



Metro

Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

September 20, 2012

TO: BOARD OF DIRECTORS

THROUGH: ARTHUR T. LEAHY *by [signature]*
CHIEF EXECUTIVE OFFICER

FROM: ROGER MOLIERE *[signature]*
CHIEF, REAL PROPERTY MANAGEMENT & DEVELOPMENT

**SUBJECT: EXPOSITION LINE (PHASE 2) – UPDATE ON WORK UNDER
THE CASDEN EXCLUSIVE NEGOTIATION AGREEMENT**

ISSUE

Pursuant to Board authority granted in July 2009, Metro, Casden West LA, LLC (“Casden”) and the Exposition Metro Line Construction Authority (“Expo Authority”) entered into a two-year Exclusive Negotiation Agreement (“ENA”) with respect to (a) the Metro-owned Exposition rail right-of-way situated between Sepulveda and Sawtelle Boulevards, and (b) a 4.08-acre, Casden-owned site lying adjacent to and northerly thereof. The ENA, executed on March 31, 2011, contemplates the parties investigating the possibility of using portions of the Exposition rail right-of-way not needed for the light rail project for purposes of a transit-oriented development that Casden proposes for its property, as well as adding features to the development to make it more transit friendly. This memo is an update on the status of the parties’ efforts under the ENA.

DISCUSSION

Casden is proceeding with plans to develop its property. Currently, the City of Los Angeles is reviewing Casden’s entitlement application and comments received from the public with respect to the project’s draft Environmental Impact Report. (The public comment period ended June 18th.) As set forth in the entitlement application and the draft Environmental Impact Report, the development project will include 538 apartments (59 of which will be senior affordable units), 266,800 square feet of retail space and a five-level, approximately 2,029-space, subterranean parking garage. Casden has indicated that they are in discussions with a national retail anchor tenant and that other targeted retail uses include a grocery store and a restaurant/coffee house.

Development plans for Casden’s project contemplate two private vehicular underpasses of the elevated light rail line and a private roadway running parallel to and north of the

rail line, as indicated on the site plan included as Attachment A. The proposed underpasses, which Casden believes will be an important feature of their transit-oriented development project, will provide access to Exposition Boulevard and will be situated just west of Sepulveda Boulevard and the light rail line's Sepulveda station. One of the crossings will provide emergency vehicle and delivery truck access to the private roadway noted above; the other will provide automobile access to the development's subterranean parking structure. Providing access to the Casden development via the underpasses will obviate the need to provide such access via Sepulveda Boulevard just north of the rail alignment and through a planned plaza that will link the Casden development and the elevated light rail station's landing at the northwest corner of Sepulveda and Exposition Boulevards. The proposed underpasses will allow for a more pedestrian oriented streetscape along Sepulveda Boulevard and between the light rail station, the proposed Casden development and the bus stops on Pico Boulevard. Preliminary design indicates that the underpasses will require the creation of two, structurally-sound tunnels in the embankment supporting the light rail line to the west of the station, as detailed on the preliminary drawings included as Attachment B.

The proposed roadway, which is part of the Casden project, will be constructed primarily on the Casden property, but portions are planned on the rail right-of-way that is not needed to support the light rail project. The private roadway is needed by Casden to provide the City of Los Angeles-required emergency vehicle access to the proposed development's trackside elevation, but will also be used to access Sawtelle Boulevard and the project's loading dock. The private roadway could require that minimal accommodations be made to the light rail design. If needed, these accommodations would be in addition to the changes required by the underpasses.

Casden has worked with Skanska Rados Joint Venture ("SRJV"), the Phase 2 design-build contractor, on an initial design for the two underpasses and those accommodations needed to support the private roadway. A preliminary cost estimate based on this initial design work indicates that design and construction costs for these improvements will total approximately \$9 to \$10 million. Further preliminary engineering and design is needed to provide a more precise cost estimate for this work. The cost for this further preliminary engineering and design work is approximately \$820,000.

