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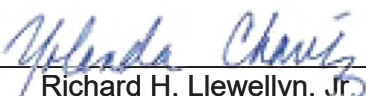
COUNCIL FILE NO.

FROM
Municipal Facilities CommitteeCOUNCIL DISTRICT
9

At its meeting held May 27, 2021, the Municipal Facilities Committee (MFC) approved the recommendation of the attached General Services Department (GSD) report, which is hereby transmitted, for Council consideration. Adoption of the report would authorize GSD to negotiate and execute a new ground lease agreement with the Los Angeles County Metropolitan Transportation Authority (Metro), on behalf of the City, for the property located at 5820 Normandie Boulevard. On October 1, 2020, Council approved the recommendations of the LA for Kids Steering Committee to co-locate three Proposition K specified projects along this former Slauson Avenue railroad right-of-way site within Council District Nine under the project title, Southern Pacific Trails/Slauson Connect (C.F. 20-1194). The terms of the agreement include approval of a no-fee, long-term ground lease for 30 years, which is ten years more than the standard Proposition K service and maintenance guideline terms, and it is a similar term associated with a potential major grant opportunity being pursued from the State. The project's design is such that it includes Metro's ability to enjoy already planned community rooms for transportation related classes and rehydration stations to accommodate patrons and cyclists, as well as seating and shade amenities. The City will construct the project and be responsible for tenant improvements and utilities.

Fiscal Impact: There is a potential future General Fund impact for operations and maintenance costs, since this is not an existing facility. However, there may also be funding offsets available through the Proposition K annual competitive maintenance program to provide a partial offset of expenses once the project is completed until the program terminates in 2026-27, with the specific amounts based on funding availability and relative need under each award cycle.

The estimated project budget is \$15.7 million, with total funding of \$18.3 million in secured funding from the following sources: Proposition K (\$13.2 million); Sites and Facilities (\$512,879); Capital Technology, Improvement, Expenditure Program (\$800,000), proposed Community Development Block Grant (\$1.3 million); and, Council District Nine discretionary funds (\$2.5 million)..



for Richard H. Llewellyn, Jr.
City Administrative Officer
Chair, Municipal Facilities Committee

RHL:BSW:05210142

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE
L.A. FOR KIDS STEERING COMMITTEE MEETING, May 27, 2021
AGENDA ITEM (2)
BUREAU OF ENGINEERING**

DATE: May 27, 2021

TO: Proposition K - L.A. for Kids Steering Committee

FROM: Paul Tseng, Program Manager
Proposition K, L.A. for Kids Program
Bureau of Engineering



SUBJECT: SOUTHERN PACIFIC TRAILS/SLAUSON CONNECT – STATUS UPDATE

RECOMMENDATION

That the L.A. for Kids Steering Committee (Steering Committee) note and file this report.

BACKGROUND

On October 1, 2020 the City Council (Council) approved the Steering Committee's various recommendations related to three Proposition K Specified Projects in Council District 9 (CD9), Southern Pacific Trails, Central Recreation Center, and Trinity Recreation Center, which included:

- Authority to locate the Southern Pacific Trails project to the railroad right-of-way along the Slauson Avenue corridor;
- Authority to proceed with negotiations with the Los Angeles County Metropolitan Transit Authority (Metro) and instructions to staff to report back to Steering Committee with the proposed terms and conditions of the lease agreement; and,
- Declaring the Central Recreation Center and Trinity Recreation Center projects infeasible due to the lack of viable sites available for acquisition, despite demonstrated due diligence over an extended period of time, and the reprogramming of the aggregate funding for these two projects to the Southern Pacific Trails project.

The Southern Pacific Trails project is proposed to be co-located with the Slauson Connect project.

DISCUSSION

The scope of the Southern Pacific Trails Project in the Proposition K Ballot Measure is beautification of the railroad right-of-way, landscaping trails, irrigation. The Slauson Connect project is sited as a node along Metro's "Rail to River" project, adjacent to the project site. Both projects seek to remediate blight, add the much-needed open space, increase the availability of recreational opportunities, and enhance livability in an underserved neighborhood in South Los Angeles. A proposed 10,000-square-foot multifaceted facility will also house flexible multipurpose rooms to accommodate a variety of recreation related programs, a childcare center, and a community meeting room.

