PARK 101 District

Governance Analysis White Paper

May 2012

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1. Introduction & Purpose of the White Paper

The purpose of this paper is to present a comprehensive analysis of the governance options for the PARK 101 District project in order to allow agencies and elected officials to effectively coordinate efforts for the development of the District. The discussion herein looks at who might be involved, the variety of governance options available, how other large parks and cap parks have developed, and related local projects. It is important to remember that a project's governance could change over time depending on the needs of the project, and that different governance solutions could be used for different purposes (eg, construction versus operations).

1.1 Project Description

PARK 101 is a visionary urban design solution to "cap" a half-mile length of U.S. 101 in Downtown Los Angeles to provide a beautiful open space amenity and pedestrian friendly environment. The proposed concept reconnects urban downtown offices, theatres and concert halls with the culturally rich El Pueblo, Union Station and Chinatown Districts. PARK 101, and the proposed new district surrounding it, is a celebration of a new generation of urban parks that is giving back to the City of Los Angeles in important and subtle ways. It is increasingly critical that open space and parks lead the charge to sustainable growth and the economic well being of our neighborhoods. Well-planned open space adds to the quality of urban life while providing tangible benefits such as a rise in land values and the tax base of our cities. The PARK 101 District is not merely a deck over a freeway but a new district that embodies the culturally rich and diverse neighborhoods that surround the project site. The concept is based on six design principles: regional connectivity, pedestrian focus, flexibility of open space, merging/linking of communities, regeneration/sustainability, and a "wow" factor.

2. Previous Work & Findings on Park 101

2.1 Previous Work

The PARK 101 District concept originated during an EDAW (now AECOM) intern program held in June 2008 at the California Department of Transportation (Caltrans) Los Angeles office. As a result of their efforts to find a solution to reconnecting the city's historic core north of the Hollywood Freeway (U.S. 101) with the civic, cultural and financial centers to the south, they created Park 101. A Feasibility Study,[1] funded by SCAG's Compass Blueprint program, was completed by AECOM in 2010.

2.2 Ongoing Oversight

The Feasibility Study discussed several steps for implementation, including continuing outreach and pursuing entitlements. The Steering Committee and Friends of the PARK 101 District were specifically described in the document as follows:

[1] AECOM. (August 2010). PARK 101 District Feasibility Study. http://www.compassblueprint.org/files/park101_report_web.pdf

"The steering committee is made up of key elected, agency and community stakeholders and advocates representing the Office of the Mayor, Council Districts, County Supervisor District 1, Department of City Planning, Caltrans, Metro, SCAG, CRA/LA, Cathedral of Our Lady of Angels, Historic Cultural Neighborhood Council, Historic Business Improvement District, Downtown Neighborhood Council, Friends of the LA River, Los Angeles City Department of Transportation and City Engineer. The steering committee was initiated (in 2008) during the inception of PARK 101 with the EDAW/AECOM intern program. The group has continued to meet on a monthly basis to continue the momentum of the project with technical review and act on the next steps."

"The Friends of PARK 101 District, a non-profit organization comprised of local business and community leaders, was formed to promote the creation of the Park 101 Cap Park to reconnect 1) the neighborhoods; 2) Union Station to the Greater Downtown, including El Pueblo, La Placita, the Cathedral, Little Tokyo, Chinatown, Boyle Heights and the Cornfields, the City and County centers of government, the key Civic Monuments (among them, the future Broad Museum, MOCA, Disney Hall, Redcat, Music Center and the new Grand Civic Park); and 3) the Los Angeles River to the Civic Center. The organization helps secure funding for the overall PARK 101 District, more immediately, additional funding to complete Phase 1; facilitate outreach to stakeholders and organizations in order to secure additional and continued support for Park 101; and lobby for agency support in regard to technical advancement."

Since the release of the Feasibility Study, the Steering Committee and Friends of the PARK 101 District have provided continued visibility for the project, obtained a SCAG Compass Blueprint grant (for outreach, traffic and governance studies), supported the ULI Panel on the Union Station redevelopment, and identified potential funding partners.

The SCAG Compass Blueprint Demonstration Project Proposal stated:

"The goal of the governance study will be to bring together key agencies in local, county, state and federal government to fully understand the issues and develop a clear understanding of their roles moving forward in the process. The study will provide pros and cons of alternative "governance" options (eg. Joint Powers Authority (JPA) and/or use of cooperation agreements) to allow the agencies to effectively coordinate efforts for the development of the District."

2.3 Potential Participants in Future Work

As the project continues to gain momentum, provisions for the future need to be considered. Discussions should include everything from the next steps in project development, environmental analysis, and engineering to the organizational structure of the project and project leadership.

When considering various types of governance, it is important to understand who the key participants may be. The following is an approximate list of those agencies and organizations which may have a role (either lead or peripheral) in the PARK 101 District governance and/or fundraising.

Table 1. Agencies and Organizations

Local	Federal
Central City Association Chinatown Business Improvement District City of Los Angeles Bureau of Engineering City of Los Angeles Council Districts 1, 9, & 14 City of Los Angeles Department of City Planning City of Los Angeles Department of Recreation and Parks City of Los Angeles Department of Transportation (LADOT) City of Los Angeles Mayor's Office Community Redevelopment Agency of Los Angeles (CRA/LA)* Downtown Los Angeles Area Chamber of Commerce Downtown Los Angeles Neighborhood Council Friends of the LA River Historic Downtown Business Improvement District Historic Cultural Neighborhood Council Los Angeles County Supervisory District 1 Los Angeles County Metropolitan Transportation Authority (Metro) Los Angeles County Department of Public Works Los Angeles Streetcar Inc. Los Angeles Unified School District (LAUSD) Our Lady of the Angels Cathedral (Archdiocese of Los Angeles) Project Restore Southern California Association of Governments (SCAG) Southern California Regional Rail Authority (SCRRA, Metrolink) Urban Land Institute (ULI)	Department of Homeland Security (DHS) Department of Transportation (DOT) Environmental Protection Agency (EPA) Federal Highway Administration (FHWA) Federal Housing Administration (FHA) Federal Railroad Administration (FRA) Federal Transit Administration (FTA) General Services Administration (GSA) US Army Corps of Engineers (Corps) **State** California Department of Housing and Community Development (HCD) California Department of Transportation (Caltrans) California Environmental Protection Agency (Cal/EPA) California High Speed Rail Authority (CaHSRA) California State Parks South Coast Air Quality Management District (South Coast AQMD) State Historical Resources Commission (SHRC)
*Currently in transition	

3. Types of Governance Models

As discussed in greater detail in Section 4, there is no one way to develop or lead a park project. All projects must go through the planning, environmental, design, construction, and operational phases, and all projects must have funding sources. A number of alternative models are described in this section, and most can be combined to create a hybrid-type model, with the appropriate governance at different phases.

3.1 Single Lead Entity

Projects can be led by a single public agency or private developer, with cooperation from agencies in the affected communities and interested stakeholders. Projects with a single lead are typically located wholly within the lead agency's or private developer's jurisdiction and are typically less complex or smaller in size. Developers often act as the lead on a project and develop specific relationships with utilities, city and state agencies, and other participants as necessary. These relationships are often defined by a Memorandum of Understanding (MOU), a document which expresses mutual accord on an issue between two or more parties. Once a project is built, the facility is typically operated and/or maintained by the constructing agency/private developer.

