

**Board Report**

File #: 2021-0725, **File Type:** Agreement**Agenda Number:** 11.

**PLANNING AND PROGRAMMING COMMITTEE
APRIL 20, 2022****SUBJECT: LITTLE TOKYO/ARTS DISTRICT JOINT DEVELOPMENT****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

AUTHORIZING the Chief Executive Officer to execute a Memorandum of Understanding (MOU) with the City of Los Angeles related to the joint development of Metro-owned property and City-owned property adjacent to the Regional Connector Little Tokyo/Arts District Station, to be procured in a competitive solicitation led by the City, pursuant to Public Utilities Code Section 130242(f)(4).

ISSUE

In August 2018, Metro initiated a two-step Request for Interest/Qualifications (RFIQ)/Request for Proposals (RFP) process for the development of the Metro-owned real property (Metro Property) adjacent to the Regional Connector Little Tokyo/Arts District Station (the Station). The City of Los Angeles (City) owns real property at 1st and Alameda Streets (City Property) adjacent to the Metro Property (see Attachment A - Site Map). After canceling the RFIQ/RFP for the development of the Metro Property in November 2020, Metro staff recommends partnering with the City to jointly pursue development of both the Metro Property and City Property (collectively, the Properties) under a unified competitive solicitation process. Staff believes this would optimize the ability to deliver a project that can meet both agencies' and stakeholders' goals for the development of the Station area.

BACKGROUND

Pursuing joint development of the Metro Property is required in the Regional Connector Transit Project's Mitigation, Monitoring, and Reporting Plan (MMRP). The Metro Property is approximately 1.2 acres. Due to transit infrastructure constraints, approximately 30,000 square feet is developable. While ideally situated to be both a regional transportation hub and gateway to the culturally rich surrounding communities, the Metro Property's small size and physical constraints make it challenging to develop.

A Receive and File report was presented to the Metro Board of Directors in November 2020 informing the Board that the RFIQ/RFP process for the Metro Property was canceled due to community concerns about the solicitation process and outcome. Subsequently, Metro and City staff began to meet and explore possibilities to partner in pursuing joint development of the Properties. In June

2021, Los Angeles City Councilmember Kevin de León (District 14) introduced a motion instructing City staff to negotiate and execute an MOU with Metro for future development of both the City Property and the Metro Property. In July 2021, the City Council approved the motion.

DISCUSSION

The City Property is over seven acres in size and located across the street from the Little Tokyo/Arts District Station currently under construction. The City Property is currently being used by Metro for the construction of the Regional Connector Transit Project (Project) and also houses the Project's office, pursuant to temporary construction easements and a lease granted by the City which are scheduled to terminate in 2022. At the southwest corner of the City Property, Metro holds various permanent surface and subsurface easements related to Project infrastructure that will remain in place.

Given the physical constraints on the Metro Property, staff believes a partnership with the City would unlock greater development potential by creating an opportunity to deliver an integrated project that can meet numerous community and regional objectives. Metro and City staff have negotiated an MOU that covers the roles and responsibilities related to planning for and releasing the solicitation and evaluation of development proposals. The proposed MOU includes the following key terms and conditions:

- City will procure and oversee design/architecture, community engagement, economic and legal consultants to explore the potential for integration of transit-oriented development of the City Property.
- City will pay for 70% of the consultant(s) costs associated with the planning and implementation of the solicitation process and Metro will pay for 30%. This split is based on Metro's property being approximately 15% of the combined total property plus 15% administrative component for the City's lead role.
- At its own expense, Metro may choose to update previously completed studies related to the future development of the Metro Property.
- With support from a consultant, the City and Metro will jointly develop and execute a broad, robust, and inclusive outreach effort and collaborate with stakeholders before any solicitation is released.
- City will coordinate with Metro to prepare and issue any competitive solicitations for the development of the Properties.
- Pursuant to Public Utilities Code Section 130232(f)(4), City will lead the solicitation process in accordance with all applicable City and Metro policies and procedures and state, federal and local laws.
- City will handle all administrative tasks associated with the solicitation process.
- The proposal evaluation committee will include representatives from both City and Metro.
- Future development of both Properties must not interfere with Metro transit infrastructure and operations.
- The MOU will have a term of up to five (5) years and is subject to termination by either agency at any time by written notice to the other agency.

DETERMINATION OF SAFETY IMPACT

Approval of this item would have no impact on safety. The eventual implementation of joint development at the Properties would offer opportunities to improve safety for transit riders through better pedestrian and bicycle connections.

FINANCIAL IMPACT

MOU activities and related costs would be funded from local right-of-way lease revenues. Local right-of-way lease revenues are eligible for bus/rail operating and capital expenses.

Impact to Budget

Funding for this action will be included in the proposed FY 2023 budget in Cost Center 2210 (Joint Development) under Project 401046 (Little Tokyo/Arts District Joint Development). Execution of the MOU would not impact FY 2023 bus and rail operating and capital budget, Propositions A and C, TDA, Measure R or M administration budget.

