



October 6, 2000

Metropolitan  
Transportation  
Authority

One Gateway Plaza  
Los Angeles, CA  
90012-2952

**TO: BOARD OF DIRECTORS**

**FROM: JAMES L. de la LOZA, EXECUTIVE OFFICER  
COUNTYWIDE PLANNING AND DEVELOPMENT**

**SUBJECT: DISSOLUTION OF THE TRANSIT  
COMMUNITY DEVELOPMENT  
CORPORATION**

**ISSUE**

The Transit Community Development Corporation (TCDC) is a non-profit corporation that was formed by the MTA to apply for and receive a State Grant to purchase properties and to assist Catellus Development Corporation with implementing a joint development project above the Westlake MacArthur Park Metro Red Line Station. The TCDC was unsuccessful in utilizing the grant and implementing the joint development project. The TCDC no longer serves a purpose in the development of this site, and therefore, MTA staff will be dissolving the TCDC.

**BACKGROUND**

On May 28, 1997, the MTA Board approved amending an Exclusive Negotiation Agreement (ENA) with Catellus Development Corporation in order to form the non-profit corporation, TCDC (Attachments A and B). One purpose of the TCDC was to apply for and receive a State of California Economic Development Agency (EDA) grant, to be administered by the City of Los Angeles, to purchase two properties adjacent to the MTA-owned Westlake MacArthur Park site. A second purpose was to assist Catellus Development Corporation with implementing a joint development project above the Westlake MacArthur Park Metro Red Line Station.

The TCDC's board consisted of representatives from the City of Los Angeles, the MTA and Catellus Development Corporation. In March of 1998, Catellus was removed from TCDC due to conflict of interest, and the ENA between MTA and Catellus expired after more than 12 months of negotiations. The TCDC attempted to purchase the adjacent properties and implement a development independent of Catellus, but was not successful as adjacent property owners desired more than double the appraised values. The EDA grant was subsequently transferred for use on another site by the City of Los Angeles to avoid lapsing.

In August of 1999, MTA obtained the services of Kosmont & Associates, a consulting firm specializing in analysis of real estate development, to determine the potential for joint development at the Westlake MacArthur Park Metro Red Line Station. Based on the Consultant's recommendation, MTA staff has issued a Request for Proposal (RFP) for a developer to implement a retail development on the MTA property. A larger development that includes adjacent properties will be entertained as long as the proposal demonstrates site control. MTA staff is currently evaluating responses to the RFP and, with consultant assistance, will oversee the joint development process. The TCDC serves no purpose in this development scenario.

**NEXT STEPS**

- Dissolve the TCDC.
- Present a recommended developer to the Board.
- Negotiate a joint development agreement for the site.

**ATTACHMENTS:**

- A. Board Report March 27, 1997
- B. May 28, 1997 Regular Board Minutes

Prepared by: Ray Sosa, Transportation Planning Manager

March 27, 199



Los Angeles County  
Metropolitan  
Transportation  
Authority

One Gateway Plaza  
Los Angeles, CA  
90012

213.922.6000

TO: REAL ESTATE AND ASSET DEVELOPMENT,  
COMMITTEE

FROM: LINDA BOHLINGER, INTERIM CHIEF EXECUTIVE  
OFFICER

SUBJECT: WESTLAKE/MACARTHUR PARK DEVELOPMENT

RECOMMENDATION

Authorize the Interim CEO to amend the Exclusive Negotiation Agreement (ENA) to form a 501(c)4 non-profit corporation for the purpose of receiving a State of California Economic Development Agency (EDA) Grant and for the purpose of implementing the joint development project with Carellus Development Corporation above the Westlake/MacArthur Park Metro Red Line Station.

ALTERNATIVES CONSIDERED

Alternatives could include a request that the State issue the EDA Grant directly to the MTA. This action was rejected since it could jeopardize the timing of the EDA Grant and subsequently the EDA funding.

Alternatives include directing development of the project by using a for profit corporation or private firm. The EDA Grant restrictions do not allow usage of the EDA funds directly through a for profit corporation.

IMPACT ON BUDGET AND OBJECTIVES

Costs associated with the formation of the 501(c)4 non-profit corporation and environmental costs requested in this report have previously been approved in the MTA budget for this project. These costs are expenses against the development and are anticipated to be paid back from the proceeds of the development.

