agency's obligations under the JDA.

(ii) Closing will occur (1) after the Agency's receipt of commitments for Proposition 1C funds or other funding sufficient to fulfill the Agency's obligations under the JDA, (2) immediately preceding the closing of the Agency's purchase of the Northern Premises from LACMTA and (3) on or before December 31, 2010; provide, however LACMTA may waive clauses (1) and (2) of this Section 3(c)(ii) or elect to extend the date set forth in clause (3) of this Section 3(c)(ii) for period not to exceed twelve (12) months.

4. Joint Development Agreement. LACMTA and the Agency will negotiate in good faith to draft and execute a joint development agreement (the "JDA") acceptable to each party at its sole and absolute discretion. When completed the JDA will supersede the ENA, which will cease to have any force or effect. The JDA will include, among other things, the following provisions:

(a) Purchase and Sale of Northern Premises. The JDA will set forth the terms and conditions pursuant to which LACMTA will sell the Northern Premises to the Agency and by which the Agency will purchase the Northern Premises from LACMTA. Such terms and conditions will include, among other things, the following provisions:

(i) Purchase price to be a sum equal to the price paid by LACMTA to Caltrans to purchase the entirety of the Caltrans Property.

(ii) The Agency's purchase will be subject to (1) any covenants, easements or requirements imposed by the FHWA and (2) any covenants, easements, parking management plans, or requirements imposed by Caltrans, the CTC or LACMTA.

(iii) The Agency's purchase will be subject to various easements, covenants and restrictions providing LACMTA with perpetual rights to parking for its patrons in one or more Commuter Parking Structures (defined in Section 4(b)).

(iv) The Agency and its successors in interest will have certain easement rights for the passage of utilities and vehicular and pedestrian traffic over, under and across certain LACMTA property that may separate portions of the Northern Premises from other portions of the Northern Premises or from the public right of way.

(v) Closing (1) will be contingent on the Agency's receipt of commitments for Proposition 1C funds or other funding sufficient to fulfill the Agency's obligations under the JDA and (2) will occur (A) after the Agency's receipt of commitments for Proposition 1C funds or other funding sufficient to fulfill the Agency's obligations under the JDA, (B) immediately following the closing of LACMTA's purchase of the Caltrans Property from Caltrans and (C) on or before December 31, 2010; provide, however LACMTA may elect to extend the closing date beyond the date set forth in clause (C) of this Section 4(a)(v) for a period not to exceed twelve (12) months, if LACMTA determines in its reasonable discretion that the Agency is diligently prosecuting its duties under the JDA.

(b) Commuter Parking Structures. The Agency or its successor in interest will construct and provide commuter parking structures (the "**Commuter Parking Structures**") to LACMTA for use by LACMTA, its employees and patrons.

(i) The Commuter Parking Structures will be in locations with configurations, designs, constructions, and projected operations acceptable to LACMTA, in its sole and absolute discretion, and in accordance with the requirements and specifications of the FHWA, Caltrans and the CTC. Subject to the conditions set forth in the preceding sentence, some or all of the Commuter Parking Structures may be located on property other than the Northern Premises.

(ii) The Commuter Parking Structures will be located on air-rights condominium parcels owned by LACMTA or the Agency and/or its successor in interest in accordance with the requirements of the funding source and the agreement of the parties, at each party's sole and absolute discretion; provided, however, if LACMTA is not the fee owner of the Commuter Parking Structures it will have a perpetual easement to use, maintain, occupy, and repair the Commuter Parking Structures.

(iii) The Commuter Parking Structures will contain a total of at least one thousand one hundred seventy-six (1,176) parking spaces for use by LACMTA, its employees and patrons; provided, however, subject to LACMTA's approval, at its sole and absolute discretion, and the consent of the FHWA and Caltrans, certain parking spaces located within the Commuter Parking Structures may be made available to the Agency and its successors in interest (under terms and conditions acceptable to LACMTA at its sole and absolute discretion) at times other than normal commuting hours.

(iv) It is expected that (1) LACMTA's use of the Commuter Parking Structures and (2) the Agency's and its successors in interest's and their respective tenants', subtenants' and patrons' use of parking structures and surface parking lots located on the Northern Premises or on other property owned by the Agency or its successors in interest will be subject to parking management agreements and/or reciprocal easement agreements.