An example of a single lead entity project is the Metro Union Bus Maintenance and Operations Facility project. Led by Metro, this project is currently in the environmental phase and utilizes MOUs to coordinate with external agencies such as LADOT. The Crenshaw/LAX LRT project, also being developed by Metro, is another example, and has its own distinct agreements in place in order to facilitate cooperation with the Federal government as well as the local agencies.

The PARK 101 District could be developed and operated by a single entity provided all of the interested parties could reach agreement on who the lead agency or private developer would be and how that entity would govern. As described in Table 1, the project affects various communities and involves numerous governmental agencies, as well as local non-profits and community groups. It could therefore be difficult to determine which agency should lead the project. A strong lead agency acting as champion could provide the catalyst the project needs to move into the environmental and technical studies phase. Agreements would need to be put into place with all other affected agencies, and without a stake in the project outcome, it could be difficult to maintain the attention of a large organization.

3.2 Joint Powers Authority

A Joint Powers Authority (JPA) is an entity formed by two or more public authorities to construct and/or operate a specific facility or program. A JPA maintains its own Board of Directors and operates distinctly from individual member authorities. JPAs are commonly used when a project or activity takes place over several jurisdictions and/or agencies, or when agencies wish to work together to achieve economies of scale. Because JPAs share power by nature, a common issue is the potential for delays associated with decisions by the JPA Board. If each JPA member must have their own Board approve an item, it can add time to overall decision making.

The Foothill Extension Construction Authority (which is an independent agency created by the California Legislature) has a JPA made up of elected representatives of each corridor city to help with the planning, funding, design and construction of the Metro Gold Line. The Construction Authority is ultimately responsible for the construction of the LRT, but the JPA develops consensus and ensures each member city has a voice in the process. Metro will own and operate the completed line.

Another example is the Transbay Terminal JPA (TJPA) which is comprised of agencies including the San Francisco Board of Supervisors, the Alameda-Contra Costa Transit District, the Peninsula Corridor Joint Powers Board, the San Francisco Municipal Transportation Agency, the Mayor's Office, and Caltrans. It

was set up to promote the construction of a new transit center in San Francisco through a collaboration of government and transportation bodies around the Bay Area. The TJPA will design, construct, operate, and maintain the facility.

A JPA could unite the multiple governmental agencies involved in the PARK 101 District project, both now and in the future. A Construction Authority or similar entity could work with the JPA to implement and possibly also operate/maintain the project, or the JPA could hire staff and consultants to develop the project.

3.3 Public-Private Partnership (P3)

Several parks around the country have been conceived, constructed and/or maintained by a combination of both public and private entities. Working in partnership with public agencies, non-profits or private organizations, these groups have successfully performed fundraising, programming and operations at parks in New York City and Chicago. Often, the public-private partnership has different levels of involvement during various phases of project development. Through these types of agreements, the skills and assets of each partner (public and private) are shared in delivering a service or facility for the use of the general public. The division of resources is determined based upon the expertise each partner brings to the project. Thus, the partners share in both the risks and the rewards potential of the facility under a public-private partnership arrangement.

Take the Dallas Freeway Cap Park, for example. The initial project development work was led by the local Real Estate Council (an industry association) and a local tax increment financing (TIF) group named "Uptown Dallas". These two private groups worked with the City Council to lay the groundwork for the project. This led to a major fundraising effort and the creation of a separate non-profit group to solicit donations, write grant proposals, and develop the plans into a concrete project. The City now owns the park, Texas DOT owns the freeway cap, and the Woodall Rodgers Foundation and Friends of the Park (both non-profit organizations) raise money and provide programming at the park. This project is described in more detail in Section 4.

Central Park in New York City is an example of a successful partnership between Central Park Conservancy (CPC) and the City of New York. Currently, 85% of the annual expenses are covered through CPC fundraising and investment revenue, while the park itself remains the property of the City. This project is described in more detail in Section 4.

Another example of a Public-Private Partnership is the Grand Avenue Project. This project, being developed by the Los Angeles Grand Avenue Authority (a JPA) and the Grand Avenue Committee, will connect Bunker Hill and the Civic Center with a 16-acre park and will also include a proposed nine acres of retail, housing, and office space. This project will have a direct relationship with work in the PARK 101 District, and is described in more detail in Section 5.

A public-private relationship similar to that used in Dallas could be a governance model for Park 101. The Friends of Park 101 and other active community groups could work with the multiple government agencies to develop the various phases of the project, from design through operation and/or maintenance.

3.4 Inter-Agency Development Agreements

There are several types of agreements that outline the responsibilities held by various partners in large projects, including a Memorandum of Understanding (MOU), a Memorandum of Agreement (MOA), a Joint Use Maintenance Agreement (JUMA), and an Interagency Agreement. While they each differ slightly, the general purpose of these agreements is to guide participation and involvement between the cooperating agencies and outside entities. They can be used by single lead entities to outline the specific responsibilities of a partner agency, or they can be used to guide a partnership between two agencies to construct or operate a facility. In all cases, the agreement is a written document outlining the responsibilities of the partners, the benefits each party may receive, any funding or staffing obligations and the binding terms of the agreement.

MOUs are used in nearly every major project, including the Farmer's Field project at LA Live, where a MOU described and officially recorded the responsibilities and expectations between the City of Los Angeles and AEG. The Gold Line Foothill Extension Construction Authority has signed numerous MOUs with the cities and utility companies located along the rail corridor. Metro has an MOU with the LA County Sheriff's Department for transit community policing services.

The development of the PARK 101 District will most certainly require multiple agreements between local, regional, State and Federal agencies, regardless of which entity leads the project. MOUs with private developers, community groups and/or non-profits could also be utilized, for example, to define the project relationship with the LA River Revitalization efforts, the Union Station redevelopment work, or the Los Angeles Historic Streetcar project. MOUs would be needed regardless of the type of governance selected.

4. Governance Examples

The focus of this section is on non-traditional facilities developed and operated using P3s, JPAs and other partnerships. Due to varying state regulations and local environments, it is not always possible to directly compare project schedules or costs, but these examples do provide a variety of governance options to consider.

4.1 Freeway Cap Parks

There are a number of existing freeway cap parks in the United States, including traditionally built and maintained facilities such as the Margaret T. Hance Park in Phoenix, Arizona, Memorial Park in La Canada Flintridge, California, Teralta Park in San Diego, California, and Seattle Freeway Park in Seattle, Washington. These facilities were developed by local and state governments and continue to be operated publically. This section focuses on non-traditional cap parks in Dallas, Boston, Seattle, and Columbus.

4.1.1 Dallas Freeway Cap Park, Dallas

The Klyde Warren Park is a 5.2 acre cap park currently under construction in Dallas, Texas. The park is located on a deck built over the existing Woodall Rogers Freeway in the downtown area and connects the business/museum district with a high density residential area. Amenities within the park will include

a performance pavilion, restaurant, walking trails, dog park, children's discovery garden, playground, water features, and an area for games and events. The facility is sustainably designed and constructed utilizing LEED principles. It is anticipated to open in Fall 2012.

