File #: 2020-0660, **File Type:** Agreement **Agenda Number:** 12.

PLANNING AND PROGRAMMING COMMITTEE
NOVEMBER 18, 2020

SUBJECT: MARIACHI PLAZA JOINT DEVELOPMENT

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

CONSIDER:

A. AUTHORIZING the Chief Executive Officer to execute an amendment to an existing Exclusive Negotiation Agreement and Planning Document ("ENA") with East LA Community Corporation ("ELACC"), that extends the term of the ENA six (6) months to June 15, 2021 and provides for three additional six (6) month extensions;
B. DIRECTING staff to establish key milestones in the amended ENA for community outreach and cultural preservation; and
C. DIRECTING staff to report back to the Board prior to the exercise of any of the three options to extend.

ISSUE

ELACC and Metro are parties to an ENA for the development of a mixed-use project (the "Site A Project") on Metro-owned property adjacent to Mariachi Plaza ("Site A") in the Boyle Heights community of the City of Los Angeles and the establishment of a community garden on 0.13 acres of Metro-owned property situated across the street from Site A ("Site B"). The ENA is set to expire on December 15, 2020 and an extension of the ENA term is needed to provide the time necessary to allow staff to continue its dialogue and review of ELACC and their capacity and approach to developing the projects. If this review is favorably completed, the extension is also needed to complete certain pre-development activities, continue community outreach and negotiate the terms of development and operating agreements for consideration by the Metro Board of Directors ("Board").

DISCUSSION

In March 2018, Metro entered into an ENA with ELACC to plan and consider the development of the Site A Project on Site A and the community garden on Site B. The ENA has allowed Metro and ELACC to explore, refine and seek community input on both projects. An extension of the ENA term is needed to allow for staff to continue its dialogue with and review of ELACC to fully understand ELACC's capacity and approach to completing the projects in a timely manner. Staff will report back to the Board prior to the conclusion of the initial extension period regarding its conclusions. Staff will also report back to the Board prior to the conclusion of each extension period regarding each

projects' progress and ELACC's responsiveness to the key milestones set forth in the amended ENA. The milestones for the first six-month extension period will include completion of a robust and broad community outreach effort in the Boyle Heights community in accordance with Metro-approved cultural preservation and updated outreach plans that are now under review.

At the August 2020 Board meeting, the Board approved a three-month extension to the existing ENA, and directed staff to (a) collaborate with ELACC to seek a mission-driven (or similar) development partner for the proposed projects; (b) collaborate with ELACC to ensure that all community stakeholders are included in ELACC's outreach efforts; and (c) report back to the Board on the forgoing directives in three months. Following the Board meeting, staff amended the ENA to extend the ENA term to December 15, 2020 and add developer requirements that were responsive to the Board's direction. The additional requirements also provided the developer with an option to demonstrate its capacity to advance the projects on its own. In addition, a cultural preservation plan and an updated outreach plan that provided for broader outreach were required, among other things.

ELACC has provided Metro staff with initial information in response to the additional ENA requirements. The information confirms ELACC's desire to continue its development efforts on its own, without a partner, and includes a draft cultural preservation plan intended to address how the Site A Project will preserve the cultural significance of Mariachi Plaza and the ability of mariachis to continue to perform and seek employment thereon. A draft updated outreach plan was also provided, along with the other required deliverables. Staff has performed an initial review of these materials and has determined that additional dialogue and analysis is needed during the initial six-month extension term in order to fully understand ELACC's capacity and approach to timely development of the projects, including further development of their cultural preservation and updated outreach plans.

If this effort results in a decision to continue development of each project with ELACC, the requested extensions will allow: (a) the parties to further refine each project's design; (b) ELACC to obtain entitlements and environmental clearance for the Site A Project from the City of Los Angeles; (c) ELACC to continue project-related stakeholder outreach in accordance with the Metro-approved cultural preservation and updated outreach plans; (d) the parties to negotiate a term sheet setting forth the key terms and conditions of a Joint Development Agreement ("JDA") and ground lease for Site A ("Term Sheet") for Board approval; (e) the parties to negotiate a separate agreement for the construction and operation of the community garden on Site B; and (f) the parties to execute the JDA and garden agreement.

