



## Board Report

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**File #:** 2021-0185, **File Type:** Agreement

**Agenda Number:** 6.

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### REGULAR BOARD MEETING APRIL 22, 2021

**SUBJECT: NO-FEE LEASE OF METRO PROPERTY FOR CITY OF LOS ANGELES' SLAUSON CONNECT PROJECT**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer (CEO) to enter into a 30-year, no-fee lease agreement with the City of Los Angeles (City) to use a portion of the Metro-owned Harbor Subdivision Right-of-Way between Normandie and Budlong Avenues, City of Los Angeles ("Property"), for the City's Slauson Connect Project.
- B. DECLARING that the Property is not necessary for use by Metro and is "exempt surplus land" as defined in Section 54221(f)(1)(D) of the California Surplus Land Act (California Gov. Code Sections 54220-54234).
- C. CERTIFYING that the Board, acting as a responsible agency pursuant to the California Environmental Quality Act (CEQA) for the Slauson Connect Project, has considered the exemption documentation for the Slauson Connect Project and finds that the Slauson Connect Project is categorically exempt from CEQA and will not cause a significant impact on the environment.
- D. AUTHORIZING Metro Real Estate to file a Notice of Exemption with the Los Angeles County Registrar-Recorder/County Clerk.

#### **ISSUE**

The design of Segment A of the Metro Rail-to-Rail/River Project (R2R) is complete, and it will be constructed on the south half of the 81-foot-wide parcel between Normandie and Budlong Avenues. The City's Council District 9, under the lead of Councilmember Curren D. Price, Jr., has proposed a long-term lease on the north half of the parcel for the City's Slauson Connect Project. Board approval is required to authorize a 30-year no-fee lease, declare the land as exempt surplus, and certify the CEQA findings.

## **BACKGROUND**

The Harbor Subdivision ROW was acquired in 1993 from Burlington Northern Santa Fe (then The Atchison Topeka Santa Fe Railway Co.). It is part of a 24.5-mile rail corridor that stretches from south Los Angeles to the South Bay. The Property is along a stretch that is part of the R2R. Beyond R2R to the south is the Crenshaw/LAX Light Rail Project, and farther south of that will be the future C (Green) Line Extension to Torrance Project.

Since December 2015, the Property had been used as laydown and storage for the Crenshaw/LAX Project. That contractor vacated the Property in February 2021. It has since been taken over by the R2R contractor for its laydown and storage; that use is expected to end before the Slauson Connect Project moves to construction. The R2R team is coordinating with the Slauson Connect Project team and sharing design and environmental reports.

Prior to December 2015, the Property sat vacant. BNSF had not officially abandoned operating rights on the R2R stretch until 2019. However, there was no demand from any outside parties or Metro departments to use the site even prior to it being formally vacated.

### *Location*

The Slauson Connect Project is proposed to be located on the Property shown in Attachment A. The Property is located on a wide stretch of the Harbor Subdivision, adjacent to Segment A of the R2R. The R2R will include dedicated bike paths, a pedestrian path, and landscaping. The design of Segment A of the R2R is complete, and it will be constructed on only the south half of the 81-foot-wide parcel between Normandie and Budlong Avenues. The City is requesting this long-term lease as a partner project on the remainder, or north half of the parcel, approximately 40' x 1,237' or 49,480 square feet, for its proposed Slauson Connect Project.

### *Slauson Connect Project*

The Slauson Connect Project is envisioned to be a business incubator (for digital and technical businesses) and work resource center. The proposed 20,000 square foot facility will include a community meeting room and public spaces (that can also be used for transportation-related classes and events), indoor/outdoor spaces, dedicated bathrooms for Metro operators, and Metro ticket vending machines.

The City has designed the Slauson Connect Project's landscaping and open space to look almost seamless with the R2R's design, as if one planned project. Combined, the landscaping will create verdant outdoor space for users of both projects, and for the community at large, in this mostly industrial/commercial environment.

### *Applicable CEQA Categorical Exemption*

In consultation with the City of Los Angeles as the lead agency for the proposed Slauson Connect Project, Metro as a responsible agency for the Project has considered the relevant environmental issues as set forth in Attachment C. As indicated in the Attachment, the Slauson Connect Project has been evaluated by the City of Los Angeles, Department of Public Works, and been assessed as qualifying for a categorical exemption under the State CEQA Guidelines Section 15332 (Class 32 In-Fill Development Project).

Consistent with the attached Summary of Lease Terms (Attachment B), further negotiations between Metro and the City of Los Angeles are projected to result in a formal lease agreement, to be submitted to the Los Angeles City Council for vote and approval, at which time the City is projected to make its own CEQA findings as the lead agency, based upon the exemption documentation currently completed by the City's Department of Public Works. In acting as the governing body of a responsible agency for the Slauson Connect Project, this Board's consideration of the Attachments, including the relevant exemption documentation, and the Board's independent finding that the Slauson Connect Project meets all criteria of the Section 15332 exemption and will not cause a significant impact on the environment, will satisfy Metro's CEQA requirements for the Slauson Connect Project.

### *Exempt Surplus Land*

The California Surplus Land Act (California Government Code Section 54221 *et seq.*) (the "Act"), as amended in October 2019, provides for the disposition of "surplus land" or "exempt surplus land" as defined in the Act. "Surplus Land" means land owned in fee simple by any local agency for which the local agency's governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency's use. Pursuant to the Act, land may be declared either "surplus land" or "exempt surplus land". As defined in Section 54221(f)(1)(D) of the Act, exempt surplus land includes "surplus land that a local agency is transferring to another local, state or federal agencies for the agency's use".