The project site, located at 5820 Normandie Boulevard, begins at the Northeast corner of Slauson Avenue and Normandie Boulevard, and stretches east to Budlong Avenue. The overall project site is approximately 81-foot-wide by 1,250-foot-long (or approximately 0.24 mile), totaling approximately 101,250 square feet or 2.32 acres. The site is owned by Metro and will be leased to the City via the Department of General Services (GSD) as the contract administrator for the ground lease.

Sustainable design features for the project include photovoltaic panels, a vegetated roof (Green Roof), a stormwater treatment system, and energy efficient mechanical, electrical and plumbing systems. The project will be designed and constructed in order to obtain a Gold level certification for the Leadership in Energy and Environmental Design (LEED) rating system of the latest United States Green Building Council (USGBC) requirements.

Ground Lease Agreement

On April 22, 2021, the Metro Board approved the 30-year "No fee" ground lease agreement and adopted the Categorical Exemption for the environmental clearance in accordance with the California Environmental Quality Act (CEQA), relative to the development and construction of the Southern Pacific Trails/Slauson Connect project along the Slauson Avenue railroad right-of-way. GSD has prepared the attached report to be presented to the Municipal Facilities Committee (MFC) on May 27, 2021 (Attachment No. 1) to request authority to negotiate and execute the ground lease agreement with Metro, subject to the approval of the City Council and Mayor. The MFC report also includes the report that was approved by the Metro Board related to the ground lease.

It is noted that the 30-year term ground lease agreement with Metro exceeds the Proposition K 20-year maintenance and service payback period. Metro has also requested that the facility include some minimal amenities for Metro employees and customers, such as a Metro ticket vending machine and bicycle parking.

Project Delivery Method

To drive down construction costs and expedite the completion of the project, the City staff is proposing to utilize a Design-Build methodology to deliver the project. A design team will be selected to provide a 30% Design Package to serve as the Bridging Documents for the Design-Build project delivery, and a Design-Build contractor will be solicited through the normal competitive procurement process to complete the construction.

Pre-Design Activities

The Bureau of Engineering (BOE) has issued a Task Order Solicitation (TOS) to the pre-qualified on-call Architectural consultants to provide Architectural and Engineering Services for the completion of the aforementioned 30% Design Package as part of the Design-Build project delivery. A pre-proposal site walk was conducted on May 19, 2021, and the proposals are due on June 1, 2021.

The preliminary geotechnical borings at the project site to collect soils samples have been completed by GSD. BOE has also brought onboard a geotechnical engineering consultant to conduct additional soils testing including cone penetration, gas monitoring and percolation tests, and prepare a Soils Report for approval by the Department of Building and Safety.

Metro is currently remediating the onsite hazardous soils that exist underneath, and within 8 feet of the existing railroad tracks.

A topographical site survey and the aforementioned additional geotechnical testing will be performed once Metro's onsite soils remediation work is complete to allow full access to the site, which is expected to be in mid to late June 2021.

BOE has completed the technical studies and the impact analysis in April 2021 for the project's CEQA clearance. The analysis resulted in a Class 32 Categorical Exemption. This exemption category exempts infill development within urbanized areas if it meets certain requirements. Infill projects that are consistent with the local General Plan and zoning requirements and have negligible environmental impacts may be deemed eligible for this exemption.

The Department of Recreation and Parks has submitted an application to the State for the Proposition 68 grant funds for the outdoor development portion of the project, which includes green living wall, trees, restroom, fencing/gates, green infrastructure learning area, and open space.

Funding and Budget

A preliminary project budget has been developed and is summarized in the table below:

Southern Pacific Trails/Slauson Connect Project Budget	
Site Development and Construction	\$ 10,000,000
Soft Costs	\$ 1,750,000
Design and Construction Contingencies	\$ 2,800,000
Projected Cost Escalation	\$ 1,200,000
Total Project Cost Estimate	\$ 15,750,000

Funding of the project will be provided through a combination of Proposition K, CD9 Discretionary Fund, Community Development Block Grant (CDBG), and Capital and Technology Improvement Expenditure Program (CTIEP), as summarized in the table below:

Southern Pacific Trails/Slauson Connect Project Funding	
Proposition K	\$ 13,245,200
CD9 Discretionary Fund	\$ 2,500,000
CDBG	\$ 1,265,000
FY2021-22 CTIEP	\$ 800,000
Sites and Facilities (C.F. No. 19-0926-S1)	\$ 250,000
Sites and Facilities (C.F. No. 20-1021-S3)	\$ 262,879
Total Funding	\$ 18,323,079

Project Schedule

By utilizing the Design-Build project delivery method, the preliminary project timeline is summarized in the table below:

Southern Pacific Trails/Slauson Connect Project Preliminary Timeline		
Phase	Duration	Projected Completion
Pre-Design Activities	7 months	July 2021
30% Design (Bridging Documents)	6 months	January 2022
Bid and Award	5 months	July 2022
Design-Build Construction	16 months	December 2023
Total	34 months	

Staff will continue to report back to the Steering Committee as the Project progresses for the status updates and any necessary adjustments to the Project scope, budget and schedule.

Attachment: Attachment No. 1 – GSD Report related to lease with Metro dated May 27, 2021

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

ATTACHMENT NO. 1

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

May 27, 2021

Honorable City Council
City of Los Angeles
C/o City Clerk
Room 395, City Hall
Los Angeles, California 90012

Attention: Michael Espinosa, Legislative Assistant

REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A NEW GROUND LEASE WITH THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AT 5820 NORMANDIE BLVD, LOS ANGELES, CA, 90047

The Department of General Services (GSD) requests authority to negotiate and execute a new lease with the Los Angeles County Metropolitan Transportation Authority ("LACMTA") (Lessor), for land located at 5820 Normandie Boulevard, Los Angeles, CA 90047.

BACKGROUND

On October 1, 2020, City Council approved various recommendations from the L.A. for Kids Steering Committee related to the Southern Pacific Trails Project, a Proposition K (Prop K) Specified Project in Council District 9 (C.F. 20-1194). The scope in the Prop K Ballot Measure for the Southern Pacific Trails Project is beautification of the railroad right-of-way, landscaping, trails, and irrigation. Council also instructed GSD to proceed with negotiations with LACMTA to execute a long-term lease for the proposed site for the Southern Pacific Trails Project. Co-located on this site will be the "Slauson Connect" project, which is a proposed joint venture between the City and LACMTA to develop additional recreational opportunities as part of LACMTA's "Rail-to-River" Project. The Southern Pacific Trails/Slauson Connect Project seeks to remediate blight that has existed over multiple decades along LACMTA's vacant railroad right-of-way in Council District 9 and provide expanded recreational opportunities to underserved communities.

Based on definitions and standards defined in the City's Public Recreation Plan for park fee expenditures, the proposed co-located project would qualify as a "community" park that serves the local communities associated with the original project site areas. BOE is currently in the predesign phase for the project. The proposed Southern Pacific Trails/Slauson Connect Project will include the construction of a 10,000-15,000 square foot community facility that will provide recreation-related programs, a childcare center, green space and a community meeting room.

The site is owned by LACMTA and will be leased to the CITY via GSD as the contract administrator for the ground lease. A variety of Memorandums of Understanding (MOU's) will be



executed between the various City departments involved in this project. Recreation & Parks (RAP), will be responsible for providing the scope of work for the open space design and landscape management. The Bureau of Engineering (BOE), will provide the building design and scope of work to the contractors and GSD will negotiate and execute a 30-year ground lease that will incorporate all the above.

The project site begins at the northeast corner of Slauson Avenue and Normandie Blvd, and stretches east to Budlong Ave. The overall project site is approximately 101,250 square feet totaling approximately 2.32 acres. On April 22, 2021, the LACMTA Board approved the no-fee, 30-year lease agreement with the City. (See attached Board Report). The ground lease is expected to commence approximately 11 months after attestation based on the current tenant improvement schedule timeline.

ENVIRONMENTAL

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Article 19, Section 15332. Additionally, the project is exempt pursuant to Los Angeles CEQA Guidelines Article III, Section 1 Class 32. The project involves in-fill development in an urbanized area. The project is consistent with the general plan designation, zoning and policies; the site is less than 5 acres; the site has no valuable habitat; it can be adequately served by required utilities and public services; and approval of the project would not result in any significant impacts to traffic, noise, air quality or water quality.