Site A

Site A totals approximately 0.62 acres and is situated on the southwest corner of Pennsylvania Avenue and Bailey Street (see Attachment A - Site Map). As currently contemplated, the Site A Project contemplates a ground floor commercial program that supports the activity of the plaza with an approximately 2,000 sq. ft. mariachi cultural center and approximately 5,000 sq. ft. of retail space. In addition, the Site A Project proposes sixty (60) units of affordable housing along with associated parking for the commercial and residential uses. Thirty of the proposed apartments are planned to be Permanent Supportive Housing for homeless transitional aged youth. The remainder are slated for individuals and families earning between 30% and 50% of the Area Median Income.

Site B

Site B totals approximately 0.13 acres and is situated across Bailey Street from Site A on the southeast corner of Pennsylvania Avenue and Bailey Street (see Attachment A - Site Map). A community garden is proposed on Site B.

Outreach

From February through August 2016, Metro conducted an extensive public outreach process to help inform development guidelines for Site A and Site B. The input received from the community through this process, which included residents, neighbors, property owners, business owners and other stakeholders, was distilled into a community vision for the development sites that was set forth in the development guidelines. The guidelines were approved by the Boyle Heights Neighborhood Council on October 26, 2016 and the Metro Board on January 26, 2017. They were then included as part of the March 2017 Request for Proposals for the development of the sites, which ultimately resulted in the selection of ELACC's development proposal.

Since being selected to develop the sites, ELACC has worked with the community to inform the scope and design of the Site A Project and the community garden. To date, they have led a robust outreach effort that has included 10 community meetings/workshops, numerous small focus group meetings (including meetings with tenants, property owners and small businesses) and meetings with over seven community organizations. In addition, ELACC has engaged with the Boyle Heights Neighborhood Council, which have included several project presentations before the Neighborhood Council's Planning and Land Use Committee ("BHNC PLUC"). ELACC has also sought design input from the Metro-established Boyle Heights Joint Development Design Review Advisory Committee ("DRAC") twice, including a recent engagement on October 27, 2020, where additional public input was collected. Since the August 2020 Board meeting, ELACC has also reached out to opponents of the Site A Project and has committed to continue outreach to broader cross section of the community going forward. Staff will finalize an updated outreach plan as part of their continued dialogue with ELACC during the first of the requested ENA extensions.

During recent public meetings (i.e.; at the September and October BHNC PLUC meetings and the October DRAC meeting), community support for the Site A Project was mixed. A number of community members indicated support for the projects and mentioned the extensive prior outreach noted above which has led to the current scope and design. Others noted concerns about ELACC as the developer, along with the Site A Project's density, residential parking ratio (0.5 spaces/apartment), and potential negative impact on the surrounding community, including the mariachi's continued use of the plaza. The BHNC PLUC sided with project opponents at their September and October 2020 meetings and disapproved the Site A Project as currently contemplated.

Mariachis and Mariachi Plaza Operations

A central community concern about the proposed Site A project involves its potential impact on the mariachis and the continued ability to conduct mariachi festivals and other events on Mariachi Plaza. The Site A Project and the exclusive area that is planned to be ground leased to ELACC is situated on a dirt lot to the north of the plaza. The Site A Project will abut and frame the plaza but will not be

constructed on it. As such, this project is not intended to impact the mariachis or any festivals or events on the plaza. That said, ELACC has proposed shade structures and other plaza elements on areas of the plaza where they will not have exclusive use rights. These improvements are intended to enhance the community's and the mariachi's experience on the plaza and have been added based on prior community input. The impacts of the Site A Project and the proposed plaza improvements will continue to be subject to further dialogue with the mariachi community and other plaza stakeholders and will be addressed in the proposed cultural preservation and updated outreach plans. Finally, staff plans to explore solutions with the City, ELACC and other stakeholders regarding the operation of Mariachi Plaza in an effort to ensure that it remains a place to celebrate mariachi music and culture.

