



Board Report

File #: 2021-0065, **File Type:** Agreement

Agenda Number: 42.

**EXECUTIVE MANAGEMENT COMMITTEE
MARCH 18, 2021**

SUBJECT: INGLEWOOD TRANSIT CONNECTOR JOINT POWERS AUTHORITY

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. AUTHORIZING AND DIRECTING the Chief Executive Officer (CEO) to execute the Inglewood Transit Connector Joint Powers Authority Joint Exercise of Powers Agreement to join with the City of Inglewood to own, manage, and oversee the design, construction, financing, operation and maintenance of the 1.6-mile Inglewood Transit Connector Project, an elevated automated people mover to provide a critically needed direct transit connection between Metro’s network, the soon to be completed regional Crenshaw/LAX Line, and key housing and employment centers, and sports and entertainment venues within the City.

- B. AUTHORIZING the CEO to take such further actions incident to execution of the Joint Exercise of Powers Agreement as are necessary to formalize formation and establishment of the Inglewood Transit Connector Joint Powers Authority as a separate legal entity.

ISSUE

Over the past two years, the City of Inglewood (City) has engaged in discussions with Metro while the City has examined various ownership structures for the Inglewood Transit Connector Project (Project). Recognizing their mutual interest in the successful completion of the Project and commencement of passenger service prior to the 2028 Los Angeles Olympics, Metro and City executive management believe that the formation of the Inglewood Transit Connector Joint Powers Authority (Authority) will combine the City’s understanding of local mobility needs with Metro’s experience successfully developing rail transit projects and would provide the optimal solution for Project ownership, management and governance without obligating Metro to make financial contributions.

The City and Metro executed a non-binding Memorandum of Understanding on November 2, 2020, agreeing to work together to negotiate a Joint Exercise of Powers Agreement (JPA) for establishment of the Authority pursuant to the Joint Powers Exercise of Powers Act (Gov. Code §§6500 *et. seq.*) (the Joint Powers Act). The purpose of the Authority is to exercise the City’s and Metro’s mutual

powers to own, manage, and oversee the design, construction, financing, operation and maintenance of the Project.

City and Metro staff have completed negotiation of the JPA, and concur that execution of the JPA in the form provided in Attachment A will establish the optimal governance structure to achieve timely, efficient and successful development of the Project, and will be in the best interest of Metro, the City, and the public. The City Council has approved the JPA and authorized City's Mayor to execute the JPA.

Metro Board approval is now needed to authorize the CEO to execute the JPA in order to support advancement of the Project. Approval of the JPA supports Project development, and authorizes establishment of the Authority, which the City and Metro have identified as the Project governance structure best suited to provide a critically needed direct transit connection between the City's emerging sports and entertainment district and Metro's transit network. By participating as members in a joint powers authority, City and Metro will leverage and combine their respective expertise, resources and capabilities for the benefit of the public traveling to, from and within the City.

BACKGROUND

To improve transit and mobility for its residents and community stakeholders, and to accommodate new residents, businesses, and visitors arriving in record numbers due to the City's rapid economic revitalization and transformation, the City is planning to construct the Inglewood Transit Connector Project. The Project is an approximately 1.6-mile elevated fixed-guideway transit system with three stations that will provide direct transit connections to:

- Metro Crenshaw/LAX line, Downtown Inglewood Station
- The Forum
- SoFi Stadium and the Los Angeles Sports and Entertainment District at Hollywood Park
- The Inglewood Basketball and Entertainment Center (IBEC)

The Project incorporates Metro's policies to closing critical first/last mile gaps by extending the Crenshaw/LAX Line to the City's major housing, commercial, entertainment and employment centers.

Over the last year, the City has made significant strides towards the goal of completing the Project before the start of the 2028 Summer Olympics, including:

- issuing a Draft Environmental Impact Report, pursuant to the California Environmental Quality Act (CEQA), for the development of the Project;
- receiving a \$95.2 million grant from the California State Transportation Agency;
- receiving a \$233.7 million commitment from the South Bay Cities Council of Governments of Metro Measure R funds, projected to become available July 2021 as provided in the Board-approved 2020 Measure R Decennial Transfer;

- securing commitments of certain new City revenue streams, which include future ticket tax pledges from the IBEC;
- garnering world class support from key stakeholders, including elected officials, business leaders, community groups, surrounding cities, transit advocates, environmental organizations, labor, and the Los Angeles Olympic and Paralympic Organizing Committee (see Attachment B for a list of additional Project supporters); and
- engaging a multi-disciplinary consulting team for financial, technical, legal, and program management advisory services.

