

**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

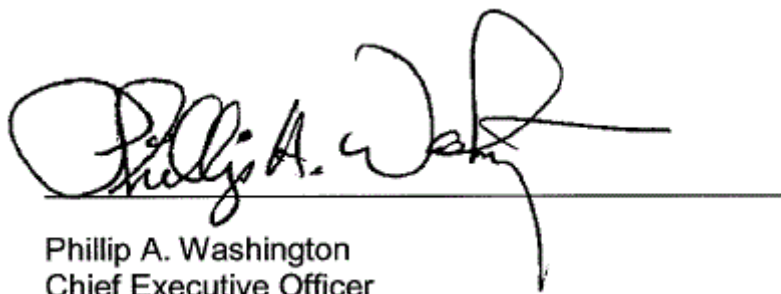
Attachment B - Depiction of North Hollywood Development Sites

Attachment C - Site Plan and Rendering of Proposed Development Project

Attachment D - Summary of the Proposed Development Project

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Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

NORTH HOLLYWOOD JOINT DEVELOPMENT/PS5186000

1.	Contract Number: PS5186000	
2.	Recommended Vendor: Joint Venture Group, Trammell Crow Co. and Greenland USA	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order Joint Development	
4.	Procurement Dates:	
	A. Issued: December 4, 2015	
	B. Advertised/Publicized: December 4, 2015	
	C. Pre-proposal/Pre-Bid Conference: N/A	
	D. Proposals/Bids Due: April 8, 2016	
	E. Pre-Qualification Completed: N/A	
	F. Conflict of Interest Form Submitted to Ethics: N/A	
	G. Protest Period End Date: N/A	
5.	Solicitations Picked up/Downloaded: 2	Bids/Proposals Received: 1
6.	Contract Administrator: Jesse Zepeda	Telephone Number: (213) 922-4156
7.	Project Manager: Wells Lawson	Telephone Number: (213) 922-7217

A. Procurement Background

This Board Action is to approve the Short Term Exclusive Negotiation Agreement (Short Term ENA) and Planning document issued in support of community outreach and project scoping regarding a mixed-use real estate development of Metro-owned property at the North Hollywood station.

A two-step procurement process was used in order to obtain the broadest competition for this Joint Development opportunity which is larger and more complex than typical Joint Development projects.

Step One, or Request for Interest and Qualifications (RFIQ), issued March 2, 2015, was for the selection of potential developers based on qualifications, track record, financial capacity, and preliminary conceptual plans. Step Two, or Request for Proposal (RFP), was for the selected potential developers to respond to the detailed RFP to provide a development plan for each site along with a financial proposal and phasing schedule. The RFIQ presented an opportunity to as many firms as possible without creating undue burdens on developers and staff in preparing and reviewing the submittals, respectively.

The RFIQ and RFP were issued in accordance with Metro's Joint Development Policy and will result in a Short Term ENA.

Three amendments were issued to the RFP:

- Amendment No. 1, issued on February 4, 2016, provided responses to five questions received;
- Amendment No. 2, issued on February 4, 2016, provided North Hollywood Station Entrance Plan Sections; and
- Amendment No. 3, issued on March 3, 2016, provided responses to five questions received and a due date extension to this RFP.

A pre-proposal conference for this RFP was not necessary.

One joint venture proposal was received on April 8, 2016.

B. Evaluation of Proposals/Bids

A Proposal Evaluation Team (PET) consisting of staff from Metro's Joint Development (JD) team and City of Los Angeles was convened and conducted a comprehensive technical evaluation of the proposal received.

The proposal was evaluated based on the following evaluation criteria:

1. Vision (10%)
2. Design (25%)
3. Financials (25%)
4. Implementation (20%)
5. Community Benefits (20%)

The evaluation criteria are appropriate and consistent with criteria developed for other, similar Short Term ENAs. Several factors were considered when developing these weights, giving the greatest importance to the design, financials and implementation.

Two firms, Trammell Crow Co. and Greenland USA, were short-listed firms from the RFIQ phase. The two firms partnered under a cost sharing agreement to submit one joint venture proposal in response to the RFP.

Distribution of the proposal was held on April 11, 2016, to the four PET members. Clarification discussions were held on April 28, 2016, with the joint venture, Trammell Crow Co./Greenland USA team, to answer PET members' questions. During the discussions, the team focused on the components of the proposal that address the requirements of the RFP, the joint venture team's experience with all aspects of the required tasks, and each firm's commitment to the success of the project. The joint venture team was asked questions relative to the team's proposed alternatives and previous experience. On May 2, 2016, final evaluation scores were determined.

