



## Board Report

---

**File #:** 2020-0614, **File Type:** Informational Report

**Agenda Number:** 40.

---

**EXECUTIVE MANAGEMENT COMMITTEE  
OCTOBER 15, 2020**

**SUBJECT: METRO TRAINING AND INNOVATION CENTER**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATIONS**

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer to negotiate and execute with Primestor Development LLC, a Delaware limited liability company (or an affiliated entity that owns the relevant portion of the Vermont and Manchester Mixed-Use Development Project) (Developer) and other necessary parties (1) a 15-year office lease (Attachment B) for the Metro Training and Innovation Center (MTIC) commencing approximately October 1, 2023; and (2) all other legal documents necessary or desirable to effectuate the transactions; and
- B. APPROVING the Life of Project (LOP) Budget of \$19,900,000 for the MTIC.

**ISSUE**

The Vermont and Manchester Transit Priority Joint Development Project (Project) consists of a six-story mixed-use affordable housing and community serving retail, an open transit plaza, a job training center, a six-story boarding school with faculty residential units, full service grocery store, and 383 parking spaces located at the ground-level and within a 4.5-level parking structure.

The proposed Project provides the opportunity for Metro to not only partner with the County to build a premiere public charter transportation boarding school at this location, but also to build a transportation and learning center within the mixed-use development. Metro has designed the MTIC to feature 15,000 square feet of office space on the third floor of the mixed-use development fronting the Transit Plaza, 60 dedicated parking spaces, passenger elevator, Metro signage, and transit-related amenities throughout the Transit Plaza. The conceptual drawings of the mixed-use development and location of the space is attached (Attachment A). Staff is advancing the design of the interior space and drafting agreements consistent with the attached Office Lease (Attachment B) in order to construct the MTIC, in partnership with the Developer. Staff now seeks approval from the Board in order to adopt a budget, finalize negotiations on ancillary terms, execute agreements, and to authorize construction and funding of Metro's share of the Project.

## **BACKGROUND**

- At the April 2017 Board meeting, Motion #43 by Directors Ridley-Thomas, Fasana, Garcetti, Barger, Garcia, and Dupont-Walker was approved directing the CEO to develop a framework for a pilot educational and job training program, specifically, though not exclusively, targeting at-risk probation youth who had exposure to the County's safety net and who had historically been underserved educationally.
- On December 5, 2017, the Los Angeles County Board of Supervisors (BOS) approved the acquisition of 4.2 acres of land, vacant since the civil unrest of 1992, on the 8400 and 8500 blocks of Vermont Ave in South Los Angeles for the development of the Vermont and Manchester Transit Priority Joint Development Project.
- At the May 2018 meeting, the Board authorized Metro to negotiate and enter into a Memorandum of Understanding (MOU) with the County for the development of the transportation school at the site. The Board authorization for the MOU anticipated: 1) the mixed-use developer constructing the transit plaza, mixed-use development and parking lot; 2) Metro may facilitate transit-oriented amenities including ticket vending machines, bike share or other features; 3) Metro may secure specific spaces in the parking lot for a park-and-ride for transit services along Vermont corridor; and 4) approximately 15,000 square feet of the mixed-use development would be a transit vocational training center, and that Metro would take the lead in financing and operating this center.

## **DISCUSSION**

- The 4.2-acre site is located in South Los Angeles on the Vermont transportation corridor and is part of a potentially transformative mixed-use development. The Developer will construct the shell and exterior of the MTIC space, including the necessary mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems, stubbed in throughout the interior space. Metro will design and fund the construction of the tenant improvements for the 15,000 square foot facility. The space will include five large rooms designed as flexible conference spaces that can also be utilized as computer labs with mobile laptops, or host training equipment for demonstrations, and other training and learning sessions. The attached conceptual drawings show the MTIC, transit plaza, and parking garage.
- Construction is anticipated to commence in the fall of 2021 and finish in late 2023. Once completed, the MTIC is proposed to highlight the infrastructure industry and serve as a resource for existing Metro employees and community members seeking employment and professional advancement. The center will also expand the opportunities for disadvantaged non-school-aged residents from across the County to seek opportunities for job training to prepare themselves for careers in the transit industry in coordination with Metro's WIN LA Program and other workforce programs.
- The appropriate agreements, consistent with the Office Lease are being finalized with the Developer and include the following:
  - Office Lease
  - Duration is fifteen (15) years with four five (5)-year options.
  - Annual base rent starting at \$630,000 and subject to CPI increases not to exceed 3%.
  - Operating expenses projected at \$150,000 per year.
  - Metro will design and fund the construction of the tenant improvements in an amount not to exceed \$11,600,000.
  - Owner will construct the shell and exterior of the space.
  - Owner will construct the tenant improvements according to Metro's approved final design.

- Metro will contribute up to \$3,500,000 for the construction of the transit plaza.
- Parking Rights Agreement
- Metro shall have access to sixty (60) reserved parking spaces throughout the term of the agreement.
- Metro will contribute up to \$3,000,000 for the acquisition of the exclusive right to use 60 parking spaces pursuant to the parking rights agreement. Metro will have access to the premises and parking structure 24 hours per day, 7 days a week, 52 weeks per year, 365 days per year (366 days on leap year).
- The location of the reserved parking spaces will be subject to Metro's approval.
- The term of the Parking Rights Agreement shall be at least 35 years.
- Metro shall pay its pro rata share of the costs of operating and maintaining the Parking Structure each year.