The cost to build the deck, amenities, landscaping, and provide an operational cushion is $110 million, and $106 million has been raised to date. Construction is funded through a public-private partnership, with $20 million coming from the City of Dallas 2006 Bond Program, $20 million from the Texas Department of Transportation, and $16.7 million from the Federal American Road and Recovery Act. Private donations have accounted for the remainder of the funds raised. It is anticipated that programming, operations and maintenance will cost approximately $3 million per year. It is important to note that the deck over the freeway cost approximately $55 million to design and construct.

Klyde Warren Park is operated through a public-private partnership. The City of Dallas will own the amenities and the land it is built upon, while the Woodall Rodgers Park Foundation will be responsible for raising the estimated $3 million annual operating budget each year and will manage all programming, operations and maintenance. The Friends of the Park group increases awareness of, and support for, Klyde Warren Park through membership drives, social and educational events, speaking engagements and fundraisers. All maintenance and work on the tunnel underneath the deck and on Woodall Rodgers Freeway remains the responsibility of the Texas Department of Transportation.

The Klyde Warren Park is a relevant example of how the PARK 101 District could be developed utilizing a combination of public and private funds and governance. While construction costs are lower and environmental clearance requirements are different in Texas, this project has direct parallels to the Los Angeles project. The Klyde Warren Park is the result of a coordinated effort initiated by a local real estate industry group, which then was embraced by public agencies, the general public, and wealthy donors alike. Naming rights have resulted in enhanced park elements, and creative fundraising has coalesced into a successful transformation of a barren corridor.

4.1.2 Rose Kennedy Greenway, Boston

"Boston's Ribbon of Contemporary Parks" was created as a part of the Central Artery project ("Big Dig") and opened to great acclaim in October 2008. The original elevated highways of the Central Artery were moved underground, leaving an open space in downtown Boston, Massachusetts. The approximately 1.5 mile long Rose Kennedy Greenway includes five separate parks joined together totaling 15 acres of fountains, pathways, open space, gardens, a farmer's market, and food vendors.

The park construction costs are intermingled with the Big Dig program costs. Operation and maintenance of the Greenway is $3 to $4 million per year and includes programs, volunteer activities, and security.

The Greenway was created as a joint effort between the Massachusetts Turnpike Authority (MTA), the Commonwealth of Massachusetts, the City of Boston, and various civic groups. The Massachusetts Department of Transportation owns the land and operates the highway beneath the Greenway. The Rose Fitzgerald Kennedy Greenway Conservancy is a private, non-profit organization that is responsible for the maintenance, programming, improvements and management of the Greenway. They have a

lease with the Massachusetts Department of Transportation and raise funds to support the park activities.

The large scale of the Greenway is directly relatable to the PARK 101 District. The Greenway has impacted more than the land it reclaimed from automobiles; the surrounding residential and commercial districts have thrived with the activation of a formerly "dead" space made forbidding by the bulky elevated highways. Anecdotally, it appears that rents and property values have risen along with occupancy rates in the North End neighborhood.

4.1.3 Olympic Sculpture Garden, Seattle

The Olympic Sculpture Park, located in Seattle, Washington, was formed using underutilized vacant land and a deck over the I-5 freeway in downtown Seattle. Completed in January 2007, the 9-acre park contains sculptures and native plant species, and ties the downtown to the waterfront via a meandering, sloping path. The park took 2 years to construct but required over a decade of planning and brownfield remediation prior to breaking ground.

Design and construction of the park cost $85 million, which included the costs of brownfield remediation and included a $20 million maintenance endowment. The deck over I-5 was a relatively small portion of the cost because it acts as a landscaped bridge rather than an active park space. Approximately $64 million of the capital costs were provided by private donors, with the City, County, State and Federal government providing $21 million. Operations and maintenance, security, and programming costs average approximately $1.4 million per year. The Seattle Art Museum, which owns and operates the park, receives limited funding from the government (4% per year) and covers the remainder of the operating costs by museum entrance fees, memberships, donations, and a $20 million endowment fund.

The park was created by a public-private partnership between the Seattle Art Museum and the Trust for Public Land. The City of Seattle and the Washington Department of Transportation were also involved with the park development. The park is privately owned by the Seattle Art Museum but open to the public at no cost.

The Olympic Sculpture Garden Park connects two vibrant parts of Seattle (downtown museums and the waterfront) over two large physical impediments (I-5 and the freight railroad tracks), much as the PARK 101 District would tie together the civic and financial districts of Downtown Los Angeles with the historic core and Union Station, as well as with the LA River. Nearby museums and cultural facilities such as the future Broad Museum, Disney Concert Hall, and Ahmanson Theater would benefit with connections across the freeway to the Ramón C. Cortines School of Visual and Performing Arts, Olvera Street, and the site of Fort Moore. Additionally, the remediation of former brownfields into park spaces is an interesting example of creating valuable land out of unused acreage. It ties into how the PARK 101 District could potentially transform some of the current ramps into developable parcels.

4.1.4 The Cap at Union Station, Columbus

Originally conceived in 1996 and opened in late 2004, the Cap at Union Station is a unique facility built over I-670 in Columbus, Ohio. This 1.12-acre freeway cap contains over 25,000 square feet of leasable

retail space on an arterial road. Composed of three separate bridges; one for through-traffic across the highway, and one on either side for the retail structures, the project provides a seamless connection between two vibrant neighborhoods. The Cap was developed during the planning for the expansion of I-670 following the defeat of the original concrete freeway cap design by the surrounding neighborhoods.

The $7.8 million project was funded with a combination of developer financing and public funding. The City paid for some of the initial design costs as well as approximately $325,000 to bring utilities across the bridges, while the Ohio Department of Transportation (ODOT) paid nearly $1.3 million for the construction of the cap platforms. The cost to cap this section of the freeway was a small percentage of the overall I-670 project cost of $187 million.

The development was created via a public-private partnership. The developer, Continental, owned property in the vicinity of the proposed concrete cap, and saw value in connecting two neighborhoods with a retail facility. With persistence and a highly supportive local environment, the City, ODOT, FHWA, and Continental were able reach agreement on activating an underutilized section of the City. The City obtained air rights over the freeway (which were not previously purchased by ODOT when the freeway was originally constructed), negotiated permission from ODOT and FHWA for retail use above an active freeway, and the developer entered into a 20+ year ground lease and constructed the buildings. Continental is responsible for maintaining the leased buildings and grounds, the City maintains the street, and ODOT maintains I-670 and reserves the right to shut down the entire facility in an emergency.

The Cap at Union Station is significant in that it is one of the first uses of air space over a freeway for retail or commercial purposes. While the climate for air rights is different in Ohio than in California, the idea of using retail and commercial facilities to help bridge the gap between neighborhoods is a good one. The partnership between local, state, federal and private entities is notable in this project, and sets a precedent for federal interest in non-traditional air rights usage. The strong participation of a private developer is a different model than used in Boston, Seattle, or Dallas, and illustrates that there is a market for non-traditional development opportunities.

4.2 Significant Parks

Significant parks are those large-scale, non-freeway cap facilities which may have more traditional governance structures but are relevant to the PARK 101 District in other ways, such as creative fundraising or on-going operational funding.