BACKGROUND

The proposed development includes the construction of a 40,000 square foot grocery store, approximately 20,000 square feet of mixed retail, a police sub-station funded through the City of Los Angeles, improvements to Metro Red Line Station Plaza and approximately 600 space parking structure. This is a reduction in development from the originally proposed master plan. The development was scaled back to meet the limitations of the following: the City of Los Angeles Community Redevelopment Agency

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WESTLAKE/MACARTHUR PARK DEVELOPMENT

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(CRA) has not yet adopted its recovery/redevelopment plan for the area, the available financing is limited to funding the components listed above and, the largest adjacent property owner has expressed interest in developing his property separate but complimentary to this development. This reduced development plan is designed to act as a catalyst for development surrounding the station and is designed to compliment future growth in the immediate area.

The Westlake/MacArthur Park area has the highest population density in the City of Los Angeles (35,000 people within a three block radius of the station), some of the lowest per household incomes (15,000 per household) and highest transit dependency (75% of the households do not own cars). The majority of housing in the area was built prior to 1948. In order to encourage revitalization, create employment opportunities and provide essential services for the area, the MTA Board directed staff to enter into an Exclusive Right to Negotiate (ERN) with the Carellus Development Corporation for the development of Westlake/MacArthur Park Station Area Master Plan. The documentation from that effort has been called an Exclusive Negotiation Agreement (ENA)). The ENA was negotiated and signed in late 1996. The Carellus Development Corporation was previously selected through a MTA Request for Proposals process.

The MTA currently owns approximately four acres of property above the Westlake/MacArthur Park Station. The State EDA grant is for the specific purpose of purchasing two parcels adjacent to the MTA property for the construction of a grocery store. The proposed 501(c)(4) non-profit corporation would be formed for the purposes of owning property, and facilitating construction of the development. The MTA has previously used a similar 501(c)(4) form for the construction of the MTA Gateway project. An identical legal entity would be used for the construction of the Westlake/MacArthur Park Development.

#### Project Financing

The proposed financing for this development includes securing a \$5,000,000 EDA grant from the State of California, the City of Los Angeles has previously committed \$7,000,000 of City of Los Angeles funds, including funds previously awarded to the City through the Call for projects, \$1,500,000 in Transit Capital awarded to the MTA by the State of California and an as yet unidentified \$4,500,000 for the construction of the approximately \$16,000,000 development. The project is anticipated to be constructed with minimal if any debt or debt service.

#### Implementation

The incorporating entities, MTA and Carellus will retain the law firm of Sheppard, Mullin, Richter, and Hampton to incorporate the 501(c)(4) non-profit corporation and to represent it as a neutral legal counsel once it is formed. Sheppard, Mullin, Richter, and Hampton is currently the neutral legal counsel to Union Station Gateway Inc., and, therefore is thoroughly familiar with this type of corporate structure. Estimated costs of incorporation and obtaining of non-profit status is \$12,000.

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MTA will reimburse Catellus for costs advanced to complete the environmental documentation in an amount not to exceed \$50,000, to be paid through the non-profit corporation. Under the terms of the ENA the environmental clearance is a responsibility of the MTA, but to expedite the process the Catellus has agreed to advance the funds subject to reimbursement.


An amendment to the ENA is required to implement these changes.

ATTACHEMENTS

PREPARED BY:

Robin Blair  
Project Manager, Central Area Team

Andres Ocon  
Director, Central Area Team

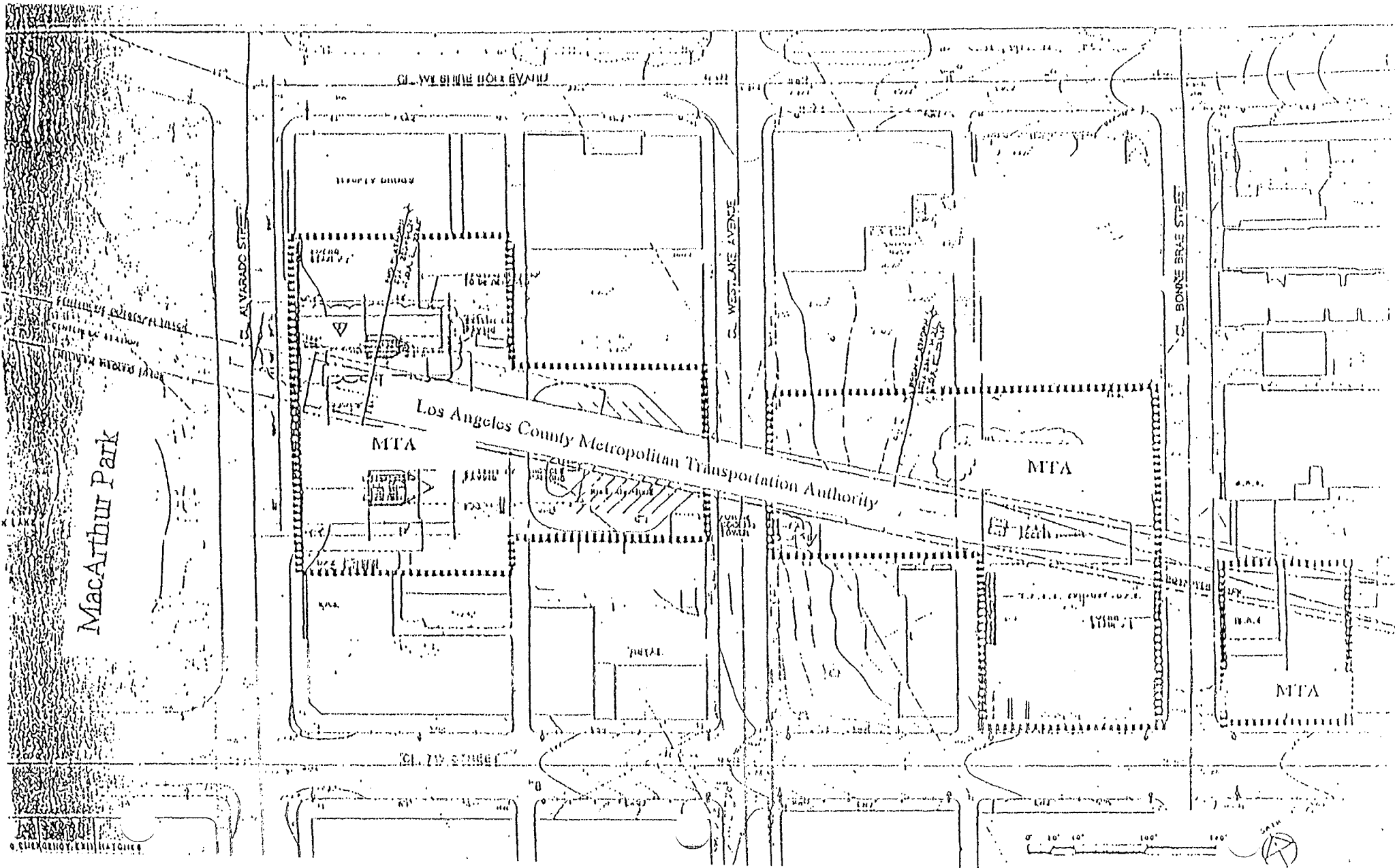
  
JAMES L. de la LOZA  
Executive Officer  
Regional Transportation Planning and Development

Attachments:

Site Map  
Amendment to ERN  
Approval of Sheppard, Mullin, Richter, and Hampton

Addendum 1

MTA HOLDINGS AT WESTLAKE/MACARTHUR PARK





## MINUTES/PROCEEDINGS

LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITYREGULAR BOARD MEETING  
BOARD OF DIRECTORS

MTA Headquarters  
3rd Floor - Board Room  
One Gateway Plaza  
Los Angeles

Wednesday, May 28, 1997

Called to order at 10:08 a.m.

Directors/Alternates Present:

Larry Zarian/Jan Heidt  
Richard Riordan/Hal Bernson  
Yvonne Brathwaite Burke/Michael Bohlke  
Richard Alatorre/Nate Holden  
Michael Antonovich/Nick Patsaouras  
James Cragin/George Nakano  
John Fasana/Beatrice La Pisto-Kirtley  
Robert Arthur  
Vivien Bonzo  
Jenny Oropeza  
Carol Schatz/Richard Alarcon  
Mel Wilson  
Zev Yaroslavsky/Robert Abernethy  
Tony Harris, Ex Officio

Interim Chief Executive Officer - Linda Bohlinger  
Interim Board Secretary - Michele Jackson  
Inspector General - Arthur Sinai  
General Counsel - County Counsel

1. CLOSED SESSION

A. Personnel Matters - G.C. 54957

1. Public Employment - MTA Board Secretary  
Appointed Georgia Hamilton MTA Board Secretary
2. Public Employment - Chief Executive Officer  
NO REPORT WAS MADE

B. Conference with Labor Negotiator - G.C. 54957.6

Agency Negotiator: Raman Raj

Employee Organization:

Unrepresented Employees  
Teamsters  
United Transportation Union  
Amalgamated Transit Union  
Transportation Communications Union  
Transit Police Officers' Association

NO REPORT WAS MADE

C. Conference with Real Property Negotiator(s) concerning  
Price and/or Terms of Payment pursuant to Government  
Code Section 54956.8

1. Metro Red Line, Segment 2 - Parcel ED-131  
Boyle Ranch Market (E&T Foods)  
1817 E. First Street, Los Angeles

APPROVAL OF LITIGATION SETTLEMENT

NO REPORT WAS MADE

D. Conference with legal counsel on existing litigation  
pursuant to G.C. 54956.9(a):

1. Adams, et al v. MTA - Superior Court, Case No. TC009458

APPROVED settlement offer in the amount of \$250,000.