TENANT IMPROVEMENTS

The Bureau of Engineering is overseeing the predesign, design and construction activities for this project. The proposed building will be outfitted with the latest technology to help reduce the transmission of airborne viruses to ensure the safety of patrons. Equipment systems and design criteria such as, but not limited to, on-demand air purge systems, ultraviolet (UV) filtration of circulated air, social distanced waiting areas, and body temperature checkpoints will be incorporated into the final design. An outdoor park area for passive and educational recreation will also be located on the south side of the project site fronting Slauson Avenue beginning at Budlong Avenue.

The project will sit as a node along the new pedestrian and bikeway zone being constructed by LACMTA (LACMTA's Rail-to-River Project) and will seek parking reductions due to its close proximity to MTA train and bus lines, as well as offsite parking lots for patrons, which can be accessed by shuttle. Onsite parking will be provided to accommodate up to four EV spaces, two Americans with Disabilities Act spaces, and 14 compact parking spaces for a total of 20 parking spaces. Furthermore, 10 standard and four long-term (enclosed lockers) bike parking will also be provided by the proposed project.

Several decisions are still to be determined by the Prop K program staff including the number of stories of the building as well as which City entity will ultimately review and approve the final design of the project.

TERMS AND CONDITIONS

LACMTA and City agree in principle on various terms regarding this lease. This includes construction of the Southern Pacific Trails/Slauson Connect Project described above along the Slauson Avenue railroad right-of-way. To achieve that effort and to comply with the Prop K service and maintenance requirements, LACMTA is willing to issue a no-fee, long-term ground lease for 30 years. As consideration for this lease, LACMTA requested to have some reserved uses of the facility, including the following: occasional use of the proposed community rooms for LACMTA's

transportation related classes; two non-public restrooms for use by transit operators; and various amenities for LACMTA pedestrians and cyclists, such as restrooms, water bottle filling stations, seating and shade areas, outdoor bike repair areas, designated parking areas for bicycles and Metro ticket vending machines. The City will also agree not to sublease any part of the site to third party, for-profit businesses without the written authorization of LACMTA.

The City will be responsible for tenant improvements and utilities. The determination for what entity will operate the new facility is unclear at this juncture. If it is a City entity, an interdepartmental agreement or Memorandum of Understanding (MOU) will outline the various responsibilities. If a non-profit is proposed and selected, a sublease will be brought before the MFC and Council outlining the responsibilities of maintenance and repairs. A complete set of terms and conditions for the proposed 30-year ground lease are outlined on the attached term sheet.

MARKET ANALYSIS

To estimate the value of the property, GSD performed a market analysis based on market rents of similar type properties and uses in the Central Los Angeles submarket. As shown in the table below, rents ranged from \$0.50 - \$1.50 per square foot (sf) plus tenant's proportionate share of operating expenses, property tax, and insurance. The current market rental value is between \$0.79 - \$1.00 per sf average based on comparable properties in the area.

Slauson Connect Project: (Location)	Property Type	Rent/SF/Mo	Rentable S.F.
5280 Normandie Blvd	Land/Industrial	\$0	100,250
620-640 E. Slauson Blvd	Land/Industrial	\$0.59	71,121
3431-3499 S. Main St.	Land/Industrial	\$1.20	50,664
1114 S. Los Angeles St.	Land/Industrial	\$0.50	52,080
1601-1625 S. Hope St.	Land/Industrial	\$1.50	68,273
1101-1111 S. Hill Ave	Land/Industrial	\$0.75 - \$1.25	88,000
3435-3535 S. Broadway	Land/Industrial	\$0.59	65,100
2100 S. Broadway	Land/Industrial	\$0.69 - \$0.79	50,600
1620 S. Broadway	Land/Industrial	\$0.75	74,000

FUNDING

The funding sources available for the design and construction of the Project are as follows:

SOUTHERN PACIFIC TRAILS/SLAUSON CONNECT PROJECT	
Total Project Cost	\$ 15,750,000
Prop K Funding (43K)	\$ 13,245,200
CD9 Discretionary Funds*	\$ 2,500,000
Sites and Facilities (C.F. 19-0926-S1)	\$ 250,000
Sites and Facilities (C.F. 20-1021-S3)	\$ 262,879
*2021-22 CTIEP	\$ 800,000
CDBG	\$ 1,265,000
Total Funding	\$ 18,323,079
Funding Surplus/(Shortfall)	\$ 2,573,079
*Pending Council adoption	