4.2.1 Millennium Park, Chicago

Millennium Park is a 24.5 acre park in the center of Chicago, Illinois. Planning for the park was initiated in 1997, with the hope that it would open in time for the Millennium celebrations, but as scope and costs changed, the project ultimately opened in 2004 following 6 years of construction. The park hosts over 525 free events annually in addition to revenue producing events. It consists of a Frank Gehry-designed concert pavilion and bridge, sculptures, fountains, gardens, a bike center, a theatre, plazas, and active spaces. It was constructed on top of a railroad yard and large parking garages, making it one of the largest green roofs in the world.

The park cost $475 million to design and construct and was funded by the City of Chicago ($270 million) as well as private donors. The City sold naming rights for significant spaces within the facility to augment the capital costs. Operations and maintenance costs are approximately $13 million annually. These are funded by rental fees, donations, and funding from the City of Chicago Department of Cultural Affairs. One other interesting financial aspect of Millennium Park: the City leased the garages under the park to a private company for 99 years in return for a one-time payment of $560 million – one of the first US examples of a parking concession as a P3.

Millennium Park is fully owned and operated by the City of Chicago. The Department of Cultural Affairs contracts with a private company for daily operations including security, programming and maintenance. During the planning and construction of the park, the non-profit foundation Millennium Park Inc. was responsible for fundraising.

The PARK 101 District can find interesting examples of non-traditional capital fundraising in the example of Millennium Park, including the extensive use of naming rights and the unique public-private partnership for the operation of the garages under the park. Additionally, by bringing in a world-renowned architect to design a signature bridge and concert facility, Millennium Park was able to leverage fundraising monies, publicity and exposure to maintain the project's momentum. The buildings within and around the PARK 101 District are architecturally distinct, and a signature facility within the park by a well-known architect could not only tie the park into the surrounding areas, but could provide important exposure to the project as well.

4.2.2 Post Office Square, Boston

The Norman B. Leventhal Park is supported, both structurally and financially, by the Garage at Post Office Square, a 1,400-space parking garage. Once the site of a dilapidated above-ground parking facility, in 1992 the garage was rebuilt underground and the street level property was developed into a 1.7 acre urban oasis. Park amenities include a Great Lawn, a garden trellis, lush greenery, a food kiosk, and lunchtime seating for those working in neighboring buildings. The parking garage provides car-care services, dry cleaning, shoe shining, a café, audio book loans, ZipCar and a variety of monthly parking programs. Parking in Boston is notoriously difficult, and the garage has been a success from opening day.

The capital cost of the garage and park was $75.5 million in 1992. It was funded by a combination of contributions, loans, and selling shares in the project. An initial $1 million of initial donations was used to start the planning process. Debt service included a $48.5 million loan and 450 shares in the project at $65,000 per share, repayable in 40 years at an 8% interest rate (each shareholder also holds the right to rent a monthly parking space at the prevailing rate). Annual operations and maintenance costs are approximately $3 million (as of 1996) for both the park and garage, including approximately $1 million payable to the City for taxes. The annual operations and maintenance costs are fully funded by the garage revenues, and any excess cash post-debt service goes to the City for maintenance of neighboring parks. The City contributes no monies to the maintenance of the park or garage.

The Post Office Square facility was developed as a P3 project. The Friends of Post Office Square is a for-profit development company, and the management of the park and garage is contracted out to two separate companies. The Friends group was started in 1983 by neighborhood building owners and tenants who were concerned that the existing dilapidated parking garage did not fit in with their plans for a vibrant commercial community. It involved numerous legal challenges and required extensive fundraising, but the project was fully supported by the City and community, which ultimately led to its successful development. Once the debt and equity is fully repaid, the City of Boston will own the entire site.

This project is unique in that it was conceived and initially funded by private developers and property owners in the neighborhood surrounding the site. It is a self-sustaining property that not only covers its operating costs but also pays taxes to the City and supports surrounding parks and repays its shareholders with interest after a period of time. While the PARK 101 District is larger in size than Post Office Square, there are development opportunities within its boundaries that could lend themselves to revenue producing projects such as commercial development.

4.2.3 Bryant Park, New York City

Bryant Park is a 5-acre park in midtown Manhattan. Surrounded by skyscrapers and the New York Public Library, this park features moveable chairs, free Wi-Fi, a carousel, food vendors, and plantings. Formerly the site of a reservoir and later a dilapidated public space, the planning for the Bryant Park renovation began in 1980 with the creation of the Bryant Park Restoration Corporation (BPRC). Construction started in 1988 and the park re-opened in 1992 to great public acclaim. The demand to hold events at Bryant Park is so high that the Bryant Park Corporation regularly has to turn down event applications (and the associated fees).

The renovation costs were approximately $5 million, and included the development of a new restaurant. It was funded through loans and business improvement district assessments (34th Street Partnership). Ongoing operations and maintenance costs are nearly $8 million annually, but are fully funded via revenue from events, concessions, donations, and assessments. The City of New York contributes no money to the park.

The park is owned by the New York City Parks Department and managed by the non-profit Bryant Park Corporation (BPC) operating under the auspices of the 34th Street Partnership (a Business Improvement District (BID)). The shared management team has encouraged greater involvement in the park and surrounding neighborhood by the members of the BID. BPC is responsible for maintenance, security, hospitality, programming and administration. Bryant Park is one of the largest efforts in the nation to apply private management backed by private funding to a public park, and it has been a success with public, press, and nearby institutions. The business community, whose assessments helped fund the renewal, now benefit from higher rents and property values.

While there are several public parks in New York City that operate on a public-private model, including Prospect Park and Central Park, Bryant Park is notable for its impact on surrounding property values as well as its incredible popularity as an event location, making it a self-sustaining park within the City

parks portfolio. While the PARK 101 District will be noticeably larger than Bryant Park, it will be similar in that it will provide open space in a dense urban environment. It is conceivable that there will be a high demand to hold events at PARK 101, and forecasting future event fees should be considered an important part of any operational funding strategy. Bryant Park was home to New York Fashion Week for many years; why not hold Los Angeles Fashion Week atop a freeway cap park? Finally, the public/private management of Bryant Park has been successful in funding both the capital and operational improvements to a public facility.

4.2.4 High Line Park, New York City

The High Line is a public park built on a 1.45-mile long elevated rail structure running from Gansevoort Street to West 30th Street on Manhattan's west side. It includes a walking path, gardens, and an open lawn. The park was opened in two phases between 2009 and 2011. Trains last ran on the rail structure in 1980 and the non-profit Friends of the High Line (FoHL) group was formed in 1999. A future extension, currently in the fundraising / planning phase, will expand the park to the Rail Yards from West 30th Street, east to 12th Avenue, and then north to West 34th Street. This $90 million extension will wrap around a planned mixed-use development to be built over the existing rail yards.

The High Line Park phases 1 and 2 cost approximately $170 million to construct, and were funded by the City of New York, private fundraising, and to a lesser extent, the State of New York. CSX donated the rail structure to the City of New York. Annual operations and maintenance costs are approximately $5 million, and are funded by FoHL and the City of New York. Efforts to develop a High Line Improvement District met with resistance from local neighborhoods, and an endowment is currently being developed for future maintenance and expansion. Potential and existing operations and maintenance funding sources include offering private connections to the park from neighboring buildings, concessions, special events, and merchandise sales in addition to on-going fundraising.

