



## Board Report

**File #:** 2016-0121, **File Type:** Agreement

**Agenda Number:** 11

### PLANNING AND PROGRAMMING COMMITTEE MARCH 16, 2016

**SUBJECT: MEMORANDUM OF UNDERSTANDING WITH CITY OF WEST HOLLYWOOD FOR DIVISION 7**

**ACTION: AUTHORIZE EXECUTION OF MEMORANDUM OF UNDERSTANDING**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to execute a Memorandum of Understanding (MOU) with the **City of West Hollywood for a joint visioning process for Division 7.**

#### **ISSUE**

In 2015, the Metro Board directed staff to work with the City of West Hollywood (City) to pursue an MOU to establish a collaborative process and general framework for the planning of any improvements and potential development at Division 7, a Metro maintenance facility with a fleet of 230 buses. Through initial collaboration and study, staff has identified portions of Division 7 that have potential for development that maintains the facility's current operations and meets the City's objective to extend the current retail/commercial frontage along Santa Monica Boulevard, improve neighborhood compatibility and create a more dynamic pedestrian oriented environment for the community.

#### **DISCUSSION**

Metro received an unsolicited joint development project proposal for Division 7 in October 2011, from Cohen Brothers Realty Corporation of California (CBRCC). The proposal contemplated using the Division 7 property for a commercial/residential development and rebuilding Metro's bus operations and maintenance facility as an underground facility. A two-year Exclusive Negotiating Agreement (ENA) was entered into between Metro and CBRCC in April, 2013. With the ENA set to expire on April 17, 2015, the West Hollywood City Council took action on February 17, 2015, requesting that Metro allow the ENA to expire due to lack of support for the proposed project from the residents, community and City staff. The City Council also affirmed the need for an MOU with Metro (Attachment B) to establish a collaborative visioning process to explore the potential for development of the site.

Upon expiration of the CBRCC ENA, Metro staff began meeting with City staff to develop the MOU for the Division 7 site. Through this process, Metro staff identified two areas with near and medium term opportunities for development which can both maintain the facility's current operations, and meet many of the City's objective of extending the current retail/commercial frontage along Santa Monica Boulevard. These areas include: a) a narrow strip of landscaped area (approx. 20 feet) between the existing Division 7 building and the sidewalk - Parcel A; and b) the surface parking lot (approx. 20 spaces) located on the eastern portion of the Metro property - Parcel B. (See Attachment A, Exhibits 1, 2, 3).

The MOU includes an outline of the process for working collaboratively to create a joint vision for the site, as well as the respective obligations of each entity and potential future public-benefit opportunities. The parties agree to work together in good faith to:

- a. Identify shared values and interests.
- b. Identify opportunities for consensus building and collaboration.
- c. Establish protocols for ongoing community engagement and interagency communication.
- d. Establish a collaborative visioning process for those parcels that:
  - i. Advances the parties' objectives.
  - ii. Results in formulation of Outreach, Preliminary Concept Development and Feasibility Studies.
  - iii. Identifies responsibilities for each party (i.e., facilitation of outreach efforts, rezoning, identification of capital projects and funding, potential RFP for joint development).

Furthermore, the MOU states that:

- a. Operational and occupancy cost neutrality must be maintained for Metro in any and all scenarios.
- b. No project shall create degradation of service or impact to operations.

Public outreach will be led by the City of West Hollywood with the participation of Metro. Any private/public partnership on Metro land may require an RFP and/or RFQ process for selection of a developer. Additionally, Metro will update its Master Plan for Division 7 as necessary to reflect the outcome of the visioning process. While this MOU is proposed only between Metro and the City, an amendment could be executed in the future to include the County of Los Angeles as a third party. The County may wish to participate in the process since the Sheriff's Station site is located adjacent to the Division 7 site along San Vicente Blvd.

The West Hollywood City Council is set to act on this item in March. City staff has recommended approval.

### **DETERMINATION OF SAFETY IMPACT**

Approval of this item will have no impact on safety. Metro's Facilities' Management staff has participated in the most recent process of identifying portions of property on Division 7 that have the potential for development. Safety, as well as full and continuous operation of Metro's facility, has been established as a priority. Metro's operations staff will continue to review and comment on the proposed development to ensure that any proposal has no adverse impact on the on Metro's operations.

### **FINANCIAL IMPACT**

This project will be managed with existing staff and budget from the Joint Development (cost center 2210) and Strategic Initiatives (cost center 4530) departments in FY16. Financial resources for reviewing any financial analyses, negotiations support and conceptual design review have been requested in the FY2017 budget in the Joint Development cost center, 2210.

