

**Board Report**

File #: 2016-0498, **File Type:** Agreement**Agenda Number:** 11.

**PLANNING AND PROGRAMMING COMMITTEE
NOVEMBER 16, 2016****SUBJECT: CULVER CITY STATION ADJACENT DEVELOPMENT****ACTION: AUTHORIZE REAL ESTATE AGREEMENTS****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer, or his designee, to execute a **Perpetual Easement Agreement, Reciprocal Easement Agreement and other related documents with the city of Culver City (City) and/or the developer and other related parties to allow for the construction, use, operation and maintenance of the Ivy Station mixed-use development project adjacent to the Metro Expo Culver City Station** as described in Attachment D which will include a Metro park-and-ride facility as contemplated by a previously Board-approved and executed Option Agreement and Memorandum of Understanding with the City.

ISSUE

In September 2011, Metro entered into an Option Agreement with the City for a perpetual easement to provide for construction of a transit-oriented development on a portion of Metro-owned right-of-way adjacent to the Metro Expo Line Culver City Station (Station), the primary consideration for which is the provision of the existing parking on the Project Site prior to construction, 235 parking spaces in the City's Ince Garage during construction of the development, and 300 park-and-ride spaces as part of the future development. In February 2012, the City selected Lowe Enterprises, doing business as Culver Station LLC (Developer), to develop a mixed-use development on a series of assembled parcels adjacent to the Station, including a portion of the Metro-owned right-of-way as contemplated in the Option Agreement. The City desires to exercise its option and the Metro Board of Director's (Board) authorization to enter into agreements and consider environmental effects of the project is necessary to effectuate the transaction.

DISCUSSION***Background***

In 2000, the City commenced planning for the redevelopment of the parcels surrounding the Station, and subsequently began assembling parcels and working with Metro to incorporate portions of its right-of-way with the intent of developing a transit-oriented development at the Station. In January 2011, Metro and the City, along with the former Culver City Redevelopment Agency (Former Agency) and the Exposition Metro Line Construction Authority (Authority) entered into a Memorandum of

Understanding (MOU) to cooperate on the planning, development and construction of a transit-oriented development and parking facility at the Station including the preparation of an Option Agreement for perpetual easement for a portion of Metro-owned right-of-way adjacent to the Station. Consistent with the terms of the MOU, the City reimbursed the Authority \$3.1 million for structural redesign and enhancements to the Expo Line and the Station to allow subterranean parking abutting the Expo Line. The City and Metro also entered into license agreements which provided for the construction, use, operation and maintenance of temporary park-and-ride spaces on the project site, along with terms for a license to use the Ince Garage, a nearby City parking facility, to house replacement parking spaces as further described below until such time as the transit-oriented development and the associated permanent park-and-ride spaces are complete and made available to Metro.

Project Site

The project site is bounded by Washington Boulevard to southeast, National Boulevard to the northeast, Venice Boulevard to the northwest, and the Metro Expo Line right-of-way to the south and is located within both Culver City and the City of Los Angeles (Project Site). The total developable area of the Project Site is 5.53 acres and includes 1.67 acres of Metro right-of-way (LACMTA Easement Area). The LACMTA Easement Area consists of the northerly 91 feet of the 150-foot LACMTA right-of-way in the vicinity of the Station; the southerly 59 feet (Station Parcel) houses the Station and Expo Line right-of-way and is not subject to the grant of perpetual easement. The Project Site and LACMTA Easement Area are further depicted in Attachment A - Site Map.

Project Overview

The proposed Ivy Station development project (Project) is proposed to include: 148 hotel rooms; 200 residential units; approximately 197,000 gross square feet of office use; approximately 57,800 gross square feet of retail and restaurant use; and a total of approximately 1,480 parking spaces in a three-level subterranean structure which spans the entirety of the Project Site, including the LACMTA Easement Area up to the northern limits of the Station Parcel. The parking garage will include 300 dedicated Metro park-and-ride spaces on the P-3 level with controlled access for Metro transit patrons (Metro Parking Area).

The Project will also include approximately 100,000 square feet of highly programmed outdoor open space accessible to the public, with careful attention paid to creating a seamless and inviting connection between the Project and the Station as well as other transit amenities in the vicinity including bus stops and active transportation infrastructure such as the Metro Bike Hub/Clean Mobility Center under development at the Station. Additionally, Metro will be provided eight dedicated at-grade parking stalls intended to support car share operations at the Station and a dedicated pick-up/drop-off zone within the Project. A Project site plan and renderings detailing the proposed Project are included as Attachment B along with Attachment C, a P-3 level plan depicting the Metro Parking Area.

The Project is anticipated to start construction in late 2016/early 2017 and will take approximately two and a half years to complete.

Proposed Transaction

The proposed Perpetual Easement Agreement (Easement Agreement), which is substantially

consistent with the terms contemplated in the September 2011 Option Agreement as approved by the Board, will be entered into by Metro and the City. The Easement Agreement will grant the City a perpetual easement on, under, and above the LACMTA Easement Area to construct, use, operate, maintain, repair and/or reconstruct parking uses, transit plaza uses, and residential and commercial uses of up to 100,000 square feet of which not more than 10,000 square feet may be in the below-grade portions of the LACMTA Easement Area. While the Option Agreement contemplated requests for additional square footage would be covered in a ground lease, these additional uses have been included as part of the Easement Agreement. Metro will retain access rights for purposes of constructing, inspecting, operating or maintaining Metro-related transit improvements on the Station Parcel including the Station.