FoHL has a license agreement with the City Department of Parks and Recreation, who owns the property. FoHL provides over 70% of the High Line's annual operating budget and is responsible for maintenance of the park as well as programs and activities.

The New York Times reported in August of 2011 that the High Line Park has brought in an estimated $2 billion in new developments. While it has always been difficult to quantify the effects of a civil improvement on real estate values, there is visual proof that the neighborhoods surrounding the facility have experienced greater construction during an economic downturn than other neighborhoods in Manhattan. This bodes well for the PARK 101 District and any related development in the area.

4.3 Local Parks

Existing local parks operated in non-traditional methods can provide other examples of innovative development and operations. While there are a number of parks that this paper could profile, including the City-operated Memorial Park cap in La Canada Flintridge, the focus of this section is on non-traditional park operations. The Grand Avenue Park, currently under construction, is a local example and is an adjacent project (discussed in Section 5 of this report).

4.3.1 Grand Hope Park, Los Angeles

Los Angeles' Grand Hope Park is located in the South Park community. This 2.5 acre fenced park has strict operating hours, nearly $400,000 worth of artwork and sculpture, and meandering pathways dotted with seating areas. When the facility opened in 1993, it was the first new park in Downtown Los Angeles in more than a century. It was developed by the Community Redevelopment Agency (CRA|LA) and the City of Los Angeles.

The park cost $20 million for property acquisition and park design and construction. CRA|LA provided the capital funding. Annual operations and maintenance costs are just over $150,000 excluding security. Funding for the park's operation comes partially through an assessment on surrounding property owners, with the balance covered by CRA|LA. With the recent closure of CRA|LA, it has not yet been publicized how the gap in maintenance funding will be covered.

Grand Hope Park is now owned by CRA|LA's Designated Local Authority, and operated by a non-profit, Grand Hope Park, Inc. The non-profit group includes the Fashion Institute of Design and Merchandising, the Renaissance Tower apartments, and other nearby apartment and office buildings. This Business Improvement District (BID) is a non-profit organization that finances and runs the park under a 50-year leasing agreement with the CRA. The city hopes the park will spur further redevelopment in the district and act as a model for the private management of public facilities. The original plan was for CRA|LA to develop the park and then turn it over to the City of Los Angeles Department of Parks and Recreation, but the Department turned it down due to the maintenance costs and other potential issues.

The example of a local park operated by a non-profit organization offers a glimpse into how the PARK 101 District could be developed and managed utilizing a public-private partnership and/or non-profit organization.

4.3.2 Maguire Gardens, Los Angeles

Located at the Los Angeles Central Public Library in Downtown Los Angeles, Maguire Gardens is a 2.3 acre park with seven fountains, a mix of soft landscaping and hardscapes, mature trees, and a restaurant. Opened in 1988, the park was constructed on top of an underground parking garage and is open 24-hours day. The park was built by Maguire Property Group as a condition of constructing the Library Tower high rise across the street. Maguire Gardens has over 7,000 daily visitors and serves as a popular film location as well.

Maguire Gardens cost over $4 million to design and construct, and was a part of the Central Library reconstruction effort in the late 1980s. The annual operations and maintenance budget is approximately $250,000, and is funded by the City of Los Angeles. MPG Office Trust (formerly Maguire Property Group) is paid by the City to operate and maintain the park. In mid-2011, the contract between the City and MPG was up for renewal and there was some concern about the automatic cost increases included in the agreement, however this issue was successfully resolved by late 2011.

The park is a successful urban oasis with a non-traditional past (the park was constructed as a part of a commercial development) and unconventional present (a public-private maintenance agreement). The PARK 101 District will be developed in conjunction with adjacent commercial and residential buildings,

similar to Maguire Gardens. On-going maintenance of PARK 101 could be handled by individual developers or a consortium of developers.

4.3.3 Pershing Square, Los Angeles

Pershing Square is a 5-acre plaza built over an underground garage in Downtown Los Angeles. It hosts a winter ice skating rink and summer concerts for the Downtown population, but it provides little active green space in the Financial and Jewelry Districts. The 1800-car underground garage was constructed in the 1950s at the same time that the lush plantings were removed. The park was rededicated in 1994 following an extensive renovation

Renovation of the park cost $14.5 million in the early 1990s, with over half of that provided by the Pershing Square Property Owners Association (PSPOA) and the remainder provided by CRA|LA. Maintenance is performed by the City of Los Angeles Department of Recreation and Parks.

A public-private partnership was created by the Los Angeles Department of Recreation and Parks, the PSPOA and CRA|LA in the late 1980's expressly to re-invigorate the park. The capital funding arrangement was sponsored by the PSPOA, an organization of landholders surrounding the park, including developer Maguire Thomas Partners, property owner David Houk, the Los Angeles Athletic Club, Western Jewelry Mart and the Biltmore Hotel.

Involvement of the local property owners was key to the successful renovation of Pershing Square and is directly relevant to the PARK 101 District in that it will take the involvement of the Downtown community to raise funding for the park and improvements along the U.S. 101 corridor.

5. Related Projects

5.1 Union Station Redevelopment

Recently purchased by Metro, Union Station is located on the eastern boundary of downtown Los Angeles, the region's civic center. As the regional transit hub, Union Station connects five counties in Southern California via multiple rail and commuter lines, including Amtrak, Metro Rail (Red, Purple and Gold Lines) and Metrolink. In 1997, Catellus, the former owner, entered into a 25-year development agreement with the City of Los Angeles which has been assumed by Metro in its purchase of the property. Under this agreement and the Alameda District Specific Plan (passed in 1996), the property is entitled for over 6 million square feet of development.

The purchase by Metro presents new opportunities for joint development on the station's 42 acres. Metro has solicited planning proposals from multi-disciplinary teams to redevelop the land around the station. As part of the input into the master planning process, Metro commissioned a ULI Advisory Services Panel in December 2011 to provide strategic advice about what land use and planning policies should be adopted, as well as what infrastructure investments the City should make in the area immediately surrounding Union Station. The Panel Report is expected to be released in spring 2012. Once a master plan is finalized, Metro will lease parcels on the site to developers, which will increase the potential for additional revenue generation on the developed property. In addition, Metro can be

expected to undertake on site and immediately adjacent infrastructure improvements and other investments to strengthen connectivity to the surrounding areas and make access to the Station more friendly to various travel modes, including bikes, pedestrians and transit users.

Due to the adjacency of between Union Station and the PARK 101 District, there could be an opportunity to coordinate environmental and planning efforts as well as leverage development opportunities.

5.2 Grand Avenue Project

The Grand Avenue Project is a park and commercial/residential project currently under development designed to support ongoing revitalization efforts in downtown Los Angeles. The project, which is to be built on Grand Avenue adjacent to the Walt Disney Concert Hall, will connect Bunker Hill and the Civic Center with a 16-acre park. It will also include a proposed nine acres of retail, housing, and office space.

The Grand Avenue project is characterized by a partnership between both public and private entities. The project is overseen by the Los Angeles Grand Avenue Authority, a joint powers authority comprised of county and city officials. The JPA agreed to transfer 45% ownership to Istithmar, a Dubai investment fund, leaving the remaining 55% to the original private developer, Related Companies, who has negotiated a 99-year lease of the public lands. The Grand Park will sit on four parcels of taxpayer-owned property and receive tax breaks of more than $66 million from city and county funds.