As noted above, the MOU requires operational and occupancy cost neutrality for Metro in any new development scenario.

#### **Impact to Budget**

The FY16 adopted budget includes funding for this project - 401013 - in cost center 2210 to cover staff costs.

### **ALTERNATIVES CONSIDERED**

The Board could choose not to proceed with the recommended action and could direct staff to (a) not enter into an MOU with the City of West Hollywood; or (b) seek different development options for the site. Staff does not recommend proceeding with these alternatives because the recommended action moves forward the directive by the Board to have an MOU where we can work collaboratively with the City of West Hollywood and engage in a mutually beneficial visioning process.

### **NEXT STEPS**

Upon approval of these recommendations, the MOU will be executed and Metro staff will work with City staff on a schedule of key milestones. The initial steps will include preparing a community outreach plan with the City and creation of conceptual site plans and development alternatives/scenarios by the City's consultant.

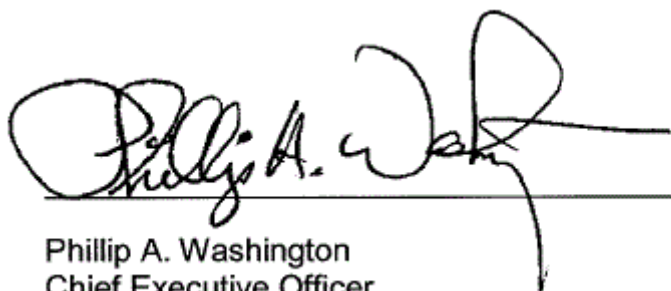
### **ATTACHMENTS**

Attachment A - Area Site Maps

Attachment B - Memorandum of Understanding

Prepared by: Vivian Rescalvo, Director, (213) 922-2563  
Jenna Hornstock, Deputy Executive Officer, (213) 922-7437