Funding anticipated to be available in January 2022 upon completion of 30% Design & Bidding document

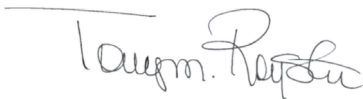
There is also a potential future General Fund impact for operations and maintenance funds since this is not an existing facility. However, there may also be cost offsets provided by the Prop K annual competitive program funds to provide a partial offset of maintenance expenses through the program termination in 2026-27, with the specific amount to be based on funding availability and overall funding received for each cycle. Other potential contributions that may be provided include LACMTA as a collaborative partner and owner of the proposed project site.

FISCAL IMPACT

There is no anticipated impact to the General Fund as the full cost of the capital project will be covered in Special Fund sources that include Proposition K funding of (\$13.2 million), Sites and Facilities Funding (\$512,879), Capital Technology, Improvement Expenditure Program (\$800,000), Community Development Block Grant (\$1.3 million), and Council District Nine discretionary funds for a combined total of \$18.3 million.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize the Department of General Services to negotiate and execute a new lease agreement with The Los Angeles County Metropolitan Transportation Authority ("LACMTA") (Lessor), for land located at 5820 Normandie Boulevard, Los Angeles, CA 90047 under the terms and conditions substantially as outlined in this report.



Tony M. Royster
General Manager

Attachments: Term Sheet
LACMTA Board Report

LEASING TERM SHEET

MFC DATE 05/27/2021

LANDLORD The Los Angeles County Metropolitan Transportation Authority (LACMTA)

ADDRESS 1 Gateway Plaza, Los Angeles, CA 90012

TENANT City of Los Angeles

ADDRESS 111 E. 1st Street, Los Angeles, CA 90012

LOCATION 5820 Normandie Blvd, LA CA 90047

AGREEMENT TYPE Payable lease - Ground Lease

USE Community Center - Park

SQUARE FEET 100,250


TERM 30 YEARS

RENT START DATE Date attested

LEASE START DATE Date attested

OPTION TERM One (1) One Year Extension

HOLDOVER Yes

SUBLET/
ASSIGNMENT Right to Assign - Landlord approval 

TERMINATION N/A

RENTAL RATE Zero cost lease

ESCALATION N/A

RENTAL ABATEMENT N/A

ADDITIONAL RENT Monthly utilities TBA (new construction)

PROPERTY TAX Possessory Taxes - if tenant is subject to

OPEX N/A

CAM N/A

OTHER	<div>N/A</div>
SECURITY DEPOSIT	<div>N/A</div>
MAINTENANCE/ REPAIR	<div>Other</div> <div></div>
MAINTENANCE/ REPAIR DETAILS	<div>Tenant is responsible for all repairs and maintenance on the new construction and the premises.</div>
TENANT IMPROVEMENTS	<div>Tenant is responsible for all tenant improvements.</div>
PARKING	<div>N/A</div>
UTILITIES	<div>Tenant is responsible for all applicable utilities.</div>
CUSTODIAL	<div>Tenant is responsible upon completion of the building.</div>
SECURITY	<div>Tenant is responsible.</div>
PROP 13 PROTECTION	<div>Landlord will NOT provide Prop 13 protection.</div> <div></div>
INSURANCE (City)	<div>City shall indemnify and hold harmless Landlord</div>
OTHER:	<div>Ground Lease</div>



Board Report

File #: 2021-0185, **File Type:** Agreement

Agenda Number: 6.

REGULAR BOARD MEETING APRIL 22, 2021

SUBJECT: NO-FEE LEASE OF METRO PROPERTY FOR CITY OF LOS ANGELES' SLAUSON CONNECT PROJECT

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer (CEO) to enter into a 30-year, no-fee lease agreement with the City of Los Angeles (City) to use a portion of the Metro-owned Harbor Subdivision Right-of-Way between Normandie and Budlong Avenues, City of Los Angeles ("Property"), for the City's Slauson Connect Project.
- B. DECLARING that the Property is not necessary for use by Metro and is "exempt surplus land" as defined in Section 54221(f)(1)(D) of the California Surplus Land Act (California Gov. Code Sections 54220-54234).
- C. CERTIFYING that the Board, acting as a responsible agency pursuant to the California Environmental Quality Act (CEQA) for the Slauson Connect Project, has considered the exemption documentation for the Slauson Connect Project and finds that the Slauson Connect Project is categorically exempt from CEQA and will not cause a significant impact on the environment.
- D. AUTHORIZING Metro Real Estate to file a Notice of Exemption with the Los Angeles County Registrar-Recorder/County Clerk.