EQUITY PLATFORM

The Regional Connector MMRP requires the following from Metro:

- Utilize the Metro Joint Development (JD) Program to pursue potential development of any portions of the Metro Property not required for infrastructure;
- Pursue JD of the Metro Property as a means to mitigate local businesses displaced and jobs lost as a result of the Regional Connector Transit Project;
- Create opportunities to the extent feasible for enhancing access from existing land uses to the new Station; and
- Collect input from the Little Tokyo community and incorporate it into potential JD opportunities.

Adopted in June 2021, the Metro JD Policy is centered on four main goals: (1) equity and inclusion; (2) access; (3) performance; and (4) innovation. The JD Policy Mission Statement is to “create high-quality homes, jobs, and places near transit for those who need them most, as soon as possible.” JD projects aim to deliver housing and amenities for all riders, residents, and stakeholders in the surrounding area, focusing benefits for historically disadvantaged communities. The eventual development of the Properties will create new housing, commercial space for small businesses, jobs and other transit-supportive amenities for this Equity Focus Community and the greater Los Angeles area.

In pursuing the development of the Properties, City and Metro staff will actively engage with and be responsive to all stakeholders. City staff have expressed a strong commitment to community engagement and share Metro's belief that stakeholder input will be critical to this effort's success. Community engagement under the MOU will involve different methods such as workshops (online and/or in-person when possible), online surveys and pop-up events. As in previous JD outreach efforts, engagement will be conducted in English, Spanish, Japanese and Korean in order to reach all stakeholders. From past engagement, both Metro and City staff are aware of community members' concerns and priorities for the Properties and have developed relationships with key stakeholders.

Little Tokyo stakeholders have expressed support for this Metro/City joint solicitation effort.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended action supports the Strategic Plan Goal to “enhance communities and lives through mobility and access to opportunity.” By approving this recommendation and advancing joint development, Metro would specifically implement Initiative 3.2, which states the agency “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 authorize the execution of the MOU. Pursuing joint development of the Metro Property is a required mitigation measure for the Regional Connector Transit Project. Staff does not recommend a new solicitation process for the development of solely the Metro Property since that may yield the same unsuccessful outcome as the 2018-2020 RFIQ/RFP process. Partnership with the City to offer both Properties under one solicitation process may attract greater development interest and ultimately deliver a successful project that meets as many stakeholder goals as possible.

NEXT STEPS

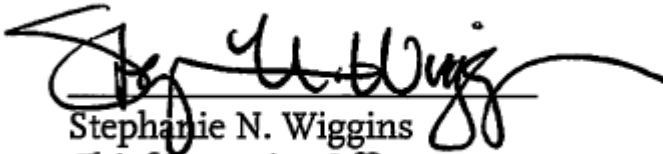
Metro and the City would finalize and execute the MOU upon approval of the recommended action. The City would procure the consultants necessary to support this effort. The City and Metro would initiate the community engagement process in the latter part of 2022 with the goal of releasing a solicitation in 2023. If the proposal evaluation committee decides to recommend a proposal in the solicitation process, City and Metro staff would return to their respective agencies to request authority to enter into a tri-party Exclusive Negotiation Agreement. Staff would also return to their respective agencies to request the authority to execute an additional MOU that outlines City and Metro responsibilities related to a Joint Development Agreement and Ground Lease negotiations.

ATTACHMENTS

Attachment A - Site Map

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Stephanie N. Wiggins
Chief Executive Officer

SITE MAP



-  Metro Property
-  City of Los Angeles Property
-  Little Tokyo/Arts District Station



Next stop: vibrant communities.

Little Tokyo/Arts District

Joint Development

Planning and Programming Committee

April 20, 2022




Recommendation

- **AUTHORIZE** Chief Executive Officer (CEO) to execute a Memorandum of Understanding (MOU) with the City of Los Angeles (City) related to joint development of Metro-owned property and City-owned property adjacent to the Regional Connector Little Tokyo/Arts District Station, to be procured in a competitive solicitation led by the City, pursuant to Public Utilities Code Section 130242(f)(4).

Properties



-  Metro Property
-  City of Los Angeles Property
-  Little Tokyo/Arts District Station

Background

- Pursuing joint development is required in the Regional Connector Transit Project's Mitigation, Monitoring, and Reporting Plan (MMRP)
- November 2020: Receive and File report informed Board that process was canceled due to community concerns
- Spring 2021: Metro and City staff explore partnership
- July 2021: Los Angeles City Council approved motion directing City to negotiate and execute an MOU with Metro for future development of both Properties

Discussion

MOU includes the following key terms and conditions:

- City will procure and manage design, outreach, economic and legal consultants
- City will cover 70% of the consultant costs and Metro will cover 30%
- Metro may choose to update previously completed studies
- Partnership on a robust and broad outreach strategy
- City leads process to prepare and issue solicitation(s) and in accordance with all applicable laws and each agencies' policies and procedures
- Proposal evaluation committee will include both City and Metro
- Protect Metro transit infrastructure and operations.

Next Steps

- Metro and the City finalize and execute the MOU
- 2022: Procure consultants and initiate community engagement
- 2023: Release solicitation
- City and Metro staff return to their respective agencies to request a tri-party Exclusive Negotiation Agreement and execute an additional MOU that outlines City and Metro responsibilities related to Joint Development Agreement and Ground Lease negotiations.