2. Staley v. MTA - Superior Court, Case No. BC143888

APPROVED settlement offer in the amount of \$3.2 million

3. Peon, et al & Armando Mogel v. MTA - Superior Court,  
Case No. BC086572

APPROVED settlement offer in the amount of \$150,000.

2. Flag Salute

3. RECEIVED Public Comment

4. APPROVED:

A. Minutes of Special Board Meeting held April 16, 1997  
and Regular Board Meeting held April 23, 1997;

B. Minutes of Citizen's Advisory Council Meeting held  
April 23, 1997;

C. Consent Calendar: 12, 14, 17, 19-22, 24-25, 27, 29-30,  
33, 35-36, 39, 44, 46, 50, 52, 55

Directors Present: Abernethy, Antonovich, Alatorre,  
Arthur, Bonzo, Burke, Cragin, Oropeza, Riordan, Schatz,  
Wilson, Zarian

5. Chair's Remarks

A. ADOPTED a resolution proclaiming the month of June as  
MTA Safety Month.

B. Chairman Zarian announced the appointment of Beatrice  
LaPisto-Kirtley to the Mobil Source Air Pollution  
Reduction Committee of the AQMD.

C. Chairman Zarian announced the Board would adjourn in  
memory of Jina Jackson Spears and Officer Charles  
Lazzaretto.

6. Chief Executive Officer's Report

- A. RECOGNIZED Operator B. J. McClerkin for an act of heroism.
- B. Interim CEO Linda Bohlinger announced a Special Board Meeting for June 4<sup>th</sup> at 11:30 a.m. on the Rail Recovery Plan. Staff has been working with the FTA and expects to have final approval of the plan prior to the June 4<sup>th</sup> meeting.

Director Fasana asked if the FTA had requested the same from other transit agencies and was told this was unique to the MTA.

Director Burke asked if the impact of the proposed bus procurement on today's agenda was included in the Recovery Plan. Staff responded no.

7. Directors' Special Items

- A. WILSON - Consider adoption of a performance-based "Bus Technology Policy" for bus procurements.

APPROVED AS AMENDED motion for review of a performance-based "Bus Technology Policy" for bus procurements:

1. Reaffirmed the MTA's commitment to significantly improve the air quality in the region;
2. Directed the CEO to return in 30 days for Board approval with a detailed, performance-based "Bus Technology Policy" report, including but not limited to references to the appropriate regulations and technical data and including as its primary goal a plan to materially reduce the diesel carcinogenic, particulate and other emissions generated by the Authority;
3. Directed the CEO to work with SCAG, Coalition for Clean Air, and the AQMD to review the Regional Transportation Plan and Air Quality Management Plan.

Appearance of: T. Carmichael and C. Sullivan.

- B. **Antonovich** motion as amended by Executive Management Committee - Consider authorization to advertise the MTA's interest in the creation of public/private partnerships for the purpose of designing, financing, constructing, operating and maintaining transportation projects that will improve mobility, accessibility and air quality, and report back to the Executive Management Committee at the August meeting.

Staff shall focus their primary emphasis on Board approved alignments contained in the current Long Range Plan without limiting or foregoing all other proposals for turn key operations.

Director Yaroslavsky made an amendment to the original motion that proposals be limited to alignments already approved by the Board or included in the Long Range Plan. The motion was further amended by Director Burke to state there should be no cost to the MTA or bond financing to be issued by the MTA; and by Director Riordan that nothing in the foregoing shall be construed to restrict unsolicited proposals.

**APPROVED** on a Roll Call vote the amendments by Directors Burke and Riordan:

Ayes: Alatorre, Burke, Cragin, Arthur, Bonzo,  
Oropeza, Riordan, Schatz, Wilson,  
Yaroslavsky, Zarian  
Noes: Fasana  
Abstain: Antonovich  
Absent: None

**APPROVED** on a Roll Call vote the original motion as amended:

Ayes: Alatorre, Antonovich, Burke, Cragin, Arthur,  
Fasana, Bonzo, Oropeza, Riordan, Schatz,  
Wilson, Yaroslavsky, Zarian  
Noes: None  
Abstain: None  
Absent: None

- C. **APPROVED** motion by Director Alatorre to support and participate in the formation of the Los Angeles Downtown Industrial District and authorized the Board Secretary to sign CCEA's petition in support of the District.

