



## Board Report

File #: 2019-0673, File Type: Agreement

Agenda Number: 20.

### FINANCE, BUDGET AND AUDIT COMMITTEE OCTOBER 16, 2019

**SUBJECT: FIRST AMENDMENT TO AMENDED AND RESTATED PARKING LICENSE AGREEMENT WITH WEST ANGELES CHURCH OF GOD IN CHRIST FOR TRANSIT PARKING AT 3500 CRENSHAW BOULEVARD IN LOS ANGELES**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to execute a First Amendment to the existing License Agreement ("First Amendment") with West Angeles Church of God in Christ ("Landlord"), for the use of 450 parking spaces at a parking garage located at 3500 Crenshaw Boulevard, Los Angeles ("Parking Garage") for five additional years commencing January 1, 2020 at a monthly rate of \$57,608 for a total value of \$4,418,999 including annual escalations of approximately two percent. There are three five-year options to extend the term under the existing lease through December 31, 2040.

#### **ISSUE**

Metro has had a license with the Landlord to use parking spaces in the Parking Garage since April 2, 2012. In 2015, Metro determined that it had overestimated the parking demand at the Expo Crenshaw Station and entered into a new license to reduce the number of parking spaces by half from 450 to 225 parking spaces.

Due to the anticipated opening of the Crenshaw/LAX transit line in 2020, Metro Parking Management anticipates there will be an increased demand for parking at the Parking Garage and has determined that it is now time to revise the agreement to lease all the 450 spaces available in the Parking Garage again and implement the Supportive Transit Parking Program to support the operation of the new transit corridor.

#### **DISCUSSION**

The Parking Garage owned by the Landlord has served as the park-and-ride facility for the Expo/Crenshaw Station since 2012. With the upcoming operation of the Crenshaw/LAX transit line, staff expects increased parking demand at the garage. The Expo/Crenshaw Station will be the northern terminus of the Crenshaw/LAX transit corridor and is one of only three stations on the corridor that provide a park-and-ride function. The new Crenshaw/LAX transit corridor also connects

to Los Angeles International Airport, so parking demand is expected to rise significantly.

Along with the anticipated increased parking demand, the Parking Garage is also replacing the original planned park-and-ride facility at the Expo/Crenshaw Station. The original park-and-ride facility will be replaced with a transit-oriented development project. Metro has received concurrence from the FTA to use the Parking Garage to provide park-and-ride function for both lines.

Real Estate Asset Management has negotiated market rental terms to rent 450 parking spaces for a five-year term extension. The resulting amendment ensures Metro retains access to these parking spaces through 2040.

### Equity Platform

This project aligns with Metro's equity platform by facilitating access to the Expo/Crenshaw Station by Expo Line customers.

## **DETERMINATION OF SAFETY IMPACT**

Providing secure parking in close proximity to the Crenshaw Station makes for safer travel to the station for Metro riders.

## **FINANCIAL IMPACT**

Approval of the First Amendment with West Angeles Church of God in Christ will cost a total of \$4,418,999 over the additional five-year term of the license. This cost is inclusive of the annual Consumer Price Index increases to the operating expense portion of the rent provided for in the terms and conditions of the agreement.

### Impact to Budget

Real Estate has planned and submitted the cost of this First Amendment as part of its FY2020 Non-Departmental Real Estate Cost Center budget (0651) under the Expo Line Project 300066. Funding for any subsequent options will be requested during the Metro annual budget process. Funds used are eligible for rail operating expenditures.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

This project addresses strategic goal #2 to provide "outstanding trip experiences for all" addressing station parking availability that may negatively impact a customer's decision to use public transportation.

## **ALTERNATIVES CONSIDERED**

The alternative is to not increase the number of spaces leased for the station and continue with the current lease as is. This alternative does not consider increased parking demand due to new

operations and minimal parking resources available along the new line.

**NEXT STEPS**

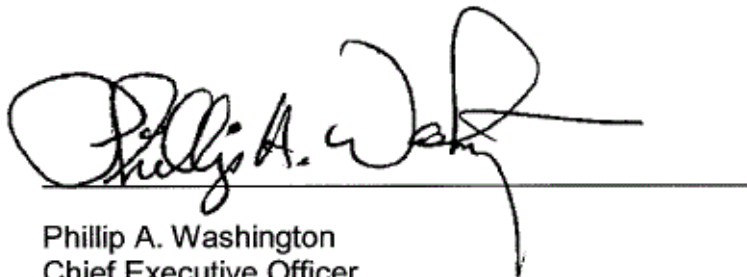
The Metro-executed lease will be delivered to the Landlord for counter-signature.