Qualifications Summary of Firms

TRAMMEL CROW AND GREENLAND USA

The joint venture proposal brings together the strengths of the two teams: Greenland USA with its expertise in larger master-planned projects and bold design; and Trammell Crow Co. for its expertise with transit-oriented revitalization projects, public-private partnerships and local knowledge.

The proposal articulates a project vision that fundamentally follows the objectives identified in the Board adopted Development Guidelines provided in the RFP and 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 a baseline development scenario along with a more intensive scenario in order to illustrate the full potential of the site with the support of other grants and public financing tools. A variety of opportunities to support a more comprehensive development program with public financing sources such as the formation of an Enhanced Infrastructure Financing District , Federal and State grants and loans, and other local partnerships.

	Trammell Crow Company/Greenland USA	Average Score	Factor Weight	Weighted Average Score	Rank
1	Vision	85	10.00%	8.5	
2	Design	85	25.00%	21.25	
3	Financials	72.5	25.00%	18.13	
4	Implementation	92.5	20.00%	18.5	
5	Community Benefits	85	20.00%	17	
	Total		100.00%	83.38	1

C. Background on Recommended Developer

The recommended firm is the joint venture, Trammell Crow Co. and Greenland USA. Trammell Crow Co., founded in 1948, is one of the nation's leading developers and investors in commercial real estate. Greenland USA, founded in 2013, is a leading developer of residential and commercial properties that both transform communities and exemplify modern living.

Trammell Crow Co. has developed or acquired nearly 2,600 buildings valued at nearly \$60 billion and over 540 million square feet. It is dedicated to building value for its clients with professionals in 16 major cities throughout the U.S. The company

serves users of, and investors in, office, transit oriented developments, multifamily, industrial, retail, healthcare, hotel, public tax-exempt, adaptive reuse, and mixed use projects. For those who occupy real estate, Trammell Crow Co. can execute the development or acquisition of facilities tailored to meet its clients' needs. For investor clients, the company specializes in joint venture speculative development, acquisition/re-development ventures, build-to-suit development, or providing incentive-based fee development services.

Trammell Crow Co. Los Angeles business unit provides more than 40 years of experience and expertise in development, investment and construction of 36.5 million square feet of office, mixed use, retail and industrial space in excess of \$10 billion. It is committed to creating the right product in the right market while supporting quality economic growth for our community.

Greenland USA couples its extensive international track record, commitment to design innovation, quality and efficiency, and its local market expertise to bring landmark properties to fruition. Its strategic acquisitions, including the development of Pacific Park in New York City and Metropolis in downtown Los Angeles, exemplify its vision for properties that are amenity-rich, catalyze local economies and foster the growth of the surrounding communities.

Greenland USA partners with the best in the business, as with the successful partnership on the Metropolis project; the more than \$1 billion mixed-use project in downtown Los Angeles sits on a 6.3 acre parcel of land that sat vacant for nearly 25 years until Greenland USA's acquisition in January 2014. Comprised of three residential towers, a boutique hotel and a curated retail experience, upon completion, Metropolis will truly redefine the Los Angeles streetscape, skyline and lifestyle.

Greenland USA is committed to creating properties that will become the cornerstone of their communities. It takes a holistic and long-term view at each of their projects because they are driven by the promise of what urban centers can become in the U.S