## **EQUITY ASSESSMENT**

Metro staff applied Metro's Rapid Equity Assessment to this board action to understand the potential benefits and burdens, and how this project might support more equitable access to opportunity for historically marginalized communities. The Vermont/Manchester Mixed Use Project presents a unique opportunity for Metro to engage South Los Angeles community residents in the revitalization efforts aimed at transforming a site that has been vacant and undeveloped since the civil unrest of 1992 into a viable community asset. The project is located within a cluster of equity focus communities, in which, approximately 63% of residents are Latino, 36% are Black, and 39% of the households earning less than \$25k a year. Additionally, less than 4% of the residents in the area have a four-year degree. There are stark disparities in employment, education, housing, and food access.

This action, which furthers the development of the MTIC, would expand access to workforce development opportunities for residents living nearby, as well as disadvantaged residents from across the county seeking opportunities for job training to prepare themselves for careers in the transportation infrastructure industry. The only anticipated burdens during this time relate to construction, and Metro staff will develop a construction work plan and traffic control plan that will address safety and security, noise and dust, and the potential for any traffic impacts. The team will implement a robust outreach effort to continue to engage the community in order to communicate the plan to adjacent businesses, residents and other community stakeholders. Ultimately, without Metro's investment in this historically disinvested community, the site would remain vacant, exacerbating the community's pronounced need for affordable housing, fresh grocery stores, access to education, job training opportunities, and providing mobility options for a community with less access to transit. This decision will help address the economic inequities that continue to plague our region.

## **DETERMINATION OF SAFETY IMPACT**

Approval of these actions will have no impact on safety. The eventual implementation of this Mixed-Use Development and Transit Plaza will offer opportunities to improve safety for transit riders by installing new lighting and activating the area with new uses and transit related amenities.

## **FINANCIAL IMPACT**

The \$500,000 required for fiscal year 2021 is included in the adopted budget in cost center 8510. Upon Board approval, a separate project will be set up to capture expenditures for this project. Since

---

this is a multi-year project, the Project Manager, Cost Center manager, and Chief Program Management Officer will be responsible for budgeting the cost in future fiscal years.

#### Impact to Budget

The source of funds for this project is local funds. The parts of the project that are eligible for Proposition C25% will use that source. All other local funds used for this project are eligible for bus and rail operations and capital expenditures. The Funding and Expenditure Plan is included as Attachment C.

#### ..Implementation Of Strategic Plan GoalsB **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

This action directly supports the Project which is consistent with Metro's Strategic Plan Goals to enhance communities and lives through mobility and access to opportunity. By constructing the Metro Training and Innovation Center, the Project seeks to better connect residents to workforce development opportunities, a wider range of regional employment, travel, and cultural opportunities.

#### **ALTERNATIVES CONSIDERED**

The Board may choose not to move forward with the construction of the Metro Training and Innovation Center. This is not recommended as the MTIC will not only be integral component of a larger development to help to revitalize the South Los Angeles area, but also serve as a resource for existing employees and disadvantaged community members seeking employment and professional development.

#### **NEXT STEPS**

Staff will complete negotiations of the Office Lease and ancillary terms and agreements with the Developer subject to review and approval by County Counsel. Upon Board authorization, Metro will finalize and execute the agreements with Primestor Development LLC, a Delaware limited liability company (or an affiliated entity that owns the relevant portion of the Vermont and Manchester Mixed-Use Development Project) (Developer) and other necessary parties, forward to County Counsel for approval review, and submit for execution by the CEO.

#### **ATTACHMENTS**

Attachment A - Conceptual Drawings  
Attachment B - Office Lease  
Attachment C - Funding and Expenditure Plan

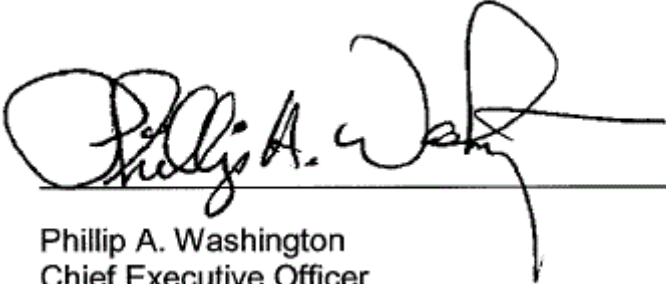
Prepared by:

Kenyon A. Price, Senior Manager, Transportation Planning, Program Management, (213) 922-7446;  
John Potts, Executive Officer, Countywide Planning and Development, (213) 418-3397  
Tim Lindholm, Senior Executive Officer, Capital Projects Program

Management, (213) 922-7297  
Holly Rockwell, Senior Executive Officer, Countywide Planning and  
Development (213) 922-5585

Reviewed by:

Joanne Peterson, Chief Human Capital & Development, (213) 418-3088; and  
Richard Clarke, Chief Program Management Officer, Program Management,  
(213) 922-7557  
James de la Loza, Chief Planning Officer, (213) 922-2920



---

Phillip A. Washington  
Chief Executive Officer