ISSUE

The design of Segment A of the Metro Rail-to-Rail/River Project (R2R) is complete, and it will be constructed on the south half of the 81-foot-wide parcel between Normandie and Budlong Avenues. The City's Council District 9, under the lead of Councilmember Curren D. Price, Jr., has proposed a long-term lease on the north half of the parcel for the City's Slauson Connect Project. Board approval is required to authorize a 30-year no-fee lease, declare the land as exempt surplus, and certify the CEQA findings.

BACKGROUND

The Harbor Subdivision ROW was acquired in 1993 from Burlington Northern Santa Fe (then The Atchison Topeka Santa Fe Railway Co.). It is part of a 24.5-mile rail corridor that stretches from south Los Angeles to the South Bay. The Property is along a stretch that is part of the R2R. Beyond R2R to the south is the Crenshaw/LAX Light Rail Project, and farther south of that will be the future C (Green) Line Extension to Torrance Project.

Since December 2015, the Property had been used as laydown and storage for the Crenshaw/LAX Project. That contractor vacated the Property in February 2021. It has since been taken over by the R2R contractor for its laydown and storage; that use is expected to end before the Slauson Connect Project moves to construction. The R2R team is coordinating with the Slauson Connect Project team and sharing design and environmental reports.

Prior to December 2015, the Property sat vacant. BNSF had not officially abandoned operating rights on the R2R stretch until 2019. However, there was no demand from any outside parties or Metro departments to use the site even prior to it being formally vacated.

Location

The Slauson Connect Project is proposed to be located on the Property shown in Attachment A. The Property is located on a wide stretch of the Harbor Subdivision, adjacent to Segment A of the R2R. The R2R will include dedicated bike paths, a pedestrian path, and landscaping. The design of Segment A of the R2R is complete, and it will be constructed on only the south half of the 81-foot-wide parcel between Normandie and Budlong Avenues. The City is requesting this long-term lease as a partner project on the remainder, or north half of the parcel, approximately 40' x 1,237' or 49,480 square feet, for its proposed Slauson Connect Project.

Slauson Connect Project

The Slauson Connect Project is envisioned to be a business incubator (for digital and technical businesses) and work resource center. The proposed 20,000 square foot facility will include a community meeting room and public spaces (that can also be used for transportation-related classes and events), indoor/outdoor spaces, dedicated bathrooms for Metro operators, and Metro ticket vending machines.

The City has designed the Slauson Connect Project's landscaping and open space to look almost seamless with the R2R's design, as if one planned project. Combined, the landscaping will create verdant outdoor space for users of both projects, and for the community at large, in this mostly industrial/commercial environment.

Applicable CEQA Categorical Exemption

In consultation with the City of Los Angeles as the lead agency for the proposed Slauson Connect Project, Metro as a responsible agency for the Project has considered the relevant environmental issues as set forth in Attachment C. As indicated in the Attachment, the Slauson Connect Project has been evaluated by the City of Los Angeles, Department of Public Works, and been assessed as qualifying for a categorical exemption under the State CEQA Guidelines Section 15332 (Class 32 In-Fill Development Project).

Consistent with the attached Summary of Lease Terms (Attachment B), further negotiations between Metro and the City of Los Angeles are projected to result in a formal lease agreement, to be submitted to the Los Angeles City Council for vote and approval, at which time the City is projected to make its own CEQA findings as the lead agency, based upon the exemption documentation currently completed by the City's Department of Public Works. In acting as the governing body of a responsible agency for the Slauson Connect Project, this Board's consideration of the Attachments, including the relevant exemption documentation, and the Board's independent finding that the Slauson Connect Project meets all criteria of the Section 15332 exemption and will not cause a significant impact on the environment, will satisfy Metro's CEQA requirements for the Slauson Connect Project.