Casden will pay all costs associated with the design and construction of the underpasses and the private roadway accommodations and is currently evaluating whether to invest the \$820,000 for the further preliminary design and engineering work. If Casden elects to make this investment, it will be doing so without the necessary easement rights for the proposed underpasses from Metro, but understands that it must proceed immediately with this effort to allow the construction of the underpasses to be included as part of the Phase 2 light rail construction.

NEXT STEPS

If Casden elects to continue with the further preliminary design and engineering work,

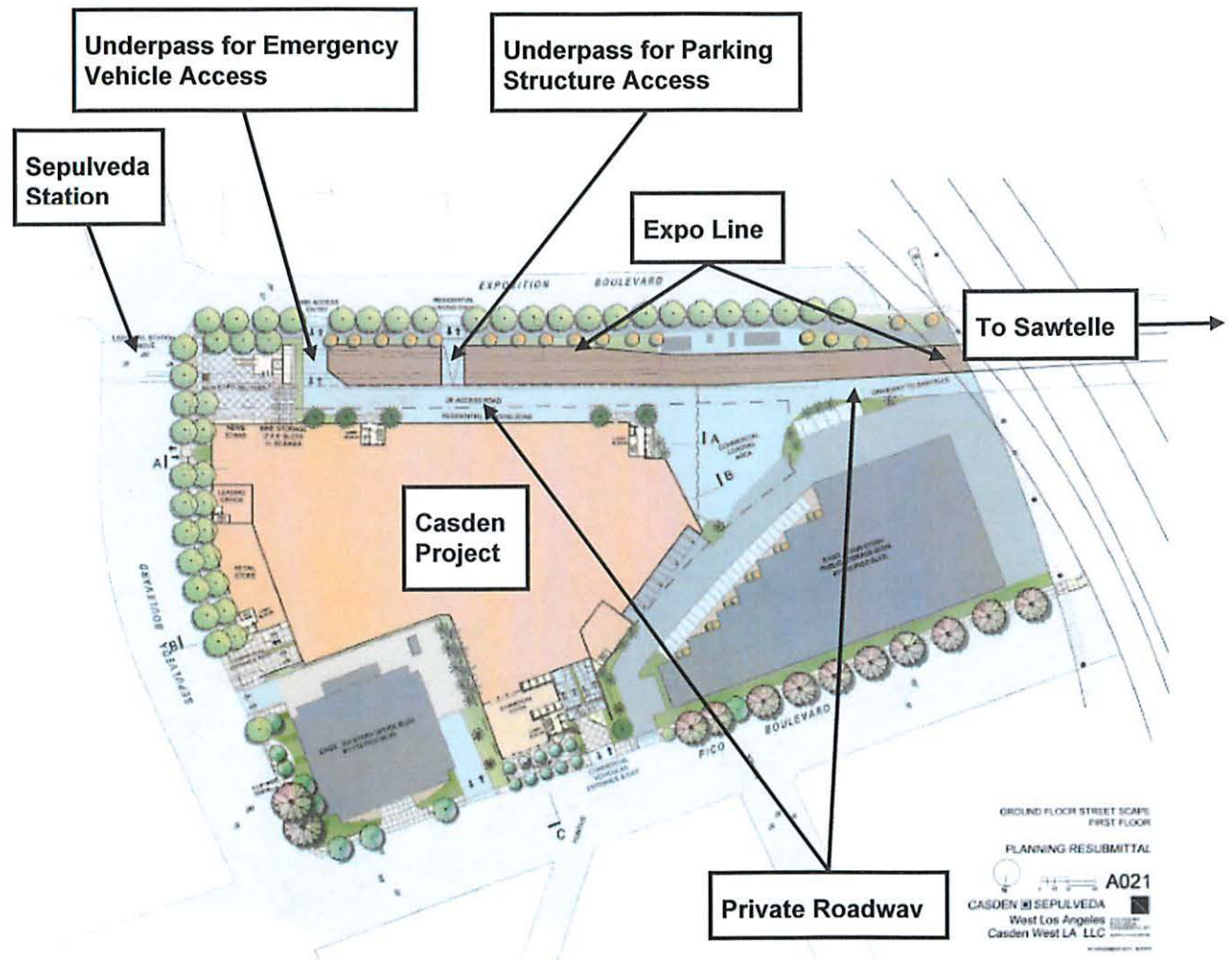
Casden and SRJV will promptly proceed with the same. If more-advanced design and associated cost estimates indicate that the underpasses and the private roadway are feasible for construction and if the necessary approvals are received (or appear to be likely) from the City of Los Angeles (including certification of an environmental impact report), the Expo Authority and the Public Utilities Commission, then Casden and Metro staff will commence more substantive negotiations regarding the terms and conditions of the easement agreements covering these uses. If staff reaches agreement with Casden on such terms and conditions, it will return to the Board for approval of the easement agreements, provided that the approvals noted in the forgoing sentence have in fact been given (or are imminent). These agreements would, at a minimum, be subject to the Easement Agreement Key Terms & Conditions set forth on Attachment C.