Reviewed by: Cal Hollis, Interim Chief Planning Officer, (213) 922-7319

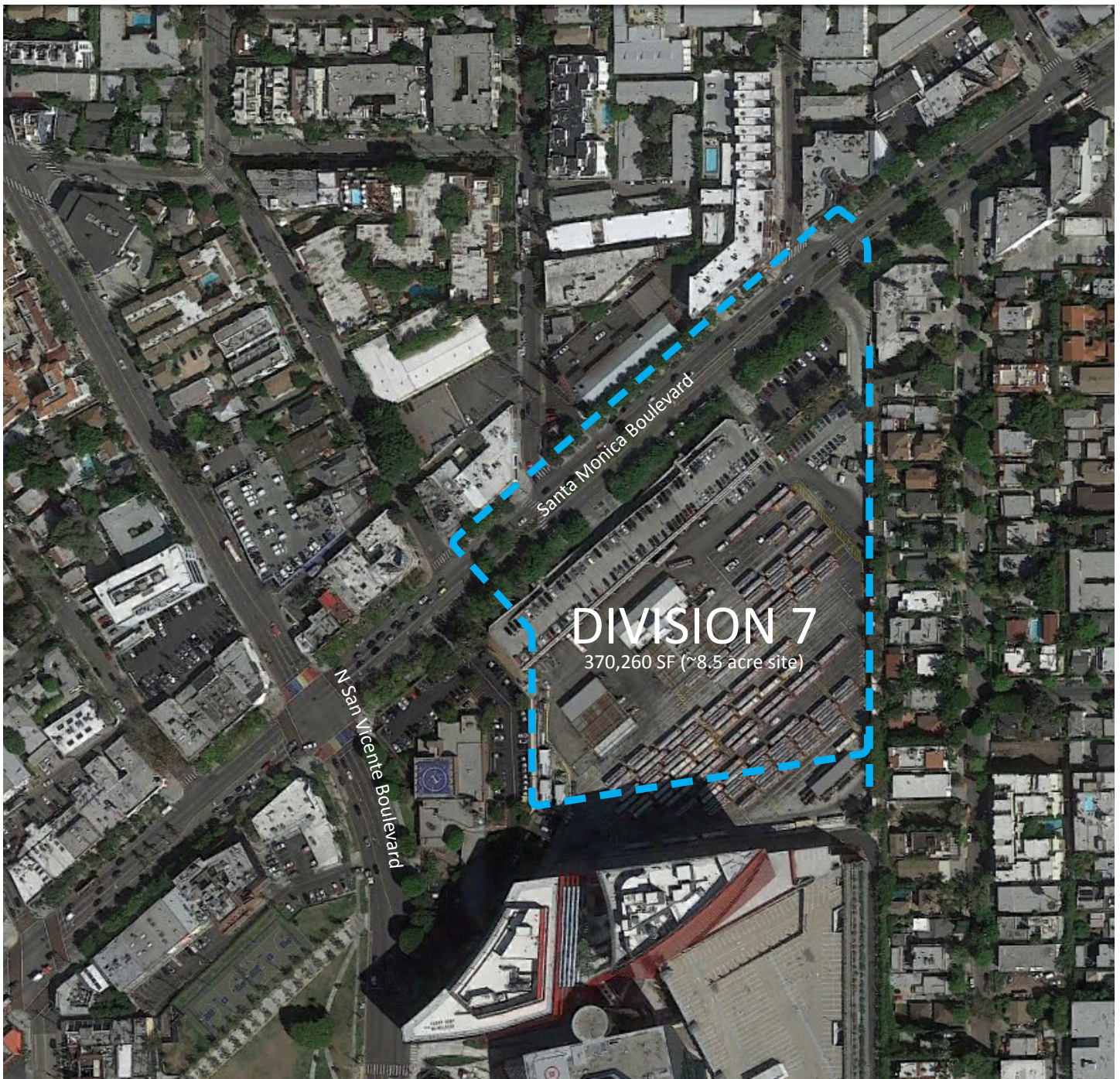


Phillip A. Washington  
Chief Executive Officer



# ATTACHMENT A - AREA SITE MAPS

## EXHIBIT 1 - DIVISION 7 MAP

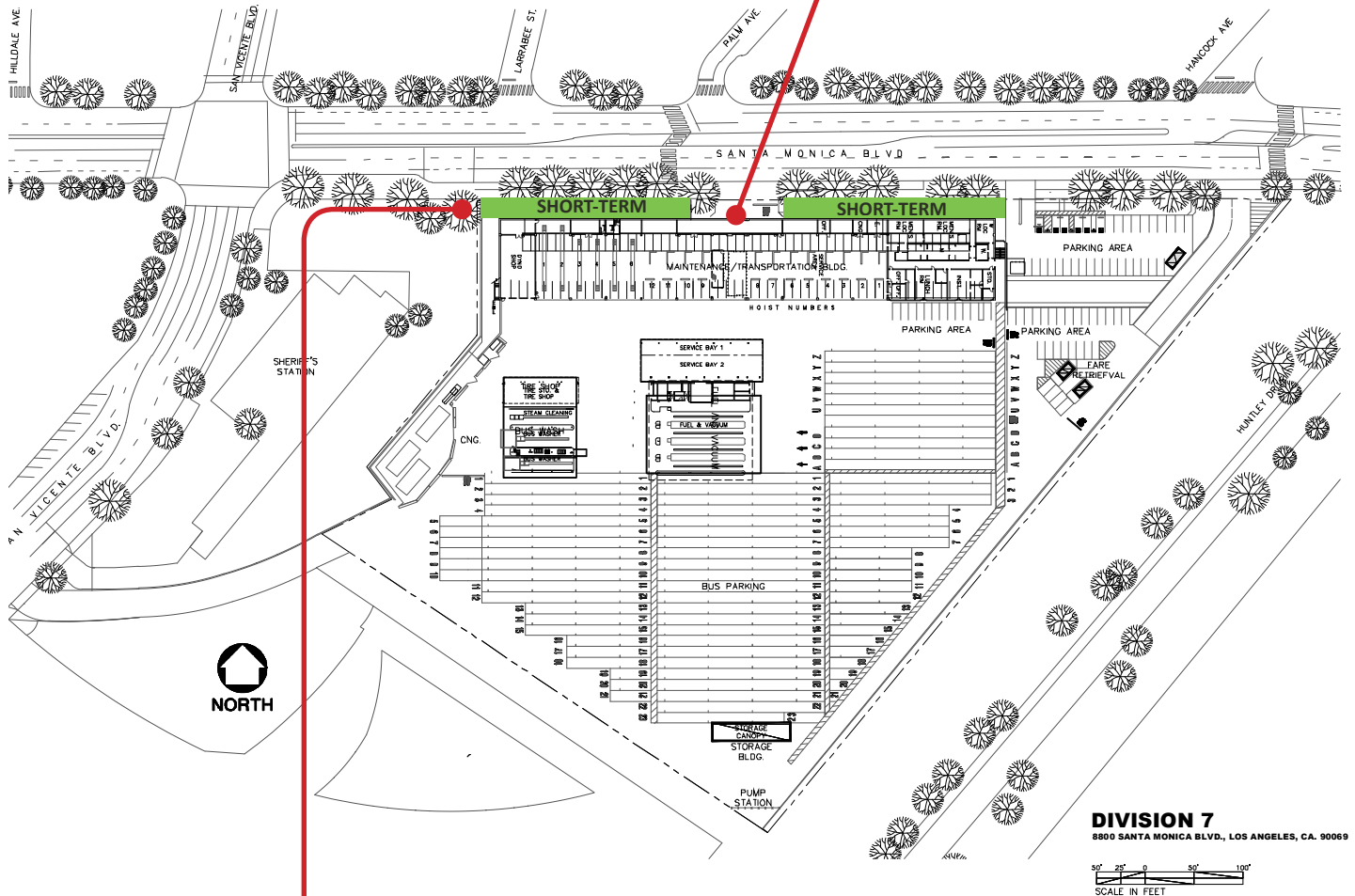