Mariachi Plaza Maintenance

At the August 2020 Board meeting Supervisor Solis requested that Metro look into the condition of Mariachi Plaza based on concerns raised by Boyle Heights community members. In response, Metro Facilities Maintenance reviewed the plaza's condition and has completed maintenance and repair work, including: the removal of graffiti; the repair and painting of all plaza light poles and wrought iron benches; the replacement of handrails, installation of bird deterrents and completion of other repairs on the plaza's stage; and the installation of missing plaza landscape grates. Metro Facilities Maintenance has also committed to continue its regular power washing of the plaza area and removal and disposal of all trash and will proactively remove graffiti to keep the plaza and station clean, safe and inviting. In addition, COVID-19 efforts have been enhanced so that all touch-point surfaces are disinfected at least once per day. The plaza's artwork is in the process of being cleaned and repaired. This work should be completed by November 30, 2020. Lastly, Metro contracted security in the plaza, which was previously provided five (5) days per week, was expanded to seven (7) days per week on November 1, 2020.

The kiosco is located on a portion of the plaza that is owned and maintained by the City of Los Angeles. Metro's Real Estate Asset Management is currently working with the City to confirm maintenance responsibilities.

Equity Platform

Consistent with the Equity Platform pillar "listen and learn", the projects have undergone an extensive community engagement process as noted above. Furthermore, the projects provide an opportunity to "focus and deliver" by adding much needed transit-oriented affordable housing to the community.

DETERMINATION OF SAFETY IMPACT

Approval of this item will have no impact on safety as it only seeks an extension of the ENA term. Appropriate construction oversight will be included under the ground lease for Site A as part of any construction of the Site A Project to ensure that such work does not adversely impact Metro property, improvements or service, or the continued safety of Metro staff, contractors or the public. Similar provisions would be included in any agreement for the construction and operation of the community garden on Site B.

FINANCIAL IMPACT

Funding for joint development activities related to Site A and Site B is included in the adopted FY21 budget under Cost Center 2210, Project 401018.

Impact to Budget

There is no impact to the FY21 budget, which includes costs associated with negotiation and preparation of the Term Sheet, JDA and garden agreement, design review, and the support of outreach efforts. No new capital investment or operating expenses are anticipated to implement the Site A Project or the community garden, and revenues from an ELACC deposit under the ENA offset certain staff and project-related professional service costs.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports Strategic Plan Goal #3 to "enhance communities and lives through mobility and access to opportunity." If the Site A Project and the community garden are advanced, they would deliver critical transit-accessible affordable housing, commercial and cultural space, and other community amenities. In addition, such advancement will implement Initiative 3.2, which states "Metro will leverage its transit investments to catalyze transit-oriented communities and help stabilize neighborhoods where these investments are made."

ALTERNATIVES CONSIDERED

The Board could choose not to amend the ENA to extend the ENA term, in which case the ENA would expire on December 15, 2020. Subject to applicable law, Metro could then choose to solicit new proposals for development of Site A and Site B from the development community or could elect to hold these sites for future development. Staff does not recommend these alternatives as proceeding with the Site A Project and the Site B Project is the most timely way to bring much needed transit-accessible affordable housing to the community, as well as commercial and cultural space and a community garden, each of which is in alignment with Metro's Strategic Plan and Equity Platform.

NEXT STEPS

Upon approval of the recommended action, Metro and ELACC will execute an amendment to the ENA in accordance with the Board approved recommendation. Under the extended ENA, Metro staff will first continue its dialogue with ELACC and analysis of ELACC's development capacity and approach, which will include finalizing the noted cultural preservation plan and updated outreach plan. If the conclusion of this effort leads to a decision to continue development of each project with ELACC, then the parties will work to (a) continue and complete the robust and broad community outreach effort in the Boyle Heights community pursuant to the Metro-approved cultural preservation and updated outreach plans in the first six-month extension; (b) advance and refine the design of the Site A Project and the community garden; (c) secure Site A Project funding and entitlements and environmental approvals from the City of Los Angeles; (d) finalize negotiation of a Term Sheet for the Site A Project and return to the Board for its approval and the authority to execute a JDA and ground lease in accordance therewith; and (e) finalize negotiation of an agreement for the construction and operation of the community garden. In addition, ELACC will continue to conduct the work set forth in the Metro-approved cultural preservation plan and lead appropriate community outreach regarding

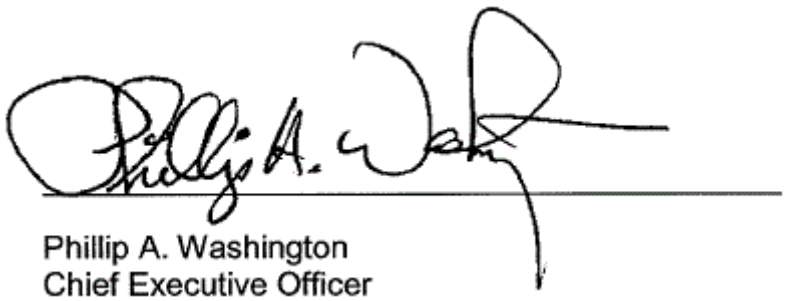
the Site A Project and the community garden.