Concurrent with executing the Easement Agreement, Metro, the City and the Successor Agency to the Former Agency (Successor Agency) will enter into a Reciprocal Easement Agreement (REA) which shall provide Metro with rights to access and utilize the Metro Parking Area at all times along with non-exclusive rights for pedestrian access between the Metro Parking Area and the Station and other publicly accessible pedestrian pathways throughout the Project Site.

The Easement Agreement will allow the City to assign its rights and responsibilities to the Developer. A single closing is anticipated whereby: (1) the City will exercise its option with Metro by executing the Easement Agreement; (2) Metro, the City and the Successor Agency will execute the REA; (3) the City and the Successor Agency will transfer their respective fee interest in the Project Site to the Developer; and (4) the City will assign its rights and responsibilities under the Easement Agreement and the REA to the Developer.

In consideration for Metro's grant of easement and development rights within the LACMTA Easement Area described above, the Developer will be responsible for the cost of designing, constructing, operating and maintaining the Project including: the 300 Metro park-and-ride spaces within the Metro Parking Area; the transit plaza and all publicly access passageways including associated landscaping; transit signage throughout the Project Site; and reimbursement of reasonable costs incurred by Metro in connection with reviewing plans, monitoring construction, and effectuating the transaction. A more complete summary of key terms and conditions of the Easement Agreement and REA are included as Attachment D.

Replacement Parking

The temporary 550 Metro and park-and-ride spaces currently at the Culver City Station will be eliminated once construction of the Project commences. Per existing agreements with the City, prior to the start of construction and until such time as the permanent 300 park-and-ride spaces are made available in the Project, the City shall provide, at no cost to Metro, a license for 235 dedicated spaces in the City's Ince Garage located approximately two blocks southwest of the Station. Any unmet parking demand will be directed to alternate Metro park-and-ride facilities such as the La Cienega/Jefferson and Expo/Sepulveda Station garages along the Expo Line where space is currently available.

CEQA Compliance

The Project has been cleared under the California Environmental Quality Act (CEQA) process with Culver City as the lead agency. All public comments have been received (including those of Metro)

and addressed and have been incorporated into the City's Mitigated Negative Declaration (MND) document (<http://www.culvercity.org/home/showdocument?id=2044>). The MND includes information on all impacts especially those that exceed the threshold of significance and, where appropriate, their corresponding mitigation measures.

Environmental mitigation has been identified for the following types of impacts:

- Aesthetics;
- Air Quality;
- Biological Resources;
- Cultural Resources;
- Geology and Soils;
- Greenhouse Gasses;
- Hazards and Hazardous Materials;
- Hydrology and Water Quality;
- Noise;
- Public Services;
- Transportation/Traffic; and
- Utilities and Service System.

Specific details of the impacts as well as their corresponding mitigation measures were originally cited as Appendix C of the MND and are included herein as Attachment E. The mitigation measures will be implemented commencing at the design and construction process. Culver City finds that implementation of the mitigation measures will result in less than significant impact with respect to:

- Degradation of the environment, biological resources, and cultural resources;
- Cumulative impacts; and
- Direct and indirect impacts to human beings.

As a responsible agency, Metro will be working with Culver City, the lead agency, in ensuring the implementation of mitigation measures.

DETERMINATION OF SAFETY IMPACT

The proposed Project and associated transaction will help improve access between the Station, adjacent transportation amenities and the surrounding community and will have no direct, adverse impact on safety. Construction documents and construction work plans shall be subject to Metro review and approval and Metro shall monitor construction activities to ensure Metro infrastructure and operations are not compromised.

FINANCIAL IMPACT

The costs to construct, maintain and operate the Project (including the 300 park-and-ride spaces) as well as the replacement parking spaces are the responsibility of the City and/or the Developer. Metro will retain the right to set parking rates and receive revenues from Metro park-and-ride spaces upon completion of the Project. Metro will also have the right to set rates and receive parking fees for the

replacement parking spaces.

Impact to Budget

Metro shall have no cost obligations associated with the proposed Project, other than transaction costs which are budgeted in Cost Center 2210, and therefore there are no financial impacts to Metro including bus and rail operations.

ALTERNATIVES CONSIDERED

The Board could choose not to take the recommended actions or reject the current terms and conditions. However, staff does not recommend this option as the proposed transaction is consistent with the intent of the Option Agreement previously approved by the Board and executed by Metro and the City.

NEXT STEPS

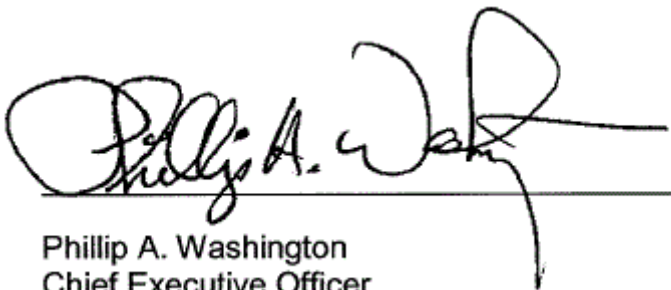
Upon approval by the Board, staff will finalize negotiations and enter into the appropriate agreements with the City and/or the Developer subject to the satisfaction of the conditions precedent outlined in the Option Agreement and Attachment D - Summary of Key Terms and Conditions.

ATTACHMENTS

- Attachment A - Site Map
- Attachment B - Project Site Plan and Renderings
- Attachment C - Metro Parking Area
- Attachment D - Summary of Key Terms and Conditions
- Attachment E - MND Mitigation Monitoring Program

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