ATTACHMENTS

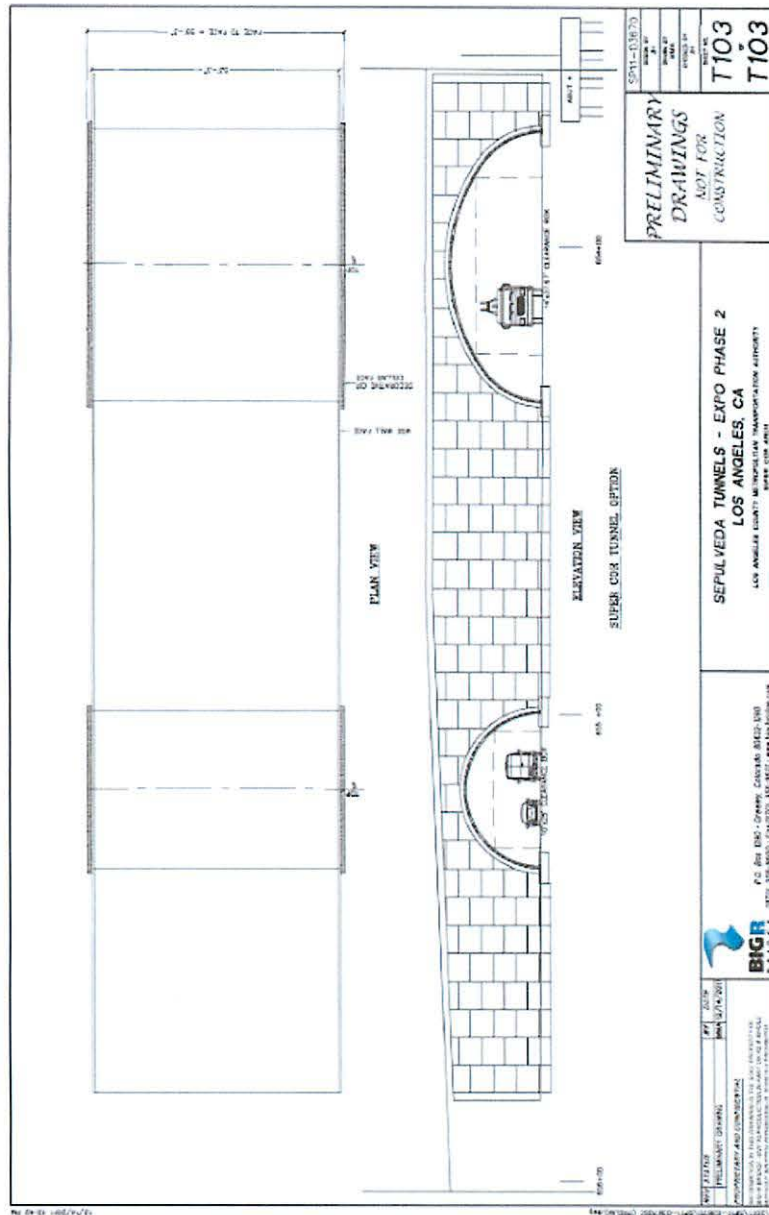
- A. Site Plan
- B. Underpass Preliminary Drawings
- C. Easement Agreement Key Terms & Conditions