## EXHIBIT 2 - PARCEL A

### EXISTING DIVISION 7 BUILDING

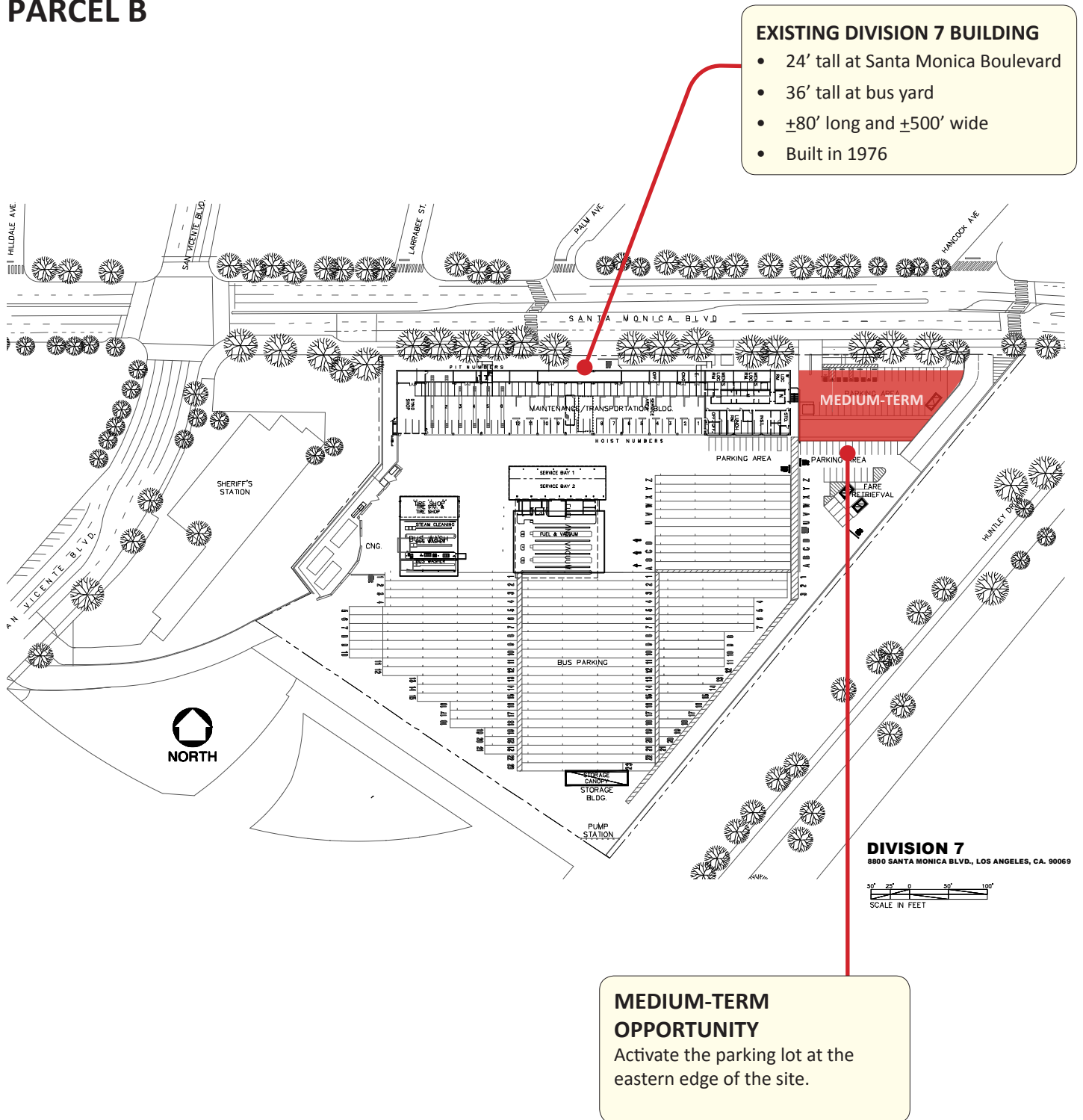
- 24' tall at Santa Monica Boulevard
- 36' tall at bus yard
- $\pm 80'$  long and  $\pm 500'$  wide
- Built in 1976