- D. WITHDRAWN - motion by Director Patsaouras to consider informing the City of Pasadena that the MTA Board will within 30 days cease negotiations of the Memorandum of Understanding regarding the basis for development of MTA property, and adjacent property at the Pasadena Del Mar Light Rail Blue Line Station, unless priority repayment of MTA predevelopment expenses, including necessary capital improvements to engage a development opportunity with the private sector, is provided for in the MOU on a basis satisfactory to the MTA.
- E. RIORDAN/YAROSLAVSKY - Consider immediate bus purchase and preparation of Bus System Improvement Plan.

Director Riordan amended his motion: order 200 CNG buses today but, prior to placing any future orders, staff shall make a study to determine the best technology for the future bus purchases. This amendment is to be consistent with the motion by Director Wilson under item 7A.

There was extensive discussion on the type of buses to purchase, technology available now and in the near future, cost difference between clean diesel and CNG, and how to pay for additional buses. Director Burke sought assurance that the new buses would be distributed throughout the city so all areas would benefit from newer buses. Staff said the divisions with CNG fueling capability are limited and there is a cost of \$4-5 million to build each new facility.

It was also reported that 290 clean diesel buses could be purchased for the same price as 223 CNG buses.

Following lengthy discussion APPROVED on a Roll Call vote motion by Director Fasana, seconded by Director Alatorre, to carry over the item for one month.

Ayes: Antonovich, Alatorre, Burke, Cragin, Arthur,  
Fasana, Wilson, Zarian  
Noes: Bonzo, Oropeza, Riordan, Yaroslavsky  
Abstain: Schatz  
Absent: None

Public Appearance: E. Mann, T. Carmichael, C. Martin,  
M. Hearst, R. Rishing, P. Moser, J. Walsh

GENERAL

8. ADOPTED a resolution authorizing:
- A. refunding of approximately \$176 million in outstanding Proposition A Commercial Paper Notes;
  - B. refunding of approximately \$60 million in outstanding Proposition A Sales Tax Revenue Bonds; and
  - C. execution of all required documents and selection of the providers of any necessary services

Approved on a Roll Call vote noted below:

Ayes: Antonovich, Burke, Cragin, LaPisto-Kirtley,  
Oropeza, Riordan, Schatz, Wilson, Zarian  
Noes: None  
Abstain: None  
Absent: Alatorre, Knabe, Molina, Yaroslavsky

9. APPROVED negotiation and execution of a one-year option to the Memorandum of Agreement with the John E. Anderson Graduate School of Management, University of California, Los Angeles (UCLA) for the continuation of the Transportation Leadership and Management Training Program (TLAMP) for an amount not to exceed \$837,574 in FY 98.

Conflict of Interest: Director Riordan

10. APPROVED amendment of the Exclusive Negotiation Agreement (ENA) to form a 501(c)(5) non-profit corporation for the purpose of receiving a State of California Economic Development Agency (EDA) Grant and for the purpose of implementing the joint development project with Catellus Development Corporation above the Westlake/MacArthur Park Metro Red Line Station.

AMENDED to include instructing the Interim CEO to work in  
1) conjunction with County Counsel, the MTA Ethics Officer and the Inspector General to establish the corporation; amend the bylaws to include compliance with MTA competitive  
2) procurement regulations, conflict of interest laws and regulations, code of conduct, disadvantaged business policies and procedures, Brown Act open meeting laws and an appropriate threshold limitation above which MTA Board shall approve contracts, change orders and other fiscal matters.

On motion of Director Yaroslavsky, seconded and unanimously carried, reconsideration of Item 10 was approved.

APPROVED, under reconsideration, non-profit corporation Board membership to consist of 3 members of the MTA Board, 1 from the City of Los Angeles, 1 from Catellus and one from the community to be named by Director Molina. Directors Patsouras, Bonzo, Abernethy were named to the committee as MTA representatives.

Public Appearance: M. Hueber, R. Hamilton

REAL ESTATE & ASSET DEVELOPMENT COMMITTEE

11. APPROVED:

- A. design changes to the Hollywood/Vine Metro Red Line Station Transit Center to improve transit service and land use by relocating bus and layover zones; and
- B. environmental studies to comply with federal and state guidelines prior to final project decisions; and
- C. provide a maximum fee of \$50,000 for an independent contractor.

12. APPROVED ON CONSENT CALENDAR sale of two parcels of rail right-of-way property totaling approximately 29,167 square feet to the City of Santa Clarita, to accommodate the widening of Railroad Avenue in the City of Santa Clarita, for \$263,000.