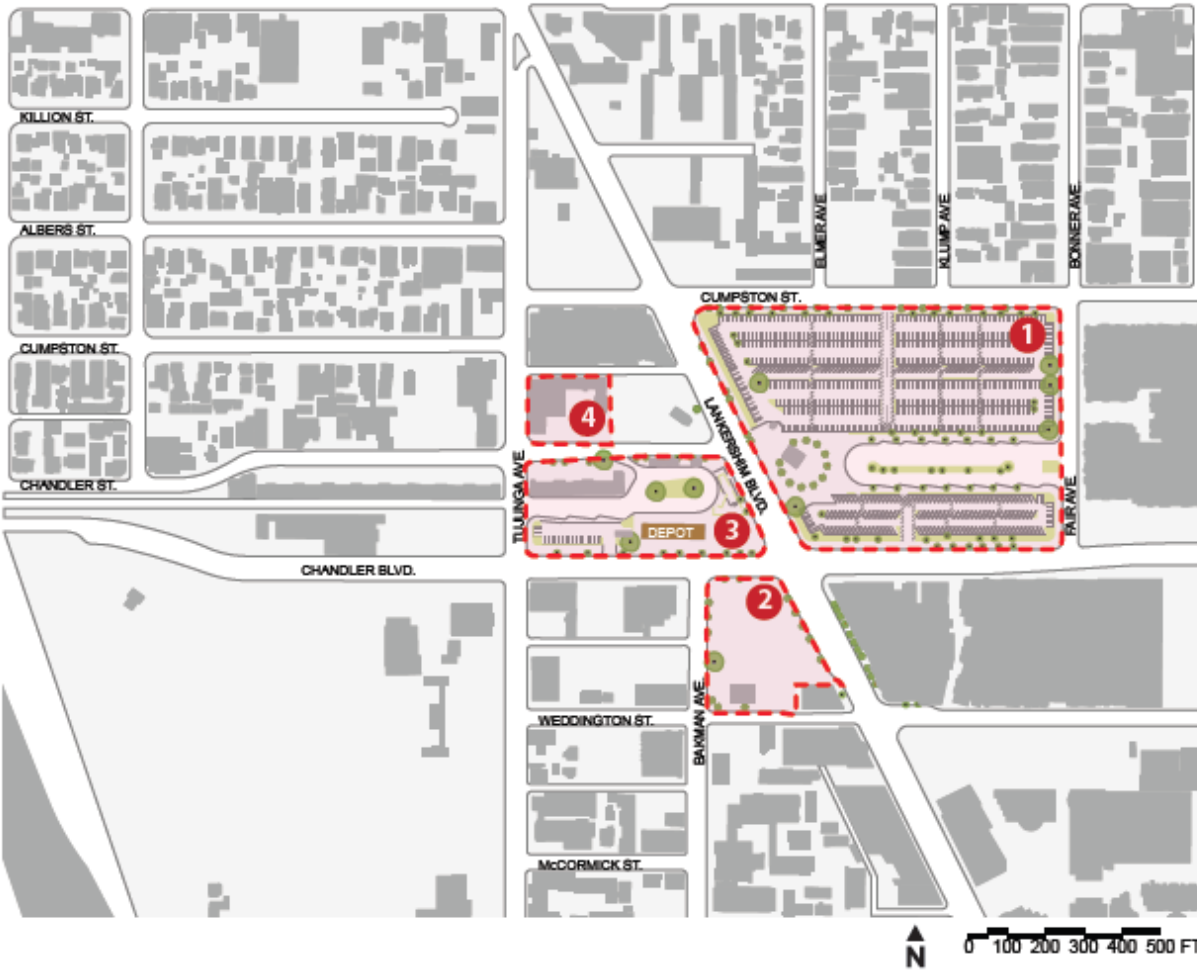
D. DEOD Summary

Metro strongly encourages partnerships with Community-Based Organizations (CBO) that provide affordable housing and other community serving programs and uses to its joint development sites as part of the Development Team.

Metro also encourages Development Teams to create opportunities to include Metro-certified SBE/DBE and DVBE firms in their projects, through professional or construction services.