DISCUSSION

As identified by the Los Angeles County Assessor's 2020 Annual Report, the City of Inglewood is the fastest growing city in Los Angeles County (13.6% growth in the last year), with exponential growth in housing and regional employment opportunities. This rapid economic revitalization and historic transformation, with projected significant increases in population, housing, and employment density over the next 20 years will have significant effects on mobility within the City and surrounding subregion. It is critically important that City's residents and visitors have a direct means of connecting to Metro's Metro Crenshaw/LAX line, and Downtown Inglewood Station.

The City identified this urgent need and began investing significant resources in developing the best solution to meet the need several years ago. In 2017, the City contracted with Metro to perform a focused analysis of a 1.2-mile transit connection from the Metro Crenshaw/LAX light rail line to the Inglewood NFL Stadium/Hollywood Park mixed use development, exploring the implementation of a convenient, reliable, high-capacity transit service connecting to the regional Metro Rail system. The study's findings, set forth in the *City of Champions/Inglewood (NFL) Project Focused Analysis of Transit Connection*, dated July, 2017 (the Study), recommended that the City undertake further steps to evaluate potential transit connection projects, select a project to be environmentally cleared pursuant to CEQA and possibly the National Environmental Protection Act, initiate an Enhanced Infrastructure Financing District process, and engage stakeholders and conduct public outreach.

The City followed the Study's recommendations and has been engaged in the recommended activities to the present date. Now, given the progress the City has made, the time has come to put in place a governance structure to facilitate the Project's ownership and operation.

Pursuant to the California Constitution, the City has broad plenary power to establish, purchase and operate public works to furnish transportation to its inhabitants. As a charter city, it has the additional power to develop, operate and maintain transportation equipment and facilities such as the Project, and to join with other public agencies to accomplish the same. Likewise, Metro has the power to provide mass transit guideway projects in Los Angeles County and to participate in a joint powers authority to do so.

After careful study and evaluation, the City and Metro management have determined that the best option for Project governance is formation of a new joint powers authority as a separate legal entity for the sole purpose of developing, owning, financing, operating and managing the Project. To that

end, City and Metro have negotiated the terms and conditions for their formation and participation in the Authority, as set forth in the JPA.

The City is currently carrying out Project planning and development activities which include finalizing CEQA compliance documentation, planning a procurement to award a contract to design, build, finance, operate and maintain the Project (the Project Agreement), and the refinement of a feasible plan of finance and preparation for property acquisition. The City and Metro intend for the City to continue in that role until the Authority is ready to assume such responsibilities, at or about the time that the City completes award of the Project Agreement, and the close of financing for the Project (Project Financial Close).

In furtherance of its development activities, the City is in the process of adopting a Project-specific ordinance to authorize procurement authority of the Project Agreement. As currently envisioned, upon Project Financial Close, the City will transfer the Project Agreement and other essential Project assets to the Authority, and the Authority will assume responsibility thereafter for delivery, operation and maintenance.

Until Project Financial Close, the City and Metro will consult and coordinate regarding Project progress and the tasks being performed and conclusions being derived from key work product. The City will serve as administrator of the Authority, and the Authority will operate with limited and potentially seconded staff necessary to its early activities to establish itself so that it is ready to assume ownership and responsibility for the Project upon Project Financial Close. To this end, any services that Metro staff provide to assist the Authority will be compensated pursuant to a separate agreement between the Authority and Metro.