The project has faced numerous delays due to financial constraints, with a recent request for another two-year extension. The delays have resulted in about $6 million in penalties owed by The Related Companies to the JPA for not meeting its timeline.

The Grand Avenue project is located directly to the south of the proposed PARK 101 District, and the construction of the Civic Park is well underway.

5.3 LA Streetcar

The proposed Downtown Los Angeles Streetcar will be an approximately four-mile modern streetcar system, which would run seven days a week, 18 hours a day. Its projected opening ridership exceeds all other similar existing or planned streetcar projects in the nation. It would serve areas including Bunker Hill, Grand Avenue and the Music Center, Historic Broadway and the Historic Core, South Park, L.A. LIVE and the Los Angeles Convention Center.

The locally preferred alternative (LPA) route proceeds south on Broadway from 1st Street to 11th Street, west to Figueroa Street, north to 7th Street, east to Hill Street, and north, terminating at 1st Street. The route would also include the ability to travel up 1st Street and into Bunker Hill on Grand Avenue as funding becomes available. A variation on this route, which travels east on 9th instead of 7th, is also being considered as part of the environmental review.

Los Angeles intends to submit an application for U.S. Department of Transportation funds for the project. The city plans to supplement the costs with local and private funds to complete an initial route of between three and five one-way track miles traversing the district from north to south. The LPA for

the route was approved by LA City Council, and has been submitted for consideration to the Federal Transit Administration.

The streetcar's proposed route is located to the south of the PARK 101 District and interfaces with the Grand Avenue project as well as the potential PARK 101 District development.

5.4 California High Speed Rail Authority

The California High-Speed Rail Authority is a California state agency established by the California High-Speed Rail Act of 1996. The High-Speed Rail Authority is developing a San Francisco Bay Area to Los Angeles and Anaheim high-speed rail system that will operate at speeds of up to 220 miles per hour. The full system will connect all of the state's major urban centers, including Sacramento and San Diego. Initial infrastructure construction will begin in the Central Valley in 2012. The project is being funded through voter-approved state bonds, federal funding grants, local funding, and public-private partnerships.

In November 2011, the Authority signed a cooperative agreement with the Federal Railroad Administration that will provide $928 million in federal funding for the construction of the project's Central Valley segment. To date, awards from federal funding sources amount to $3.5 billion for the design, engineering, and construction on the initial segment. Total funding committed for construction on the Central Valley backbone is $6 billion.

The CAHSRA route will utilize Union Station as the terminus for the Palmdale-Los Angeles route, the Los Angeles-Anaheim route, and the Los Angeles-San Diego route. The new facilities required for the high speed trains will entail construction in the Union Station and Los Angeles River areas, adjacent to the PARK 101 District project area. There is a potential for synergy between the activities at Union Station related to high speed rail and the PARK 101 District.

6. Governance Issues

6.1 Legislation

JPAs, P3s, and other development methods are permitted under State legislation, as outlined below.

6.1.1 State Legislation on Joint Power Authorities

The following is a timeline summary of State legislation related to JPAs:

1921 (SB 18) - Provides legal means for two cities or counties to enter into an agreement to provide funds towards a common goal.

1923 - California Supreme Court ruling upheld the new joint powers law.

1941 (SB 584) - Authorizes special districts to form JPAs as well.

1943 (SB 468) - The federal government and state agencies are given authority to enter into JPAs with counties, cities, and special districts in California.

1947 (AB 1573) - The Legislature allows for the creation of a separate government agency to operate independently of its member agencies – a joint powers agency.

1949 (SB 768) - Legislature renumbers and combines earlier laws into a unified statute and also gives JPAs the ability to incur debt and sell bonds to construct public-use buildings.

1970s - Legislature adds Section 6500 to the CA Government Code giving the ability for two or more public agencies to join together, under a joint powers authority.

1985 (SB 17) - Marks-Roos Local Bond Pooling Act is passed, allowing local agencies to form JPAs that can sell large bonds and then loan the money to local agencies.

2000 (SB 1350) - Legislature formally names the law the Joint Exercise Powers Act.

6.1.2 State Legislation on P3s

The following is a summary of legislation related to Public Private Partnerships in California, with a specific focus on Southern California:

CAL STS & HY CODE § 143: Allows regional transportation agencies and Caltrans to enter into comprehensive development lease agreements for transportation projects (including rail). Authority extends until January 1, 2017.

CAL. GOV. CODE §§ 5956 to 5956.10: Authorizes a government agency to solicit proposals from and enter into agreements with private parties for the design, construction, reconstruction, or lease of fee producing infrastructure, including commuter and light rail systems. Precludes use of state funding; lease term limited to 35 years.

CAL. PUB. UTIL. CODE § 130242: Authorizes the Los Angeles Metropolitan Transportation Authority (Metro) to procure a combination of professional services, such as design, construction, operations, and maintenance, under one contract. Requires low bid selection.

CAL. PUB. CONT. CODE §§ 20360 to 20369: Authorizes Metro to enter into contracts with private entities for various services, including planning, design and construction of rail transit projects. Projects may not be funded from local tax revenues or statements, although such funds may be used for credit enhancement; must include system linking LAX and Palmdale airport.

CAL. PUB. UTIL. CODE § 40075: Authorizes the Orange County Transportation Authority (OCTA) to contract with any private corporation to operate or make “improvements” to transit services, facilities, equipment, or operations.

CAL. PUB UTIL. CODE § 40183: Authorizes OCTA to lease or contract use of its transit facilities to any operator, including any private corporation.

The Budget Act of 2007 authorized the State of California, through the Judicial Council/Administrative Office of the Courts, to explore new and promising ways to construct court buildings in partnership with the private sector, including a type of P3 known as Performance-Based Infrastructure (PBI). PBI

partnerships capitalize on the development expertise of the private real estate, design, construction, and facilities operations sector, while ensuring that projects meet their objective of providing high-quality infrastructure for the public. The Long Beach Courthouse is a pilot PBI project that reached financial close in 2010 and is currently under design.

6.1.3 Infrastructure Financing District

Enacted in 1990, Chapter 2.8 of the California State Code provides for the creation of Infrastructure Financing Districts (IFD). The creation of an IFD provides for tax increment financing for public improvement purposes outside of redevelopment project areas. To repay the bonds, the IFD can divert property tax increment revenues from other local governments (excluding schools) for a maximum term of 30 years. If approved, the IFD would divert property taxes to pay for construction and improvements of public property that otherwise would have gone to the general fund.

To form an IFD, a city or county must develop a detailed infrastructure financing plan, send copies to all landowners and hold a public hearing. The plan must be approved by every local agency that will contribute its property tax increment revenue to the IFD. Once other jurisdictions approve the plan, existing law requires two-thirds voter approval to form an IFD and to issue bonds and majority-voter approval to set the appropriations limit.

Before redevelopment agencies were eliminated, the law stated that an IFD could not overlap a redevelopment project area. Further, any IFD that constructed housing was required to set aside at least 20 percent of those units for low- and moderate-income housing.