(c) Exchange, Lease or Sale of the Southern Premises. The JDA will set forth the terms and conditions pursuant to which the parties may elect, at each party's sole and absolute discretion, for LACMTA to exchange, lease or sell all or a portion of the Southern Premises to the Agency and by which the Agency may exchange for, lease or purchase all or a portion of the Southern Premises from LACMTA. Such terms and conditions will include, among other things, the following provisions:

(i) LACMTA to exchange all or a portion of the Southern Premises for all or a portion of the Gateway Sub-District Property and/or LACMTA to lease or sell all or a portion of the Southern Premises to the Agency.

(ii) Any exchange, lease or sale of all or a portion of the Southern Premises by LACMTA to the Agency will be for fair market value, determined by an appraisal acceptable to both LACMTA and the Agency, which considers the effect on value of any covenants, easements or requirements imposed by the FHWA or LACMTA. In the event of an exchange, the fair market value of the portion of the Gateway Sub-District Property that the Agency will grant to LACMTA in exchange for all or a portion of the Southern Premises will be determined by an appraisal acceptable to both LACMTA and the Agency that considers the effect on value of any covenants, easements or requirements imposed by the Agency or otherwise affecting the Gateway Sub-District Property.

(iii) The Agency's lease or purchase of all or a portion of the Southern Premises will be subject to (1) any covenants, easements or requirements imposed by the FHWA and (2) any covenants, easements, parking management plans, or requirements imposed by LACMTA.

(d) Closing. Closing (i) will be contingent on (1) the Agency's receipt of commitments for Proposition 1C funds or other funding sufficient to fulfill the Agency's obligations under the JDA, (2) in the event of an exchange of all or a portion of the Southern Premises for all or a portion of the Gateway Sub-District Property, the Agency's acquisition of the Gateway Sub-District Property and (3) LACMTA's acquisition of the Caltrans Property and (ii) will occur (1) after the Agency's receipt of commitments for Proposition 1C funds or other funding sufficient to fulfill the Agency's obligations under the JDA, (2) immediately after LACMTA's purchase of the Caltrans Property from Caltrans, (3) in the event of an exchange of all or a portion of the Southern Premises for all or a portion of the Gateway Sub-District Property, after the Agency's acquisition of the Gateway Sub-District Property, and (4) on or before December 31, 2010; provide, however LACMTA may elect to extend the closing date beyond the date set forth in clause (4) of this Section 4(d) for a period not to exceed twelve (12) months, if LACMTA determines in its reasonable discretion that the Agency is diligently prosecuting its duties under the JDA.

(e) Terms and Conditions. The JDA will set forth the terms and conditions pursuant to which LACMTA and the Agency will work cooperatively to (i) draft the covenants, easements, agreements, and reservations, (ii) determine the location of the easements, Commuter Parking Structures and any other facilities to be provided to LACMTA by the Agency and (iii) determine the design and usage of the Commuter Parking Structures and any other facilities to be provided to LACMTA by the Agency.

(f) Right to Assign. The Agency will have the right to assign certain of its duties under the JDA to a successor in interest selected by the Agency; provided, however, any such assignment will be contingent on (i) LACMTA approving such assignment based on the assignment standards and criteria set forth in the ENA, JDA or any other agreement between the parties and (ii) the assignee's assumption of the Agency's duties under the JDA.

5. Agency to Draft and Submit Funding Applications with LACMTA Cooperation and Review. The Agency will draft applications for funds available pursuant to Proposition 1C or from other federal, state or local sources. LACMTA will reasonably cooperate in the application process. LACMTA will have the right to review and approve or disapprove each funding application prior to its submittal to assure compliance with the terms of the ENA, the JDA, any other agreement between the parties, and LACMTA's policies and procedures. The Agency will provide LACMTA copies of any proposed funding application for LACMTA's review and approval or disapproval at least fifteen (15) days prior to the date the application is intended to be submitted.

6. Use of Funds. LACMTA and the Agency will work together to determine the use of any funding to be received by the Agency or its successor in interest for the construction of transit related parking, utilities or other services or facilities and such funds will be used exclusively to provide transit related parking, utilities or other services or facilities for usage by LACMTA and its employees and patrons.