The JPA provides the terms and conditions for the Authority's establishment and governance. Key terms include:

- The City and Metro are the initial parties to the JPA and Members of the Authority. Additional Members would require amendment of the JPA, and approval by the governing body of each party.
- The JPA creates the Authority as a separate legal entity. To the maximum extent permitted by law, no Member will have liability for the debts, liabilities or obligations of the Authority.
- No Member may be compelled to contribute funding or other resources to the Authority or the Project. Members may make contributions of money or assets and provide loans, or contribute personnel, equipment or property subject to separate agreement between the Member and the Authority, approved by the Member's governing body and the Authority's Board.
- The purpose of the Authority is to carry out the planning, financing, acquiring of property for (including through the exercise of the power of eminent domain as necessary), owning, designing, building, operating, maintaining, repairing, reconstructing and replacing the Project.
- The Authority will be governed by a five-member Board of Directors:

- Two Metro representatives (senior staff members with appropriate expertise appointed by the CEO).
 - Two City representatives (Mayor and councilperson elected by City Council)
 - Los Angeles County Second District Supervisor.
 - Each Director will have an alternate who may act in the Director's absence.
 - City's Mayor will Chair the Board; City Councilperson will be Vice Chair.
 - 3 Directors constitute a quorum for Board action.
 - Except for specified matters of unique and particular significance to the City, listed on Exhibit A of the JPA, a majority vote of Directors present at a meeting is required to pass matters voted on by the Board.
 - Board may establish advisory committees, including community advisory committees that may include key venue stakeholders and members of the public.
 - No Director shall be personally liable on any Authority indebtedness, or subject to any personal liability or accountability by reason of the Authority's obligations.
 - The Authority does not compensate directors and alternate Directors, but Board may authorize reimbursement of direct expenses.
- 30-year term of JPA, with automatic 5-year extensions unless sooner terminated.
 - Authority has power to exercise powers common to the City and Metro to accomplish purposes of the JPA. Specific enumerated powers include:
 - Enter into contracts, including assumption of the Project Agreement and other essential Project assets.
 - Incur debts, liabilities and obligations.
 - Acquire, hold and dispose of real and personal property, infrastructure and equipment.
 - Finance or refinance acquisition of transit equipment.
 - Receive contributions and donations of property, funds, services and assistance.
 - Apply for licenses, grants, loans and other forms of aid.
 - Sue and be sued in its own name.
 - Employ agents and employees.
 - Receive, collect and disburse moneys, including farebox revenue.
 - Contract with a Member to act as an administrator.
 - Consult with and coordinate Project planning with the Members, and owners and operators of destinations within the City.
 - Approve and implement marketing, fare structure and operational policies.
 - Set fare rates and charge fares for ridership on the completed Project.
 - Enter into agreements with Members.
 - Adopt rules, regulations, policies, bylaws and procedures governing operation of the Authority.
 - Support and oppose legislation.
 - Exercise all powers provided in the Joint Powers Act, including those related to

issuance of bonds in Government Code sections 6584 *et. seq.*

- All other powers necessary to carry out the purposes of the JPA.
- Pursuant to Government Code section 6509, the powers of the Authority are subject to the restrictions upon the manner of exercising power possessed by the City and any other restrictions on exercising powers of the Authority that the Board may adopt.
- JPA Board will retain a Chief Executive Officer to oversee day-to-day Authority operations. Other officers include Secretary and Treasurer/Controller.
 - The City's secretary or board clerk serves as Authority's secretary until Board elects its own.
 - The City's Assistant Finance Director serves as the Authority's Treasurer/Controller until Board elects its own.
- The City will serve as Administrator of Authority prior to Project Financial Close, performing such services:
 - Coordination/preparation for Board meetings.
 - Identification of City staff/consultants to provide services to Board.
 - Appointment, employment, management and termination of personnel, contractors and consultants.
 - Provision of legal services to the Authority.
 - Implementing policies, decisions and directions of the Board.
 - Coordinating and conferring with Members' technical staff.
- Authority Board will adopt the annual budget.
- Upon Project Financial Close, the City will transfer to the Authority, and the Authority will accept and assume from City, the Project essential assets, including the Project Agreement and all grant and funding agreements, consultant and advisory services contracts, and all other agreements and real and personal property that are material to the Authority's continued development and management of the Project. Upon such transfer, the City shall have no further rights, obligations or liability arising from such agreements.
- Minimum 18 months prior written notice to withdraw; City has option to purchase Project upon termination.

Consistency with Metro's Equity Platform Framework

To help address disparities in access to opportunities across Los Angeles County, the Metro Board adopted the Equity Platform policy framework in February 2018 and a working definition of Equity Focus Communities in June 2019.