The following bills were introduced in 2011 seeking to change voting requirements and specific provisions for IFDs:

SB 214 (Wolk) Infrastructure Financing Districts: Voter Approval (Inactive): This bill would have revised the provisions governing the public facilities that may be financed, and would have eliminated the requirement of voter approval and authorized the legislative body to create the district, adopt the plan, and issue the bonds by resolutions. The bill would have authorized a district to finance specified actions and projects and prohibit the district from providing financial assistance to a vehicle dealer or big box retailer, as defined. The bill sought to cap the life of an IFD to no more than 40 years and would have imposed additional reporting requirements.

SB 310 (Hancock) Transit Priority Projects (Chaptered by Secretary of State. Chapter 446, Statutes of 2011): This bill established the Transit Priority Project Program, and authorizes a city or county to participate in the program by adopting an ordinance indicating its intent to participate in the program and by forming an IFD. The bill requires a city or county that elects to participate in the program to amend its general plan and related specific plans to authorize participating developers to build at an increased height of a minimum of 3 stories within the newly created IFD. This bill authorizes a district to reimburse a developer that meets specified requirements for permit expenses or expenses related to the construction of affordable housing units pursuant to the Transit Priority Project Program. It also requires that an infrastructure financing plan also include a plan to finance any potential costs for

reimbursing a developer that meets specified requirements for permit and affordable housing expenses related to a project of the Transit Priority Project Program.

AB 485 (Ma) Infrastructure Financing (Inactive): This bill would have eliminated the requirement of voter approval for the adoption of an infrastructure financing plan, the creation of an IFD, and the issuance of bonds with respect to a transit village development district. The bill focused on the provision of affordable housing within the districts and required that construction meet or exceed the requirements of the California Green Building Standards Code. This bill would have eliminated the requirement of voter approval and authorized the legislative body to create the district, adopt the plan, and issue the bonds by resolutions. The bill sought to cap the life of an IFD to no more than 40 years and would have imposed additional reporting requirements.

AB 910 (Torres) Infrastructure Financing Districts: Facilities and Projects (Inactive): This bill would have, in addition to public capital facilities, required a district to finance affordable housing facilities and economic development projects. The bill would have provided that an election would not be required to form a district, adopt an IFD, or issue bonds pursuant to existing law provided the district was implement a specified plan.

6.2 Community Redevelopment Agencies

Community Redevelopment Agencies were created as a government subdivision to improve, upgrade and revitalize areas within a city that had become blighted because of deterioration, disuse, and unproductive economic conditions. They also played a role in assisting property owners displaced by redevelopment and issued bonds or other financial instruments necessary to fund their programs. A major revenue source for redevelopment agencies was tax increment financing, where the agency collected a portion of the growth in property tax revenues associated with the redevelopment project. Redevelopment agency goals were normally accomplished in partnership with private developers.

In June 2011, the California Legislature approved Assembly Bill 26x and 27x to dismantle the state's local redevelopment agencies and use their billions of dollars for basic public services. As of early 2012, the Community Redevelopment Agency of Los Angeles (CRA|LA) was disbanded and a Designated Local Authority has been tasked with winding down existing projects and fulfilling existing obligations. There are a number of uncertainties related to the elimination of the CRA that will continue to be addressed in the coming year.

The CRA|LA was very involved in Downtown Los Angeles projects and would have been intimately involved with the development of the PARK 101 District. It is uncertain what, if any, entity will fill the CRA|LA role going forward.

6.3 Caltrans Property Transfers

Property transfers between Caltrans and public or private entities can be a lengthy process. Caltrans uses the Historical Resources Compliance Report (HRCR) to document compliance with the California Public Resources Code (PRC) §5024, and when applicable, CEQA, prior to transferring property out of Caltrans ownership. PRC §5024 compliance must be complete and the HRCR on file before the

parcel transfers or route relinquishments can be placed as agenda items for consideration by the California Transportation Commission.

When transferring property to local agencies, Caltrans must follow the procedures outlined in its Cultural Resources handbook, including the development of protective measures if the excess parcel or route relinquishment contains National Register listed/eligible or California Historical Landmark (CHL) registered/eligible resources. Private owners are under no obligation to comply with state or local cultural resources laws and regulations, unless their actions include public funding, permits, licenses, etc. that would trigger environmental review. There are, however, certain activities (e.g. ground-disturbing activities, alterations, demolitions) that could adversely affect historical resources. Therefore, when state-owned historical resources are transferred to a private owner(s), under PRC §5024, the transfer has the potential for adverse effect. As with transfers to local agencies, prior to transferring excess property to private owners, Caltrans needs to follow the procedures for protecting important resources.

There are several freeway ramps identified for possible closure and consolidation under the PARK 101 District plan. Should these ramps be closed, the land upon which they sit could potentially be developed for either park, commercial, or residential purposes. In the latter two scenarios, the property would need to be transferred (or sold) to the developing authority, another involved agency, or a private developer. If the land were to be transformed into parkland, it could potentially remain under Caltrans control, or it could be transferred to the developing authority or the City.

6.4 Air Rights over Freeways

Air rights refer to the empty space above a property. Caltrans currently owns the air rights over the 101 Freeway. The Caltrans air rights regulations have changed over the last decade as a result of the claims arising following several large earthquakes in the 1990's. While the Agency formerly issued up to 99-year leases for air and/or ground rights, their more recent agreements have been limited to shorter timespans, on the order of maximum 25-years. These leases are revocable at any time with very short notice.

This short lease duration, coupled with the uncertainty of a revocable lease at short notice, could cripple the ability to develop the air rights above the freeway. Thus, it may be advisable to limit development to real property adjacent to the freeway. Discussions at the February 16, 2012 Forum touched on the potential to create, and then transfer, development rights for the air above the U.S. 101 freeway. This could provide an incentive to developers involved in the PARK 101 District.

6.5 Parking

The City of Chicago earned headlines in 2006 with the lease of the City's 36,000 municipal parking meters. The long term concession agreement with Morgan Stanley Infrastructure Partners brought the City over $1.15 billion. The arrangement does not cap parking fees, leaving it to the market to determine prices. The City also leased the four parking garages located under Millennium Park for $563 million and a 99-year lease.

The City of Los Angeles owns a number of garages and lots in the region of the PARK 101 District. In early 2011, the City looked into leasing these facilities in a similar arrangement as the Chicago garages, but the terms of the concession were not acceptable to bidders and the City was unable to reach an agreement. The concession was rumored to potentially bring the City $53 million. One of the issues related to capping parking fees – City leaders wanted it and bidders did not. If issues such as these could be agreed upon, a parking concession with City-owned facilities could be reached and the income could potentially be dedicated to the PARK 101 District.

6.6 Benefit Assessment Districts

Benefit Assessments are used by local governments to pay the costs of providing fire suppression, flood control, parks and other services to a particular community. These charges are based on the concept of assessing only those properties that directly benefit from the services or improvements financed. Because these charges are based on specific benefit, they are not subject to Proposition 13 limitations.

The City of Los Angeles and Metro have successfully utilized Benefit Assessment Districts for projects such as the Metro Red Line, open space, and fire protection. Many of the park examples cited earlier utilized Business Improvement Districts (BIDs), which are often funded via benefit assessment districts, to fund capital and operating expenses. The development of a BID for the PARK 101 District could assist in offsetting some of the project costs, but because much of the area surrounding the PARK 101 District is comprised of municipal and government uses, the funds raised through a benefit assessment may not be significant.