Exempt Surplus Land

The California Surplus Land Act (California Government Code Section 54221 *et seq.*) (the "Act"), as amended in October 2019, provides for the disposition of "surplus land" or "exempt surplus land" as defined in the Act. "Surplus Land" means land owned in fee simple by any local agency for which the local agency's governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency's use. Pursuant to the Act, land may be declared either "surplus land" or "exempt surplus land". As defined in Section 54221(f)(1)(D) of the Act, exempt surplus land includes "surplus land that a local agency is transferring to another local, state or federal agencies for the agency's use".

As mentioned above, the Property, comprising a total of approximately 49,480 square feet, is part of the Harbor Subdivision ROW that was originally acquired for future transportation projects. The Property has not been scheduled for use in connection with R2R because of the extra width of the parcel at this location. The City desires to use the Property for its Slauson Connect Project. Under these circumstances and pursuant to the Act, the Property is exempt surplus land.

DISCUSSION

No-fee lease

Metro staff recommends a no-fee lease for the Slauson Connect Project for the following reasons:

- The Property takes up the north-half of a wide parcel of ROW. Metro's R2R project requires only the south-half of the parcel, and there is no other Metro project planned for the foreseeable future.
- The Property is a narrow strip, approximately 40' wide, which has limited alternative use. Given its narrow configuration, it is very likely that the Property would remain vacant if Metro did not enter into this lease for Slauson Connect. Metro would incur costs to fence and maintain the vacant lot.
- The Slauson Connect Project adjacent to R2R would create a cohesive use and serve to enhance the attractiveness and utility of the R2R.
- The Slauson Connect Project has incorporated into its design several amenities for the benefit of Metro employees and patrons.
- The Slauson Connect Project meets the Metro Vision 2028/Strategic Plan objective to enhance communities and lives through mobility and access to opportunity

Term

The City's funding grants for the Slauson Connect Project require a 30-year term. Since there are no additional Metro projects anticipated for the Property, staff recommends approval of the requested 30-year term.

Equity Platform:

Slauson Connect will be a digital and technical business incubator and work resource center. Quoting from the City's grant application and engineering report, it will serve to "*spur the economic revitalization of the community, not just as a result of ongoing impacts of Covid-19*" but "*as the aftermath of disinvestment for nearly three-quarters of a century.*" The Slauson Connect Project meets pillars of Metro's Equity Platform goals: II. Listen and Learn; III. Focus and Deliver; and IV. Train and Grow.

DETERMINATION OF SAFETY IMPACT

The Slauson Connect Project is anticipated to have minimal impact on safety, with planned mitigations. The R2R will initially install fencing that will separate it from the Slauson Connect section, before and during the Slauson Connect construction phase. However, the fence will ultimately be removed so both projects will serve as one cohesive development. Once the fence is removed, access to the R2R section will come strictly from the north side, along the common boundary of both projects; there will not be an actual crossing to Slauson Avenue, which is used solely for vehicle traffic. There will be no driveway or curb cuts from Slauson Avenue along this stretch. Reviews by Metro Engineering and Safety will ensure that no trees, bushes, other landscaping, or signage will be installed that could impede visuals from both sides of the boundary.

FINANCIAL IMPACT

There will be no rent for this lease. There is no loss of revenue if this Slauson Connect lease is approved, because the property is not currently under a revenue-generating lease nor likely to be attractive for a future lease.

Impact to Budget

Adoption of the recommended action will have no negative impact to the Fiscal Year 2022 budget for bus or rail operations.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This project addresses and meets the following Metro Vision 2028/Strategic Plan:

- Provide high-quality mobility options that enable people to spend less time traveling;
- Deliver outstanding trip experiences for all users of the transportation system;

- Enhance communities and lives through mobility and access to opportunity; and
- Transform LA County through regional collaboration and national leadership;

ALTERNATIVES CONSIDERED

The Board may choose to not approve this lease. If the lease is not approved, the City will likely not move forward with the Slauson Connect Project. Given the narrow dimensions of the Property, being 40' wide, it may not be suitable for leasing for other uses, and will thus remain vacant, making it an easy target for dumping, vandalism, and other illegal activities.