### SHORT-TERM OPPORTUNITY

Activate the 20' setback from the back of the sidewalk to the (e) building edge.

# EXHIBIT 3 - PARCEL B



# ATTACHMENT B

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into as of \_\_\_\_\_ 2016, by and between the Los Angeles County Metropolitan Transportation Authority, a \_\_\_\_\_ ("Metro") and the City of West Hollywood ("City"), a California municipal corporation (hereinafter together occasionally referred to as "the parties").

### RECITALS

- A. Metro's Division 7 transit facility (the "facility"), a map of which is attached hereto as Exhibit A, located at the intersection of Santa Monica and San Vicente Boulevards within the territorial boundaries of the City West Hollywood is a critical component of Metro's countywide bus service operations, with 230 buses and serving the western region of Los Angeles County.
- B. The facility occupies an 8.5 acre property (the "property") in a strategic location within one of the City's pedestrian friendly and vibrant commercial shopping districts.
- C. The parties have mutual interests in identifying opportunities for development on Metro's property that would both maintain the facility's current operation, and extend the current retail/commercial frontage along Santa Monica Boulevard in order to create a more dynamic and pedestrian oriented environment for the community, and improve neighborhood compatibility.
- D. Metro has identified two areas within the property which may possibly accommodate pedestrian orientation improvements along Santa Monica Boulevard, a near term development option along the narrow strip of land between the existing building and sidewalk along Santa Monica Boulevard, Parcel A (Exhibit B), as well as a potential mid/long term development option within the surface parking lot along Santa Monica Boulevard, Parcel B (Exhibit C).
- E. As the government entity with land use jurisdiction over the property, the City seeks to play a role in planning for any future improvements and potential development to assure neighborhood compatibility, pedestrian orientation, mitigation of impacts, optimal activation of the streetscape, and enhanced transit connectivity.

**NOW, THEREFORE**, in consideration of the foregoing, the parties hereto agree as follows:

#### 1. Purpose of the MOU

The purpose of this MOU is to establish a collaborative process and general framework for the planning of improvements and future potential development of Parcels A and B.



The parties intend for this MOU to provide an understanding as to their respective obligations and potential future public-benefit opportunities regarding the collaborative process. The parties agree to work together in good faith to:

- a. Identify shared values and interests.
- b. Identify opportunities for consensus building and collaboration.
- c. Establish protocols for ongoing community engagement and interagency communication.
- d. Establish a collaborative visioning process for these parcels that:
  - i. Advances the parties' objectives.
  - ii. Results in formulation of Outreach, Preliminary Concept Development and Feasibility Studies.
  - iii. Identifies responsibilities for each party (i.e., facilitation of outreach efforts, rezoning, identification of capital projects and funding, potential RFP for joint development).

## 2. Priorities and Requirements for the Property

- a. City priorities:
  - i. Identify project(s) of mutual interagency benefit and interest.
  - ii. Activate street frontage along Santa Monica and San Vicente within Parcel A.
  - iii. Respect the unique contributions of the site(s) and Santa Monica/San Vicente intersection to the community and City history.
  - iv. Retain but screen the existing Division 7 bus facility with active uses appropriate to scale/uses in the area.
  - v. Consider potential near and long term development scenarios for Parcel B that are appropriate regarding existing scale, uses, traffic congestion, and established community priorities; Santa Monica is a vibrant pedestrian-oriented mixed use corridor that would benefit from expanded transit service.
- b. Metro requirements for any potential project:
  - i. Operational and occupancy cost neutrality must be maintained for Metro in any and all scenarios.
  - ii. No project shall create degradation of service or impact to operations.

## 3. Protocols of Visioning Process

- a. Public outreach will be led by the City of West Hollywood with participation from Metro (and the County of Los Angeles if the Sheriff Station site is included in the plan).

