

**Board Report**

File #: 2016-0007, **File Type:** Program**Agenda Number:** 26.

**PLANNING AND PROGRAMMING COMMITTEE
FEBRUARY 17, 2016****SUBJECT: TWENTY-FIVE YEAR REAL ESTATE LICENSE AGREEMENT WITH THE CITY OF PASADENA****ACTION: APPROVE LICENSE****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to execute a **twenty-five (25) year license agreement (License) with the City of Pasadena (City) allowing the City to use that portion of the Metro property situated between Green Street and Holly Street in Old Pasadena and lying above the Metro Gold Line's subterranean improvements**, as depicted on Attachment A (License Property), for pedestrian, bicycling use and other purposes consistent with these uses.

ISSUE

The City and Metro are currently parties to a month-to-month license agreement covering the License Property. This agreement allows the City to use the License Property for pedestrian and bicycling purposes and for other purposes that are consistent with these uses, such as: (a) outdoor dining and café uses, (b) farmers' markets, (c) filming, and (d) special events and other community related uses. The City is prepared to invest approximately \$1.2 million to improve and beautify the License Property, but will not invest these funds, without a long-term agreement from Metro.

DISCUSSION

The License Property is currently unlit and asphalt-paved, providing an unwelcoming environment for pedestrian use, bicycling or outdoor dining. The City's proposed \$1.2 million capital investment will improve and beautify the License Property, giving it an appearance more in keeping with the other pedestrian ways in Old Pasadena. The intent is that these improvements will spur third party use of the License Property for outdoor dining and other compatible uses, adding to the corridors vitality. The proposed improvements include: pedestrian and bicycle pathways, potted plants, lighting, seating areas and a drainage system.

The City's plans for improvements have been reviewed and approved by Metro. The City has selected its construction contractor for the proposed improvements and the City is awaiting execution of the License before awarding the construction contract. The construction will be monitored by and coordinated with Metro Program Management and Metro Construction Safety. The City plans to construct the proposed improvements during the first 12 months of the License.

In exchange for allowing the City to use the License Property, Metro will receive the following:

- An annual amount equal to Fifty (50%) of all gross receipts earned by the City during each year of the License term that are in excess of \$35,000 in constant (i.e., CPI-adjusted) dollars.
- Advertising and marketing benefits through various mediums within the City as follows:
 - a) Eighteen (18) to twenty-seven (27) (depending on location) City-provided, advertising display cases in five (5) City-controlled parking garages for Metro's exclusive use;
 - b) Advertising space in all Pasadena Area Rapid Transit buses for at least two (2), non-contiguous ledger-sized advertisements;
 - c) Up-to-date Metro marketing information and links to Metro's website on appropriate web pages on the City's website;
 - d) The continued inclusion of Metro's public transit system route information on the City's printed and electronic versions of the City's transit system maps;
 - e) Distribution of Metro marketing and public transit system information at City community and civic events;
 - f) Cooperation with Metro to include Metro marketing material as part of all City advertisements in printed publications and other media outlets as appropriate to facilitate the use of public transportation; and
 - g) Dedication to Metro of 10% of the City's annual allocation of advertising time and display space on bus shelters within the City.

Findings

The City of Pasadena has done extensive engineering and planning to comply with Metro's standards for use of property above Metro's Gold Line operations.

Considerations

Metro staff surveyed the area where the parcels are situated to see if there was opportunity for a competitive solicitation. The Metro Gold Line's underground facilities and their configuration preclude extensive development of the License Property. Outdoor use of the License Property by adjoining property owners in conjunction with the City's proposed improvements is an appropriate use of the License Property.

DETERMINATION OF SAFETY IMPACT

Approval of this item will have no impact on safety standards or Metro Rail Operations. The construction of the pedestrian alley improvements will be monitored by Metro Construction Management and Construction Safety.

FINANCIAL IMPACT

Authorization of this item would have limited fiscal impact to the agency. There is potential for Metro to receive fifty percent (50%) of any revenue earned by the City in excess of \$35,000 in constant (i.e.,

CPI-adjusted) dollars.

Impact to Budget

Funding for joint development activities is included in the FY16 budget under Project 610011. Other support costs needed to negotiate the proposed transaction are budgeted in Project 401200. These General Fund revenues are eligible for bus and rail capital expenses. The License will require the City to pay, over the License term, all taxes and assessments imposed against Metro property situated in the City.

ALTERNATIVES CONSIDERED

The Board could choose not to take the recommended action. Staff does not recommend this alternative because the City of Pasadena's proposed use is a transit supporting use of the property, given its limited development potential. In addition, approval of the License will allow the City to invest \$1.2 million in the currently underutilized License Property, allowing it to contribute to the economic vitality of the surrounding community. The City's improvement plans have been reviewed and approved by Metro staff.

NEXT STEPS

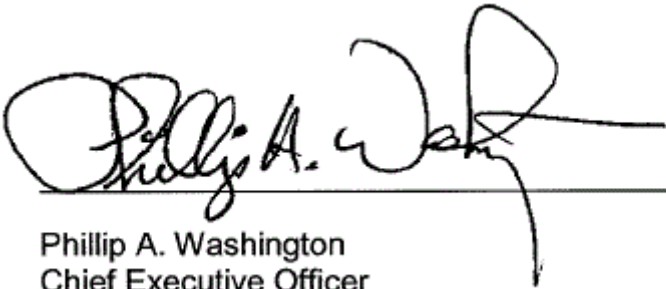
Upon approval of the recommended actions, staff will complete and execute the License.

ATTACHMENTS

Attachment A - Plat of the License Property - Old Pasadena Right-of-Way

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