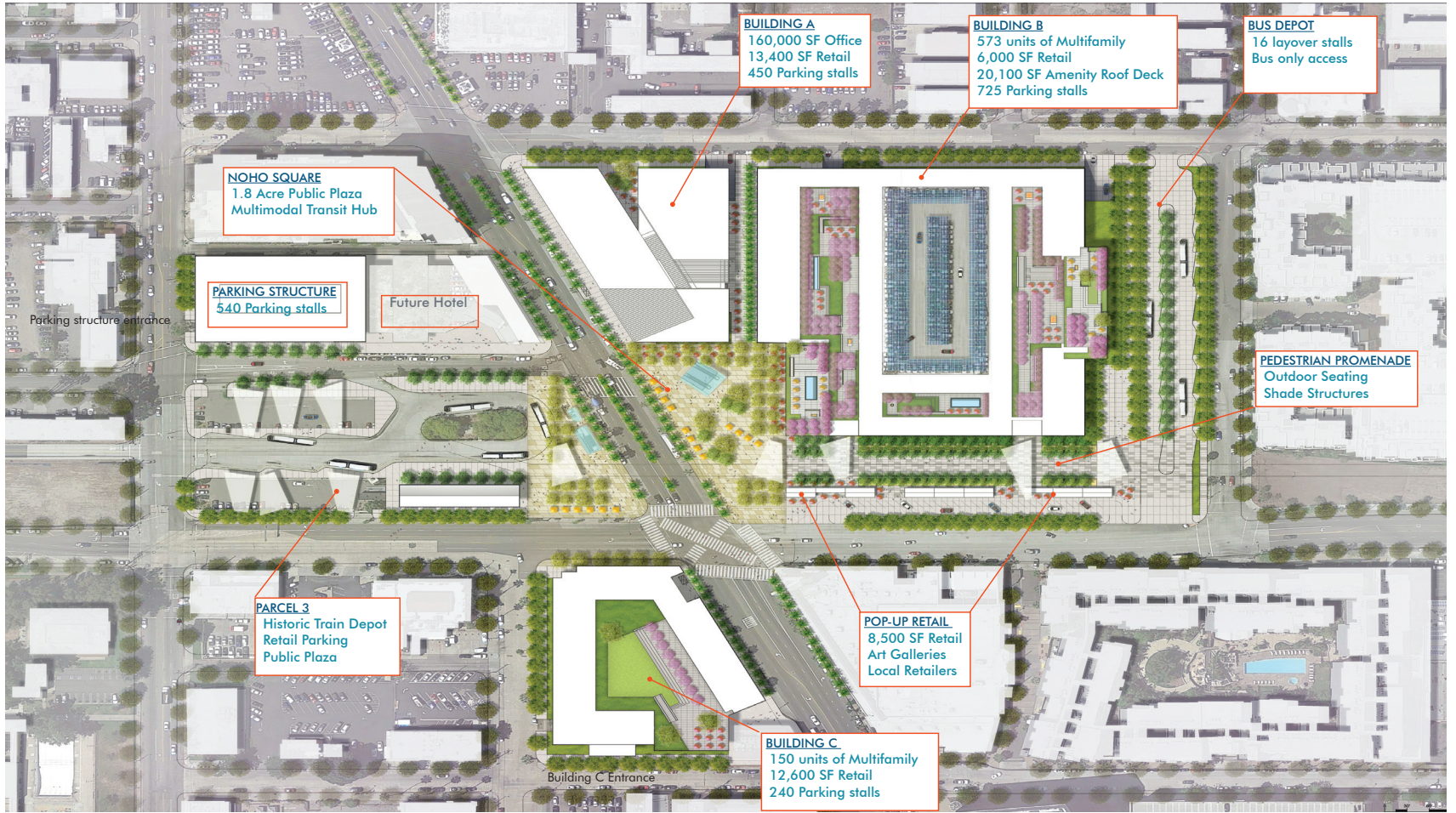
CBO participation on the Development Team: The Affordable Housing Developer is the Cesar Chavez Foundation.

