

**Board Report**

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**File #:** 2017-0595, **File Type:** Agreement**Agenda Number:** 17.

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**PLANNING AND PROGRAMMING COMMITTEE  
OCTOBER 18, 2017****SUBJECT: EXTEND A FIVE-YEAR WESTERN/CARLTON, LP,  
LICENSE AGREEMENT AN ADDITIONAL  
TWENTY-FOUR YEARS****ACTION: APPROVE EXTENDED LICENSE****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to execute an amended and restated license agreement with Western/Carlton II, LP, a California Ltd. Partnership (Western/Carlton), extending the term for an additional twenty-four (24) years with an option to extend five years allowing Western/Carlton to use that portion of Metro property situated adjacent to the Western/Carlton's ground-leased premises at the Hollywood/Western Red Line Station, as depicted on Attachment A (License Property), for the operation and use of the ground-leased premises and related improvements.

**ISSUE**

In June 2016, Western/Carlton and Metro entered into a five-year license agreement for Metro property situated adjacent to Western/Carlton's ground-leased premises so that one of Western/Carlton's tenants, the Thai Community Development Center (Thai CDC) could make use of the area. Thai CDC is a non-profit organization that has started construction on an employment generator and food retail incubator project it wishes to operate, in part, on the License Property, which has garnered City of Los Angeles' support. Thai CDC has secured grants and other economic development funding for the tenant improvements within their leased space. One funding source, a New Market Tax Credits loan, requires that Western/Carlton and Metro have a 24-year license agreement (with a five-year option to extend). Metro policy requires Board approval for any license agreement over a five-year term.

**DISCUSSION**

In December 2013, Thai CDC approached Metro regarding use of the License Property, which is situated immediately adjacent to Western Carlton's ground-leased premises, and interior space they intended to lease inside the mixed-use building Western/Carlton constructed thereon. Thai CDC was securing seed funding to develop a food retail incubator in the leased space that would train local entrepreneurs in running and managing restaurants, and wanted to use the License Property in conjunction with this use. To allow Thai CDC to use the License Property and keep the license and

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the ground lease with the same party, Metro licensed this area to Western/Carlton and allowed Western Carlton to sublicense it to Thai CDC. Thai CDC, Western/Carlton and Metro executed a 5-year license, sublicense and related documents in June 2016. As a result of these transactions, several grants and loans were approved by the City of Los Angeles. More recently, Thai CDC informed Metro of the need for the New Market Tax Credits loan and its requirement for a longer term license between Metro and Western/Carlton.

This project has strong support from the City of Los Angeles Economic and Workforce Development Department and the Office of Councilmember Mitch O'Farrell as well as state legislators and the local community. Further, this proposed use is in support of Metro's Transit Oriented Communities efforts, as it allows for community-serving uses at a Metro station and supports local economic development.

### **DETERMINATION OF SAFETY IMPACT**

This action will have no impact on safety standards for Metro.

### **FINANCIAL IMPACT**

Adoption of the 24-year license would bring an estimated one hundred forty-two thousand dollars (\$142,000.00) in revenue to the agency over its 24-year term. This amount equals the initial annual fee of \$3,366.48 which is increased annually by the Consumer Price Index (CPI).

#### **Impact to Budget**

This action provides additional revenue to Metro's annual budget for the next twenty-four years.

### **ALTERNATIVES CONSIDERED**

The Board could consider not extending the license. We do not recommend this as we have already granted a license in support of the project, the project has strong support from elected officials and community stakeholders, and the proposed use is in furtherance of Metro's efforts to support the creation of Transit Oriented Communities.

### **NEXT STEPS**

Upon Board approval, staff will execute an amended and restated license agreement with Western/Carlton for twenty-four years with a five-year option to extend.

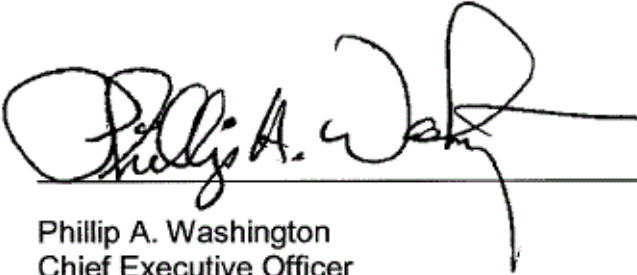
### **ATTACHMENTS**

Attachment A - License Property

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