- b. Any Private/Public Partnership on Metro land will require an RFP and/or RFQ process for selection of a developer.
- c. Third party exclusive development negotiating rights shall not be granted during the term of the MOU.
- d. Short, Middle and Long Term Scenarios for improvements and potential development will be studied in relation to Priorities and Requirements for the Property (Item 2 above). Studies could include:
  - i. Conceptual Site Plans, Elevations and Renderings of Potential Development Alternatives/Scenarios on Parcels A and B, including land uses, heights and densities.
  - ii. Financial Feasibility Proformas, including funding sources assumptions, for potential improvements and development alternatives.
  - iii. Traffic and Site Circulation Studies.
  - iv. Long Term Scenarios could be further studied in future master plan updates, capital improvement plans, and specific plans, for example.
  - v. Other studies that would support joint pursuit of funding opportunities such as federal and state grants, or would support an RFP or RFQ process for selection of a developer if a joint development is pursued.
- e. For long term visioning, an Interagency Team of City staff and Metro staff will collaborate between Transit Corridors/System Planning (David Mieger's Team), Real Estate/Joint Development (Vivian Rescalvo's Team) and Facilities/Capital Projects (Tim Lindholm's Team).

#### 4. CITY'S Responsibilities

- a. City's consultant will create a Base Map of the Metro Site and Buildings and draw short/mid/long term concepts for discussion and brainstorming for Parcels A and B.
- b. City staff will collaborate with Metro on the Metro site and on light rail transit feasibility studies.
- c. City staff will arrange bi-monthly meetings, or as needed, with the Interagency Team.
- d. City staff, in coordination with Metro staff, will adhere to the schedule (Attachment B) proposed for activities identified in the MOU and will, in coordination with Metro, periodically update the schedule based on progress and key milestones.

- e. City staff will initiate a General Plan amendment and specific plan for the site to reflect the outcome of the visioning process, in as much as the outcome is consistent with the Priorities and Requirements for the Property (Item 2 above).
- f. The City will coordinate with Metro on a Metro RFP or RFQ for improvements and/or future development of Parcels A and B.
- g. The City will consider the outcome of the visioning process in future Capital Improvement Plan Budgeting and Funding Identification regarding potential joint improvement and/or development opportunities on the Metro site – Parcel A and B.

5. METRO'S Responsibilities

- a. Metro will update Metro Master Plan for Division 7 as necessary to reflect the outcome of the visioning process, in as much as the outcome is consistent with the Priorities and Requirements for the Property (Item 2 above).
- b. In coordination with the City, Metro may, subject to Metro Board approval, develop and issue an RFQ or RFP for improvements and/or future development of the property, consistent with the outcome of the visioning process and the Priorities and Requirements for the Property (Item 2 above).
- c. Metro will consider the outcome of the visioning process in future Capital Improvement Plan Budgeting / Funding Identification regarding potential improvement and/or development opportunities on the Metro site, and may be recommended as part of Metro's "Transit Oriented Communities" program.
- d. Metro staff will attend bi-monthly meetings, or as needed, with the Interagency Team.

Metro staff, and City staff, will adhere to the schedule (Attachment B) proposed for activities identified in the MOU.

6. Term

This MOU shall commence on \_\_\_\_\_, 2016 and remain in effect until the actions contemplated herein have been fully consummated or unless earlier terminated by either party with thirty (30) days' written notice of termination.

7. Binding Effect

This MOU is binding on the parties in accordance with its terms. The parties signing below represent and warrant that they have the legal authority to bind the party for whom they are signing but subject to any discretionary action of the West Hollywood City Council and Metro's Board of Directors.

8. Indemnity

Each party agrees to indemnify, defend, and hold harmless the other party, its officers, agents and employees from any and all liabilities, claims, or losses of any nature, including reasonable attorneys' fees and costs of suit, to the extent caused by, arising out of, or in connection with, the indemnifying party's negligent or wrongful acts or omissions arising from its respective activities pursuant to this MOU.

9. Governing Law

This MOU shall be governed by the laws of the State of California.

10. Notices.

All notices permitted or required under this MOU shall be in writing, and shall be deemed made when delivered to the applicable party at the following addresses either by first class mail postage prepaid, facsimile, electronic mail or personal delivery:

If to City:

City of West Hollywood  
8300 Santa Monica Boulevard  
West Hollywood, CA 90069  
Attention: City Manager

If to Metro:

Metro  
One Gateway Plaza  
Los Angeles, CA 90012-2952  
Attention: \_\_\_\_\_

11. Relationship of the Parties.

Nothing contained in this MOU shall be deemed or construed to create a partnership, agency, tenancy in common, joint tenancy, joint employer liability, joint venture or co-ownership by or between City and Metro.