Depiction of Development Sites



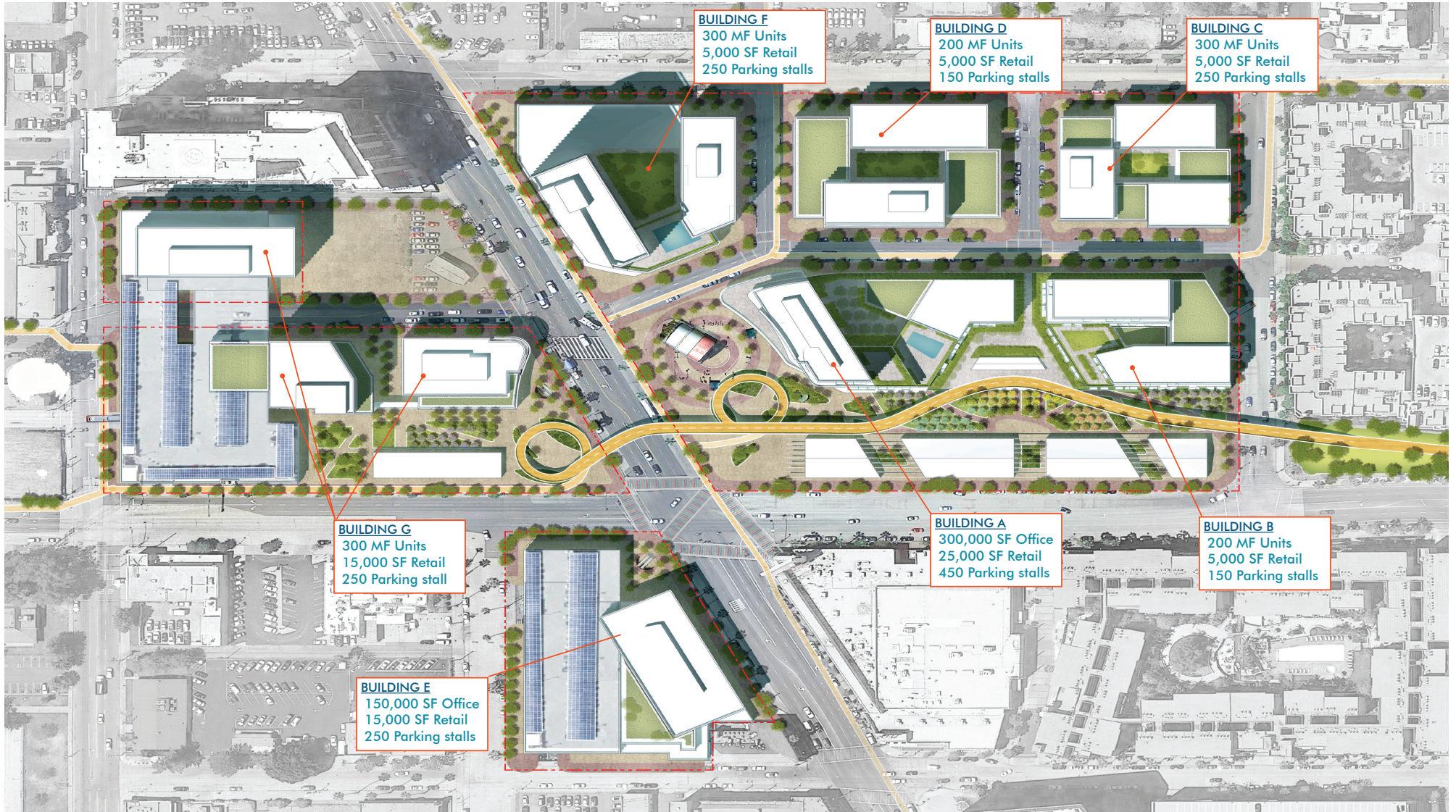
- 1** Station | Parking | Bus Layover Area (10.5 Acres)
- 2** Weddington Property (1.8 Acres)
- 3** Metro Orange Line Terminus (2.6 Acres)
Excludes Historic Train Depot
- 4** Currently Short-term Leased to Costume Shop And Plumbing Supply Store (.66 Acres)