As mentioned above, the Property, comprising a total of approximately 49,480 square feet, is part of the Harbor Subdivision ROW that was originally acquired for future transportation projects. The Property has not been scheduled for use in connection with R2R because of the extra width of the parcel at this location. The City desires to use the Property for its Slauson Connect Project. Under these circumstances and pursuant to the Act, the Property is exempt surplus land.

## **DISCUSSION**

### *No-fee lease*

Metro staff recommends a no-fee lease for the Slauson Connect Project for the following reasons:

- The Property takes up the north-half of a wide parcel of ROW. Metro's R2R project requires only the south-half of the parcel, and there is no other Metro project planned for the foreseeable future.
- The Property is a narrow strip, approximately 40' wide, which has limited alternative use. Given its narrow configuration, it is very likely that the Property would remain vacant if Metro did not enter into this lease for Slauson Connect. Metro would incur costs to fence and maintain the vacant lot.
- The Slauson Connect Project adjacent to R2R would create a cohesive use and serve to enhance the attractiveness and utility of the R2R.
- The Slauson Connect Project has incorporated into its design several amenities for the benefit of Metro employees and patrons.
- The Slauson Connect Project meets the Metro Vision 2028/Strategic Plan objective to enhance communities and lives through mobility and access to opportunity

### *Term*

The City's funding grants for the Slauson Connect Project require a 30-year term. Since there are no additional Metro projects anticipated for the Property, staff recommends approval of the requested 30-year term.

### Equity Platform:

Slauson Connect will be a digital and technical business incubator and work resource center. Quoting from the City's grant application and engineering report, it will serve to "*spur the economic revitalization of the community, not just as a result of ongoing impacts of Covid-19*" but "*as the aftermath of disinvestment for nearly three-quarters of a century.*" The Slauson Connect Project meets pillars of Metro's Equity Platform goals: II. Listen and Learn; III. Focus and Deliver; and IV. Train and Grow.

### **DETERMINATION OF SAFETY IMPACT**

The Slauson Connect Project is anticipated to have minimal impact on safety, with planned mitigations. The R2R will initially install fencing that will separate it from the Slauson Connect section, before and during the Slauson Connect construction phase. However, the fence will ultimately be removed so both projects will serve as one cohesive development. Once the fence is removed, access to the R2R section will come strictly from the north side, along the common boundary of both projects; there will not be an actual crossing to Slauson Avenue, which is used solely for vehicle traffic. There will be no driveway or curb cuts from Slauson Avenue along this stretch. Reviews by Metro Engineering and Safety will ensure that no trees, bushes, other landscaping, or signage will be installed that could impede visuals from both sides of the boundary.

### **FINANCIAL IMPACT**

There will be no rent for this lease. There is no loss of revenue if this Slauson Connect lease is approved, because the property is not currently under a revenue-generating lease nor likely to be attractive for a future lease.

### Impact to Budget

Adoption of the recommended action will have no negative impact to the Fiscal Year 2022 budget for bus or rail operations.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

This project addresses and meets the following Metro Vision 2028/Strategic Plan:

- Provide high-quality mobility options that enable people to spend less time traveling;
- Deliver outstanding trip experiences for all users of the transportation system;

- Enhance communities and lives through mobility and access to opportunity; and
- Transform LA County through regional collaboration and national leadership;

### **ALTERNATIVES CONSIDERED**

The Board may choose to not approve this lease. If the lease is not approved, the City will likely not move forward with the Slauson Connect Project. Given the narrow dimensions of the Property, being 40' wide, it may not be suitable for leasing for other uses, and will thus remain vacant, making it an easy target for dumping, vandalism, and other illegal activities.

The Board may choose not to approve the lease at the April board meeting. This alternative is not recommended because the City will be using certain grant funding that is dependent on the City acquiring this long-term lease in April 2021.

### **NEXT STEPS**

If approved by the Metro board, the final terms of the lease will be negotiated, subject to County Counsel and Risk Management review. The City will also need to approve the lease and certify the environmental findings. Metro Real Estate will file a Notice of Exemption with the Los Angeles County Registrar-Recorder/County Clerk

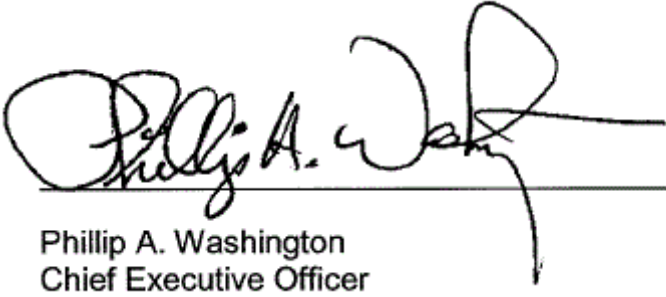
The Slauson Connect Project design and engineering plans will be submitted to Metro's Adjacent Development team which will route it through the usual review process. The work is being coordinated with R2R and other Metro teams.

### **ATTACHMENTS**

Attachment A - Site Drawing of Leased Property  
Attachment B - Summary of Lease Terms  
Attachment C - CEQA Exemption Documentation

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