12. Entire Agreement.

This MOU and all exhibits, if any, thereto contain all of the agreements of the parties with respect to the transaction contemplated hereby, and no prior agreements or understandings pertaining any such transaction shall be effective for any purpose and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No oral agreement or implied covenant shall be held to

vary the provisions herein. This MOU may be amended only by a written instrument signed by the parties. In the event that the County of Los Angeles seeks to participate in this MOU as regards to the Sheriff station site located adjacent to the property, this may be accomplished by an amendment to this MOU executed by the parties and the County.

13. Counterparts.

This MOU may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

**IN WITNESS WHEREOF**, the parties have executed this Memorandum of Understanding as of the date and year first written above.

Dated: \_\_\_\_\_, 2016

CITY OF WEST HOLLYWOOD,

By: \_\_\_\_\_  
Paul Arevalo  
City Manager

ATTEST:

\_\_\_\_\_  
City Clerk

METRO,

By: \_\_\_\_\_  
Calvin E. Hollis  
Interim Chief Planning Officer

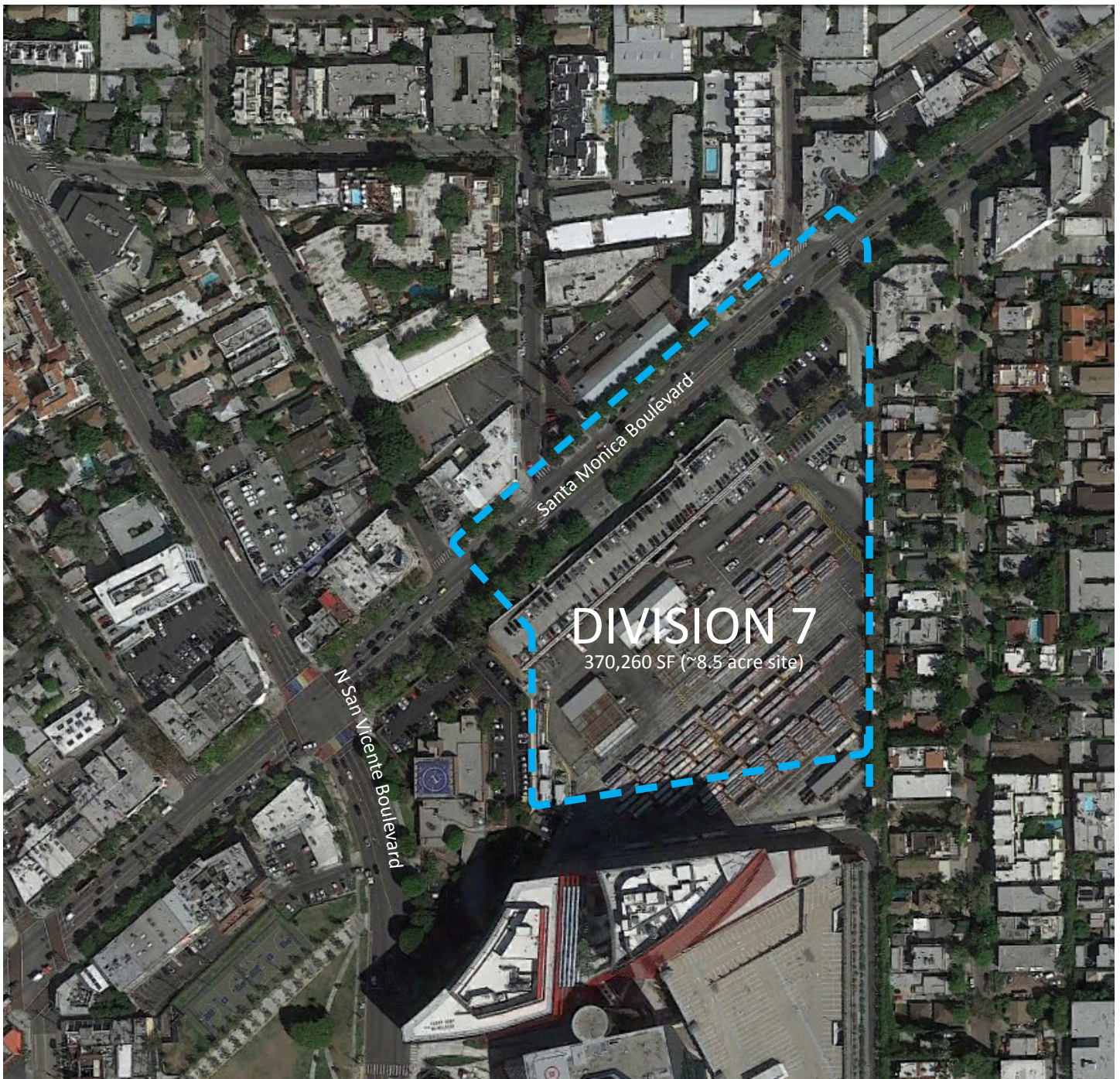
ATTEST:

\_\_\_\_\_  
County Counsel



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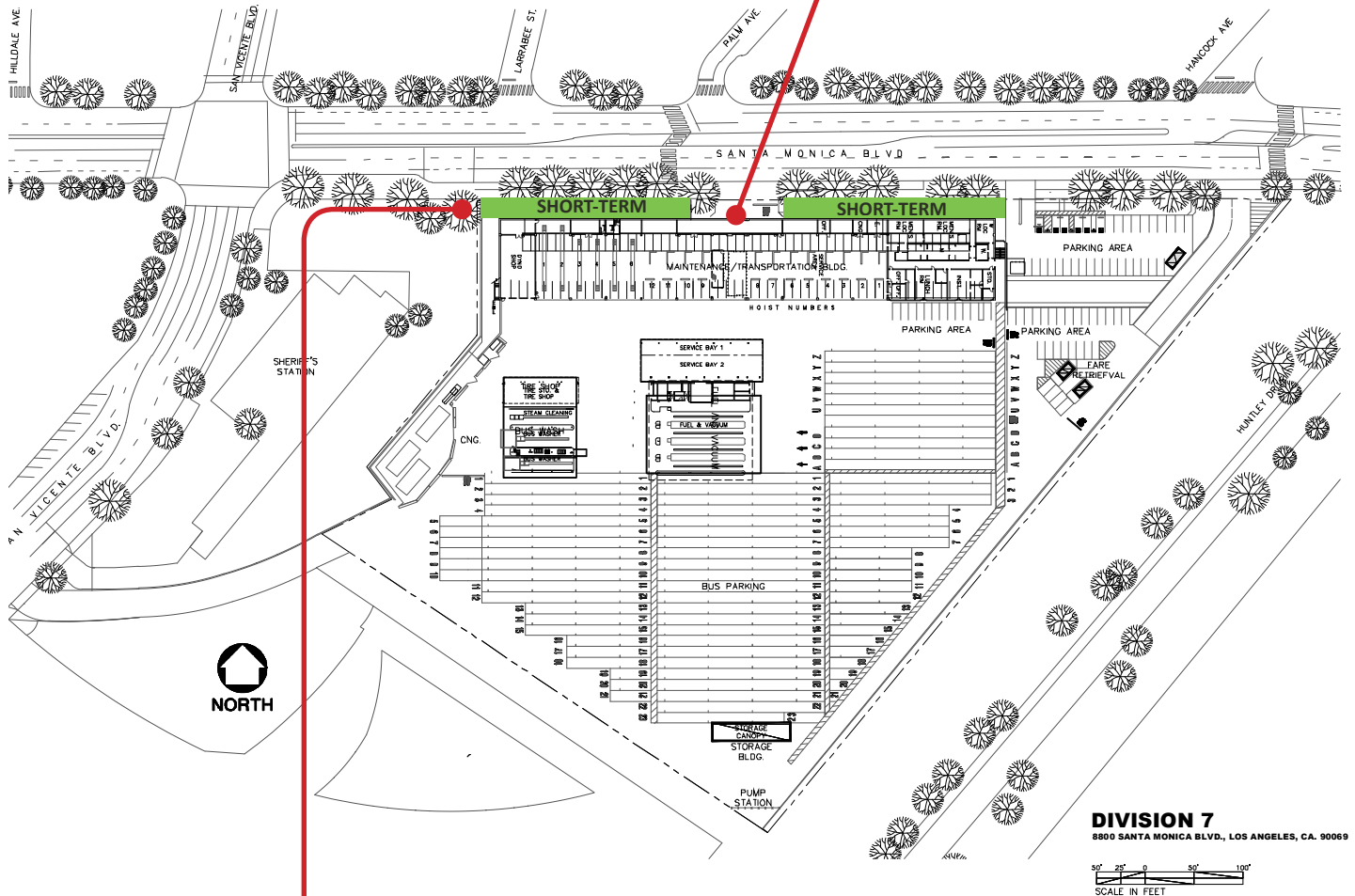




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