Prepared by: Greg S. Angelo
 Director of Real Property Management & Development

Site Plan



Underpass Preliminary Drawings



Easement Agreement Key Terms & Conditions

1. The construction of the proposed (a) two, private, vehicular underpasses of the light rail line to be situated just west of the Exposition light rail line's Sepulveda Station, and (b) a private roadway to be situated north of the light rail line, between Sepulveda and Sawtelle Boulevards (the "**Proposed Casden Improvements**"), are subject to Expo Authority and Public Utilities Commission approval.
2. The construction of the Proposed Casden Improvements shall not delay completion of Phase 2 of the Exposition light rail line.
3. Prior to Metro granting permanent easements for the use of the Exposition rail right-of-way with respect to the Proposed Casden Improvements, Casden must present to Metro for its consideration a Final Environmental Impact Report for Casden's proposed development project (which contemplates the Proposed Casden Improvements), prepared and certified in compliance with the California Environmental Quality Act.
4. None of the costs associated with the Proposed Casden Improvements shall be borne by Metro, including any costs associated with any delay in completion of Phase 2 of the Exposition light rail line.
5. The fair market value of the permanent easements shall be paid to Metro by Casden.
6. Casden shall ensure that the appropriate application is made to and approved by the Public Utilities Commission for the proposed private vehicular underpasses prior to use of the same.
7. The Proposed Casden Improvements' design and engineering must (a) comply with Metro Design Criteria, (b) demonstrate that the Proposed Casden Improvements are structurally sound, and (c) allow for the safe operation and maintenance of the light rail line. Such design and engineering is subject to Metro review and approval, the cost of which is to be funded/reimbursed by Casden.
8. The contemplated permanent easements for the Proposed Casden Improvements shall, at a minimum, provide as follows:
 - a. Casden shall be obligated to provide ongoing maintenance of the Proposed Casden Improvements, at its sole cost, including maintenance of the proposed private vehicular underpasses (including each underpass' arch soffits and top of structure). Such maintenance shall include the repair of concrete cracks in and graffiti removal from the Proposed Casden Improvements;

- b. Metro shall have self help rights if Casden fails to properly maintain the Proposed Casden Improvements and Casden shall reimburse Metro for Metro's cost to perform any self help work;
- c. Metro shall have lien rights on Casden's property for any costs Casden fails to reimburse Metro for with respect to maintenance of the Proposed Casden Improvements;
- d. Casden shall indemnify Metro for any third party claims arising from the Proposed Casden Improvements and provide sufficient insurance to support Casden's indemnity and maintenance obligations;
- e. Casden shall provide and shall require all Casden tenants to provide Metro with Metro's standard transit proximity risk waiver/assumption of risk;
- f. Casden shall provide Metro with a permanent easement right to use that portion of the private roadway to be situated north of the light rail line on Casden property, between Sepulveda and Sawtelle Boulevards for Metro access to the light rail line for operational, emergency and maintenance purposes;
- g. In the event the Casden project does not move forward, Casden shall fill in the proposed private vehicular underpasses at Casden's sole cost per Metro requirements and approvals;
- h. Casden shall provide a bond or a letter of credit to Metro (or other guaranty suitable to Metro, in its sole and absolute discretion) to secure Casden's maintenance obligations with respect to the Proposed Casden Improvements; and
- i. Casden shall not plant any trees on Metro property within fifty (50) feet of the operating rail line or its ancillary improvements.