

**Board Report**

File #: 2016-0386, **File Type:** Agreement**Agenda Number:** 41

**EXECUTIVE MANAGEMENT COMMITTEE
JUNE 16, 2016****SUBJECT: NORTH HOLLYWOOD JOINT DEVELOPMENT****ACTION: AUTHORIZE EXECUTION OF AGREEMENT OF A SHORT TERM EXCLUSIVE
NEGOTIATION AND PLANNING DOCUMENT****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to enter into a six-month **Short Term Exclusive Negotiation Agreement and Planning Document** (Short Term ENA), with an option to extend up to three additional months, with Trammell Crow Company and Greenland USA, for the development of Metro-owned property at the **North Hollywood Station (Site)**.

ISSUE

Metro owns, maintains and operates properties throughout Los Angeles County for its current and future transportation operations. As part of Metro's Joint Development Program, staff evaluates these properties for potential joint development and selects properties for beneficial transit-supportive development. The properties at the North Hollywood Station are ideal for joint development because of their size and location near a key commercial center and one of the busiest stations in the Metro system. In December 2015, Metro released a Request for Proposals for Development of Metro-owned Parcels at the North Hollywood station (RFP) to two developers that had been short-listed through a Request for Information and Qualifications (RFIQ). On April 8, 2016, Metro received one proposal submitted jointly by the two short-listed developers, Trammell Crow Company and Greenland USA (together, "Developer"). After reviewing the proposal, staff has determined that, while the proposal responds to Metro's vision for the Site, additional considerations with respect to the transit infrastructure surrounding the site and alternative financing sources for the project will require further input from the community, Metro, and other public agency stakeholders to finalize the project definition. A Short-term ENA would provide an interim period to better define the project site plan, phasing and financing strategy before executing a full ENA.

DISCUSSION

The North Hollywood station is a regional multi-modal transportation hub that includes the termini of the Metro Red and Orange lines, two bus layover facilities and Metro's park-and-ride lot. The Site is comprised of four parcels, one easterly and three westerly of Lankershim Boulevard with potential transit connections available via underground access panels. The Site has arterial and freeway

access and extensive public transportation access. Attachment B includes a map of the Metro properties for joint development and their approximate acreages. In total, the Site comprises 15.6 acres situated at the heart of North Hollywood Arts District, and as such is a powerful opportunity for Metro to achieve the objectives of the updated Joint Development Policy approved by the Board in February 2016. The Site is also part of Metro's Transit Oriented Communities (TOC) Demonstration Program.

Developer Proposal

The proposal received in response to Metro's RFP for the site articulates a project vision that fundamentally follows the objectives identified in the North Hollywood Station Guide for Development, which was adopted by the Board on December 3, 2015. In accordance with the Guide for Development, the proposal includes specific strategies for achieving a variety of shared community and Metro goals for the site, including generating economic development benefits and opportunities, increasing ridership, supporting active transportation, and meeting Metro's infrastructure needs. The proposal identifies two development scenarios in order to illustrate the full potential of the site with the support of third party grants and public financing tools. A site plan along with renderings and a summary of the development proposals are provided as Attachments C and D, respectively.

The Short Term ENA

Typically, following the proposal solicitation process, a developer is selected to enter into an ENA with Metro with a term of up to 18 months. After careful consideration, however, staff has determined that an interim step is required to allow the parties the ability to directly communicate about potential development and public benefit scenarios and explore alternative financing opportunities, consider evolving transit infrastructure requirements, and seek further community input. The proposal identified a variety of opportunities to support a more comprehensive development program if alternative financing sources are available. Finally, the City of Los Angeles and the community should be engaged while these important issues are discussed and before certain project scoping details are decided.

The Short Term ENA will provide Metro and the Developer with six months to evaluate these financial and physical opportunities in an open dialogue with community stakeholders before Metro commits to a longer, more substantial ENA.

At the end of the ENA period, the team will produce:

- **A Project Conceptual Site Plan** that shows the extent of public infrastructure to be constructed by the project (including replacement parking), the location and development program for each building to be constructed under the Project, and circulation throughout the site, including proposed driveway locations, bike facilities, and pedestrian flows;
- **A Phasing Plan** that sets out the sequencing of the development blocks and clearly describes the interim steps required to ensure safe and acceptable level of service at the Metro stations; and,
- **A Financing Plan** that identifies sources of project funding, including private debt and equity,

public financing tools (if any) , and grant sources and presents a detailed strategy for securing these sources.

Additional community engagement will be part of this project scoping process. Once these deliverables are completed to the satisfaction of Metro staff, and before the Short Term ENA is expired, Metro staff will prepare a standard ENA for the Board's consideration.

DETERMINATION OF SAFETY IMPACT

Approval of this item will have no impact on safety. Within this Short Term ENA period Metro's operations staff will review and comment on the proposed development to ensure that the station, portal and public areas on Metro's property are maintained at the highest levels of safety.

FINANCIAL IMPACT

Funding for joint development activities related to the ENA and the proposed project is included in the FY1 budget in Cost Center 2210 (New Business Development), under Project 610011 (Economic Development) as well as the approved 2017 budget for this department.

Impact to Budget

Metro project planning activities and related costs will be funded from local right-of-way lease revenues and any deposits secured from the Developer, as appropriate. Local right-of-way lease revenues are eligible for bus/rail operating and capital expenses. Execution of the Short Term ENA will not impact ongoing bus and rail operating and capital budget, Proposition A and C and TDA administration budget or Measure R administration budget.

ALTERNATIVES CONSIDERED

The Board could choose not to proceed with the recommended action and could direct staff to (a) enter into a full ENA, (b) continue clarification talks with the Developer outside of an ENA or (c) prepare and release a new RFP. Staff does not recommend proceeding with these alternatives because the recommended action will ensure the most transparent process with the community and other public sector stakeholders, and appropriately builds upon the significant community input and procurement process that has been transpired thus far. A new RFP process would delay the development of the Site and Metro may fail to take advantage of currently favorable conditions in the real estate market. Further, if the outcome of the discussion during the Short Term ENA process does not create a project proposal suitable to the community or the Board, other options could still be considered.

NEXT STEPS

Upon approval of the recommended action, the Short Term ENA will be executed, and Joint Development staff and the Developer will commence negotiations in parallel with community, internal and external outreach to inform stakeholders about the refinements to the development proposal. If successful, staff will return to the Board for the authority to execute a full term ENA that includes the

project scope defined by the community, internal and external outreach process.

ATTACHMENTS

Attachment A - Procurement Summary

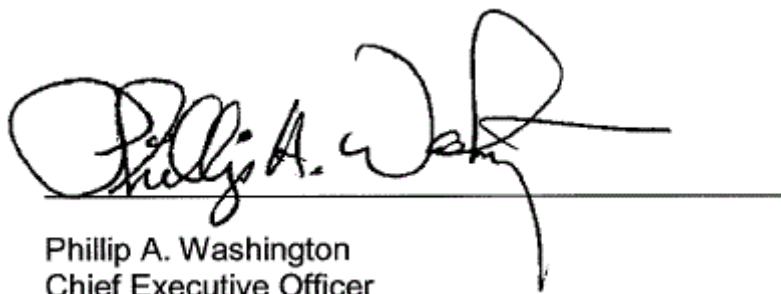
Attachment B - Depiction of North Hollywood Development Sites

Attachment C - Site Plan and Rendering of Proposed Development Project

Attachment D - Summary of the Proposed Development Project

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