ATTACHMENT C
Scenario A - Site Plan



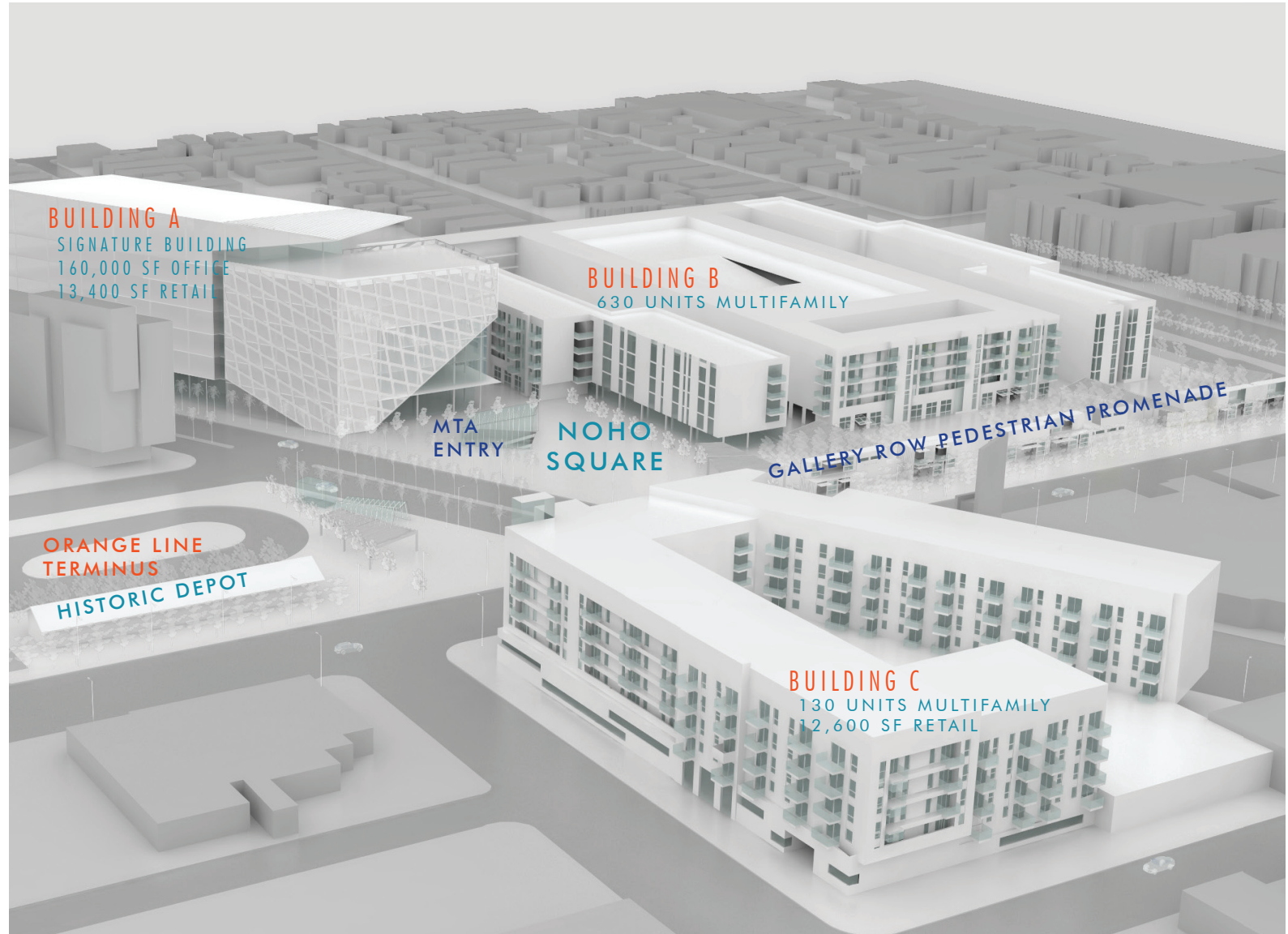
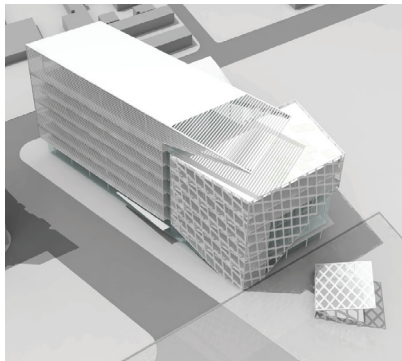
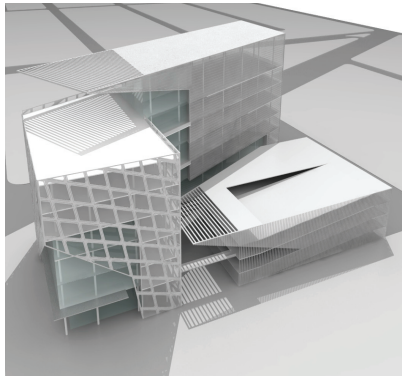
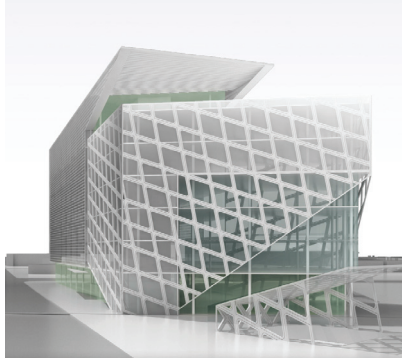
ATTACHMENT C

Scenario B - Site Plan



ATTACHMENT C

Scenario A - Rendering



ATTACHMENT C

Scenario B - Rendering



Development Summary

Developer Team

Master Developers: Trammell Crow Company + Greenland USA
Affordable Housing Developer: Cesar Chavez Foundation
Commercial Architects: Gensler + HKS Architects
Multifamily Architect: Killefer Flammang Architects
Landscape + Urban Designer: Meléndrez, Inc.

Development Program

In order to demonstrate the potential spectrum of development attainable on the North Hollywood Metro-Owned Parcels, the Trammell Crow Company and Greenland team proposed two alternative development scenarios for the site. The development program for these two scenarios is described below:

Type	Option A	Option B
Residential	750 Units 35% Affordable Housing	1500 Units 35% Affordable Housing
Retail	40,500 sf	150,000 sf
Office	200,000 sf	450,000 sf
Total Parking	3600 stalls	5400 stalls
Total Development	1,400,000 gross sf	2,500,000 gross sf

Both scenarios propose the same approach to the public realm, transit infrastructure and project circulation including a large central square tying together the West and East sides of Lankershim with the bus plazas, new mixed-use development and pedestrian and bike paths.