**ATTACHMENTS**

Attachment A - Aerial Map of Property Location and Expo/Crenshaw Station  
Attachment B - Deal Points

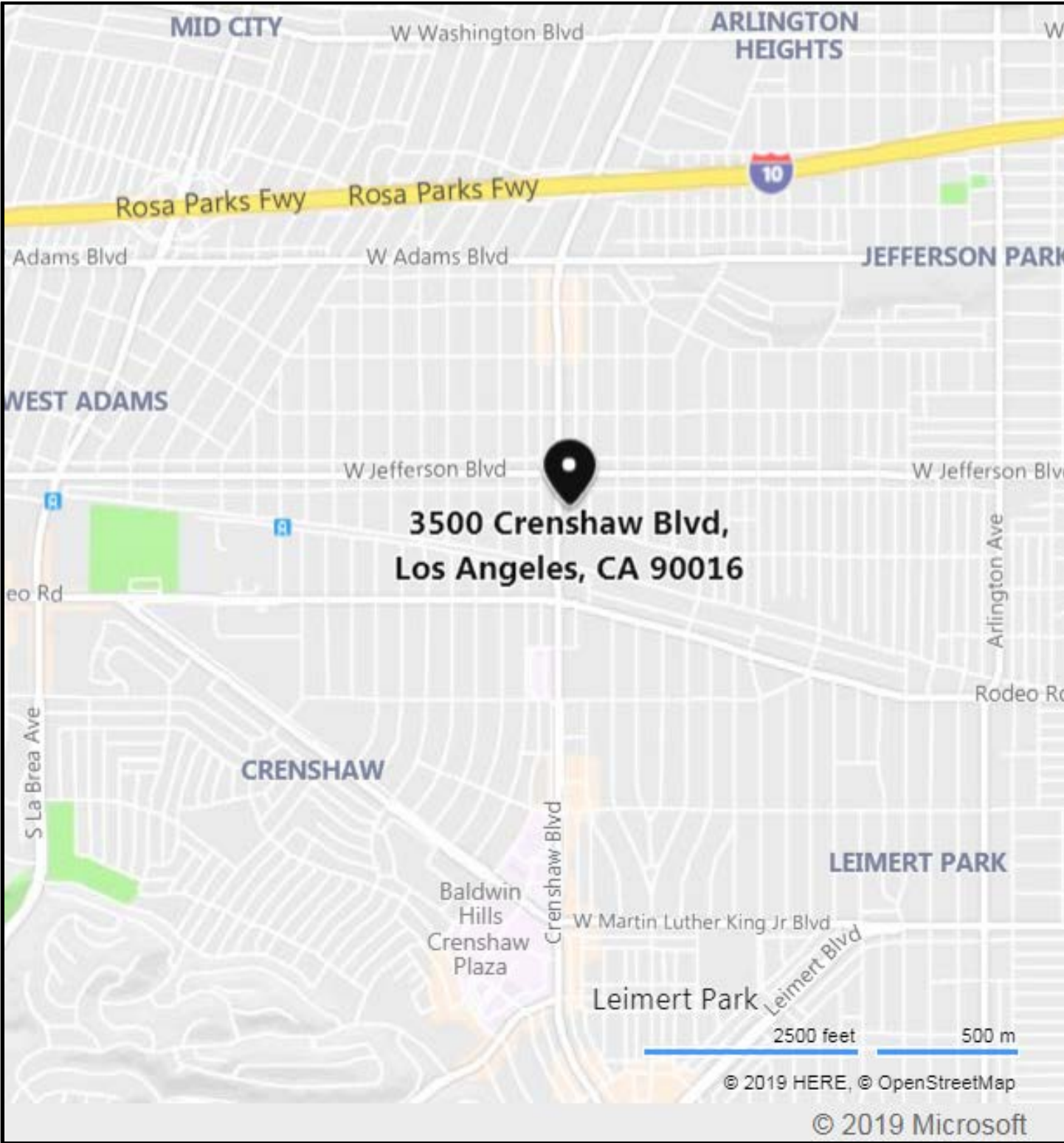
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Phillip A. Washington  
Chief Executive Officer

**Attachment A – License Location**



## Attachment B – Deal Points

<b>New or renewal</b>	First Amendment
<b>Landlord/Owner</b>	West Angeles Church of God in Christ
<b>Location</b>	3500 Crenshaw Boulevard, Los Angeles
<b>Size</b>	450 parking spaces in a parking structure
<b>Purpose</b>	Parking for Expo Line and other nearby Metro properties
<b>Duration (note any extensions)</b>	Five additional years with three five-year options to extension under the current license for a total of 20 years through 2040.
<b>Total Cost</b>	\$4,418,999 over the amended term through 12/31/2025 for an average annual rent of \$736,500. This includes year-over-year CPI increases to the operating portion of the rental rate.
<b>Early Termination Clauses</b>	Unchanged. Metro can terminate this license with 60 days' notice and payment of \$50,000 termination fee.
<b>Determination of Lease Value</b>	The base rental rate is within market, based on a survey of parking structures in a three-mile radius.
<b>Background with this Landlord</b>	Same landlord as the original license.
<b>Special Provisions</b>	None.