The Board may choose not to approve the lease at the April board meeting. This alternative is not recommended because the City will be using certain grant funding that is dependent on the City acquiring this long-term lease in April 2021.

NEXT STEPS

If approved by the Metro board, the final terms of the lease will be negotiated, subject to County Counsel and Risk Management review. The City will also need to approve the lease and certify the environmental findings. Metro Real Estate will file a Notice of Exemption with the Los Angeles County Registrar-Recorder/County Clerk

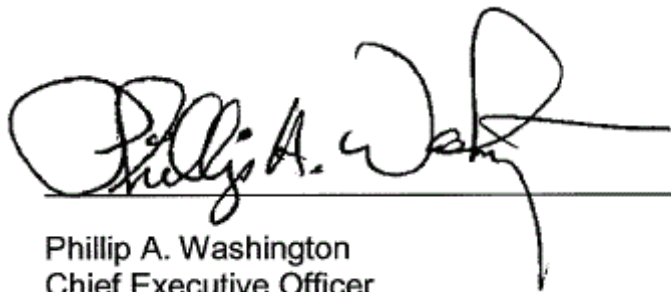
The Slauson Connect Project design and engineering plans will be submitted to Metro's Adjacent Development team which will route it through the usual review process. The work is being coordinated with R2R and other Metro teams.

ATTACHMENTS

Attachment A - Site Drawing of Leased Property
Attachment B - Summary of Lease Terms
Attachment C - CEQA Exemption Documentation

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Phillip A. Washington
Chief Executive Officer

Attachment "A"

Site Drawing of Leased Premises



ATTACHMENT B

SLAUSON CONNECT

Summary of Terms and Conditions

The Los Angeles County Metropolitan Transportation Authority (“LACMTA”) and City of Los Angeles (City) have agreed to cooperate in Council District 9 and City’s efforts to construct a recreational facility and complete outdoor improvements, known as the Slauson Connect/Southern Pacific Trails (Project), on the Metro-owned railroad right-of-way (“Slauson ROW”).

It is understood and agreed that this letter does not contain all the essential terms that the parties expect will be part of the lease agreement for the Project. Further negotiations between the parties are contemplated before the binding agreement will be prepared. The performance by either party before execution of a formal agreement of any of the obligations that may be included in an agreement between the parties when negotiations are completed will not be considered evidence of intent by either party to be bound by the terms of this letter. Metro Board and City Council approval is required before the lease can be executed.

The general terms and conditions are as follows:

1. TERM. LACMTA and City agree in principle regarding construction of a Project along the Slauson ROW and to affect that effort, LACMTA is willing to issue a long-term ground lease for 30 years.
2. CONSTRUCTION IN FIVE (5) YEARS. If the project is not constructed within 5 years, the lease will be terminated, unless this time is otherwise extended by written agreement between the Parties.
3. RENT. There will be no charge for the ground lease.
4. SITE REMEDIATION. LACMTA has agreed to a specific scope of site remediation to be further defined in the MOU.
5. SURPLUS LAND ACT. LACMTA must comply with the State Surplus Land Act and will use reasonably best efforts to assist City in meeting the requirement of an exempt public project as defined in the Surplus Land Act.
6. ENVIRONMENTAL CLEARANCE. The City has compiled a CEQA analysis and will continue to make all documentation available for Metro’s consideration prior to lease execution.
7. INDEMNITY. The City will hold LACMTA harmless and indemnify LACMTA for its participation in the Project except for LACMTA’s sole negligence.
8. SUBLEASING/SUBLICENSING. City will agree not to sublease any part of the site for third-party, for-profit businesses without the written authorization of LACMTA.
9. DESIGN AMENITIES FOR LACMTA EMPLOYEES AND CUSTOMERS. The facility will reserve for Metro employees and customers the below uses. City and Metro will cooperate to determine exact locations, dimensions, specifications, terms, etc. as the project is being designed. The final floor plan will be approved in writing by Metro.
 - a. Indoor space for active transportation related classes
 - b. At least two nonpublic restrooms for transit operators
 - c. Public restrooms for pedestrians/cyclists
 - d. Cyclist related amenities such as water bottle filling stations, seating and shade areas, outdoor bike repair areas.
 - e. Designated parking areas for bicycles
 - f. Metro Ticket Vending Machines