The Project is consistent with Metro's Equity Platform in that the Project alternatives help address accessibility for residential and employment centers in disadvantaged communities, support transit-

oriented community policies, support first/last-mile connections, and investment in disadvantaged communities. In addition, ridership estimates suggest that a large share of the ridership demand will include low-income riders.

To date, the City has conducted robust community engagement and public outreach to all stakeholders in the Project. As of the close of the Project Draft Environmental Impact Report public comment period on February 8, 2021, the City received 73 comment letters from local agencies, organizations and residents. The City has held over 50 community and stakeholder meetings over the past three years. Key stakeholders (see Attachment B) have all expressed support for the Project.

DETERMINATION OF SAFETY IMPACT

The Project will be a world class, state-of-the-art transit connector, designed, built and operated to the highest safety standards. Metro's participation in the Authority will enhance Metro's role in ensuring that its own customers have a safe, optimal experience as they transfer to and from Metro's lines to access destinations in City.

FINANCIAL IMPACT

The JPA does not require Metro to make any capital contributions to the Authority. Any future contributions of capital or services will be made at Metro's discretion, pursuant to separate agreements between Metro and the Authority.

Impact to Budget

Participation in the Authority pursuant to the terms and conditions of the JPA does not impact Metro's budget.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Execution of the JPA and formation of the Authority to collaborate with City in development and operation of the Project, bringing Metro's experience and record of success in development and operation of rail transit projects, will support each of the goals specified in Metro's Vision 2028 Metro Strategic Plan:

- A direct, convenient and environmentally sustainable transit connection, the Project will provide an additional high-quality mobility option, enabling people to spend less time traveling to and from the City's new major employment, commercial, housing and entertainment centers, and will reduce gridlock experienced during major events at SoFi Stadium, the Forum, the Los Angeles Sports and Entertainment District and the Inglewood Basketball and Entertainment Center.
- Participation with the City in a special-purpose entity dedicated to the sole purpose of delivering and operating the Project will enhance Metro's role in ensuring that its customers continue their outstanding trip experience as they transfer from the Metro Crenshaw/LAX line and the Downtown Inglewood Station to and from the Project.

- By supporting the City's economic revitalization and redevelopment, the Project will enhance communities and lives through mobility and access to opportunities.
- Participating in the Authority to deliver and operate a state-of-the-art, sustainable transit connection furthers Metro's goal of transforming LA County through regional collaboration and leadership.
- By joining in governance of the Authority, Metro will play a significant role in ensuring the responsive, accountable and trustworthy governance of the Project.

ALTERNATIVES CONSIDERED

The Board could choose not to approve the recommendation. This is not recommended as Metro's participation in the Authority will enhance the prospects for successful delivery of the Project to provide a critically needed direct transit connection between Metro's network, the soon to be completed regional Crenshaw/LAX line, and key housing and employment centers in a disadvantaged community, and sports and entertainment venues within City, and will facilitate focused and effective collaboration and coordination between the Authority and Metro in delivering this Project in time for the 2028 Los Angeles Olympics.

NEXT STEPS

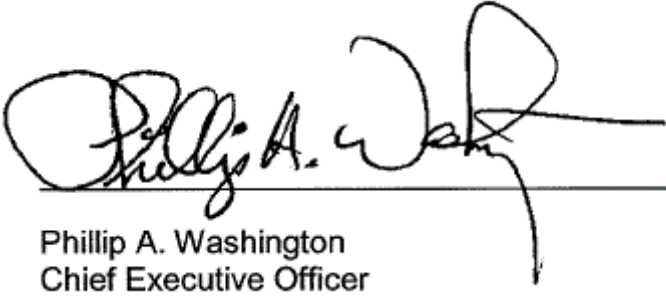
Upon Board approval, Metro staff will continue to assist City in its efforts to advance Project development to demonstrate economic feasibility. Metro's CEO and the City's Mayor will execute the JPA at the appropriate time in this process, whereupon the City and Metro will take the steps required by the Joint Powers Act to formalize formation of the Authority as a separate legal entity.

ATTACHMENTS

Attachment A - Inglewood Transit Connector Joint Exercise of Powers Agreement
Attachment B - Project Supporters

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