ATTACHMENTS

Attachment A - Site Map

Prepared by:
Olivia Segura, Senior Manager, Countywide Planning & Development, (213) 922-7156
Greg Angelo, Senior Director, Countywide Planning & Development, (213) 922-3815
Nick Saponara, EO, Countywide Planning & Development, (213) 922-4313
Holly Rockwell, SEO - Real Estate, Transit Oriented Communities and Transportation Demand Management, (213) 922-5585

Reviewed by: James de la Loza, Chief Planning Officer, (213) 922-2920



Phillip A. Washington
Chief Executive Officer

Attachment A – Site Map

Parcel A
Size: 0.62 acres
Current Use: Leased for parking

Parcel B
Size: 0.13 acres
Current Use: Vacant

Mariachi Plaza Gold Line Station and Plaza
Size: 0.70 acres

Station Entrance

Next stop: vibrant communities.

Mariachi Plaza Joint Development

Planning and Programming Committee
November 18, 2020
Legistar File: 2020-0660

Metro

Recommendation

A. AUTHORIZING the Chief Executive Officer to execute an amendment to an existing Exclusive Negotiation Agreement and Planning Document ("ENA") with East LA Community Corporation ("ELACC"), that extends the term of the ENA six (6) months to June 15, 2021 and provides for three additional six (6) month extensions;

B. DIRECTING staff to establish key milestones in the amended ENA for community outreach and cultural preservation; and

C. DIRECTING staff to report back to the Board prior to the exercise of any of the three options to extend.

Site Overview

Site A: 0.62 acres

Site B: 0.13 acres

Mariachi Plaza: 0.70 acres

- **Developer**: ELACC
- **Site A:** 0.62 acres, vacant
- **Site B:** 0.13 acres, vacant
- **Proposed Project**:

<u>Site A (Lucha Reyes Apt.)</u>:

> 2,000 sq. ft. mariachi cultural facility

> 5,000 sq. ft. commercial

> 60 apartments

- 30 supportive housing units
- 28 affordable family units (30% - 50% of AMI)

> 30 residential parking spaces

> 16 commercial parking spaces

<u>Site B</u>:

> Community Garden

Metro

Background/Timeline

- **2016:** Metro reinitiated Joint Development process for the site with a community-driven visioning process which informed Development Guidelines that were approved by the Board in January 2017.
- **March 2018:** Following a competitive solicitation, Metro entered into ENA with ELACC during which ELACC performed outreach, including 10 community meetings/workshops, numerous focus groups, and presentations to the Boyle Heights Neighborhood Council (BHNC), the BHNC Planning & Land Use Committee (BHNC PLUC) and the Metro Design Review Advisory Committee (DRAC)
- **August 2020:** Board approved a 3-month extension during which ELACC was required to meet goals, including demonstration of capacity and performance of additional outreach
- **September-October 2020:** ELACC presented at the BHNC PLUC and the DRAC, where additional feedback was received
- **December 15, 2020:** ENA set to expire

Status

- Reviewing ELACC's development capacity/approach
  - Reviewing an updated outreach plan and requiring continued and expanded outreach to address concerns from community stakeholders
  - Reviewing a cultural preservation plan to ensure that the cultural significance of Mariachi Plaza is protected and mariachis can continue to perform and seek employment thereon
- Continuing review of project design
- Addressed maintenance issues on Mariachi Plaza in response to Board direction

Next Steps

- Execute an amendment to the ENA
  - Providing the requested term extension and options; and
  - Requiring key milestones for community outreach and cultural preservation with report backs to the Board prior to the exercise of any of the options to extend
- Continue dialogue and review of ELACC and their development capacity and approach
  - If conclusion is to continue with ELACC, work to advance the development and garden, including refining the design, continuing outreach in accordance with the updated outreach and cultural preservation plans and submitting for entitlements
  - Finalize negotiation of a Term Sheet and return to the Board for its approval to execute a JDA and ground lease