7. Conclusions

There is little question that the PARK 101 District presents a unique opportunity for providing park space to Downtown Los Angeles, increasing connectivity within Downtown, and providing development opportunities for commercial and residential growth. Regardless of whether the PARK 101 District is constructed in phases or all at once, the obstacles in the project's path at this time include a lack of funding and the emergence of a strong "champion" to lead the project. Developing a sound governance structure along with a methodical plan for the PARK 101 District development will lay the foundation for a funding plan while attracting the attention of potential champions.

As discussed herein, there are several directions in which the governance of this project could move.

7.1 Single Lead Agency

If the PARK 101 District were to be developed with a Single Lead Agency, there are four possible agencies that could take the lead: the City of Los Angeles, the County of Los Angeles, Metro, or Caltrans. While each of these agencies could conceivably lead the environmental planning phase, there are benefits and issues associated with each, as discussed in Section 3.1 and below. Ultimately, the lead agency would need to become the PARK 101 District champion and advocate. The lead agency would be supported by a Technical Advisory Committee (TAC) or similar advisory group composed of the other local and regional agencies. None of the potential lead agencies discussed below have funding programmed for the PARK 101 District at this time, and it could take some time for the necessary

funding to be arranged. One alternative could be to apply for funding from SCAG. SCAG has often served as the funding entity for planning of regional transportation and infrastructure projects, including this current work effort, but does not typically lead environmental analysis of projects.

At the same time, the Friends of Park 101 would continue their fundraising efforts and focus on bringing together local developers and real estate industry groups who have a financial interest in improving the corridor. By pressing forward with efforts to raise large private donations to fund initial environmental work, the non-profit could also continue its campaign to raise awareness of the project amongst elected officials and the public. The lead agency and advisory group would be able to rely on the Friends of Park 101 for fundraising and community input to the project, ensuring that the planning process is a robust one.

7.1.1 Option 1: City of Los Angeles as Lead

As the PARK 101 District is located fully within the City of Los Angeles and adjacent to many civic buildings and facilities, the City would be a natural lead for a complex project of this nature. The City of Los Angeles has authority over land use and streets in the area but not the freeway, county, school district, state or federal government uses. The City of Los Angeles Planning Department was one of the early developers of the PARK 101 District. City departments, including Community Development, Planning, Recreation and Parks, and Transportation, would all presumably have involvement in the project, and have previous experience with bringing large infrastructure and development projects to fruition, including managing complex environmental assessments. Only 30% of Los Angeles residents live within a quarter mile of a park, so the addition of parkland to urban Downtown Los Angeles would benefit the City as a whole. The City of Los Angeles General Plan described the downtown center as "an international center of finance and trade that serves the population of the five county metropolitan region. Downtown is the largest government center in the region and the location for major cultural and entertainment facilities, hotels, professional offices, corporate headquarters, financial institutions, high-rise residential towers, regional transportation facilities and the convention center." However, the City budget does not currently include funding for the environmental analysis of PARK 101 District. Further, the City Planning Department has experienced significant budget cuts over several years which could make staffing the effort a challenge.

7.1.2 Option 2: County of Los Angeles as Lead

The County of Los Angeles could also be the lead agency for this project of regional significance. The PARK 101 District would expand parkland in the urban core and would be adjacent to many County-owned parcels, parking lots, and buildings. County Departments such as Community Development, Parks and Recreation, and Regional Planning could lead the project. However, the County budget does not currently include funding for the environmental analysis of PARK 101 District.

7.1.3 Option 3: Metro as Lead

PARK 101 would improve pedestrian and bicycle access to Union Station, the hub of the regional rail system, and would create a linkage to the Civic Center area. As such, Metro could serve as the lead agency as it often does on community linkage studies around transit stations. Metro has adopted an Active Transportation Agenda to encourage walking to/from transit and will soon be developing a First

Last Mile Strategic Plan. Metro also provides funding through its Call for Projects program for local jurisdictions to implement pedestrian and bicycle capital improvements. Metro's well-rounded cadre of planners and engineers have experience with freeway, arterial, and transit improvements along with the myriad other improvements that are attached to a large infrastructure project. However, the PARK 101 District is not included in Metro's Long Range Transportation Plan (LRTP), which means that there is no funding for the environmental analysis at this time. Further, while linkages to transit are part of Metro's mission, a project at the scale of Park 101 may expand the concept of linkages beyond the transit mission of the agency. Should funding be identified from sources other than Metro, it is possible that Metro could lead the environmental analysis much as it has been doing for the Los Angeles Streetcar. The Los Angeles Streetcar environmental and planning work has been funded by CRA|LA and LASI and performed by Metro staff. Metro has not identified staff resources that could be employed in the Park 101 effort.

7.1.4 Option 4: Caltrans as Lead

Due to the fundamental nature of the PARK 101 District in that it is located above and adjacent to an active freeway, Caltrans could serve as the lead agency for the planning and environmental clearance of the project. Caltrans has experience with the planning, design and construction of freeway structures, and is intimately knowledgeable of the U.S. 101 highway operations and maintenance requirements. However, the mandate of Caltrans does not lend itself easily to development, as the focus of the Agency is on safety and mobility. Previous cap parks developed by Caltrans have been forms of mitigation for freeway widening projects. Additionally, the State budget deficit has affected Caltrans, and there is no funding or plan for this project at this time.

7.2 Joint Powers Authority

A JPA could lead the next phase of the PARK 101 District. Members of the JPA could include Metro, Caltrans, the City and County of Los Angeles, and other local agencies. Each agency would need to provide funding and/or technical support to the JPA. An advantage to a JPA would be the shared costs, however, it could take up to a year to develop the necessary agreements and identify funding. The environmental analysis could be completed in house by one of the JPA partners, or a consultant firm could be brought onboard. Similar to the Grand Avenue Authority, a developer could be identified early in the planning process to provide equity and/or expertise in the development of parcels adjacent to the project. Should a JPA be the preferred option of the Steering Committee, preparations for JPA agreements and involvement should begin immediately so as to not impact project momentum.

7.3 Following the Environmental Work

Upon the completion of the environmental work, the Single Lead Agency or the JPA could continue into design and construction, or a new form of governance could be instigated, such as a jointly led Caltrans and Metro group, similar to the ongoing Design/Build effort used for the I-405 Carpool lanes through the Sepulveda Pass. At this point, the project could potentially be split into two work efforts, similar to the Dallas Freeway Park: the public entities could design and construct the freeway cap and ramp improvements, thus settling any concerns the State may have with a private group working on State facilities; and a private consortium of developers could focus on designing and constructing the park

facilities on top of the freeway cap, while developing the commercial and residential parcels identified surrounding the park. A P3 agreement could be reached with the developers to design, build, finance, operate, and maintain (DBFOM) the park facilities and development for a set period of time.

Of course, extensive financial analysis would need to be performed to ensure that there is a sufficient rate of return on such a P3 prior to proceeding down this path. It could be that such a deal would need to involve availability payments, wherein the City or State pays the concessionaire based on the availability of the facility. A funding source would need to be identified for this purpose.

7.4 Recommendations

It is important to note that as this is a conceptual White Paper, all Consultant recommendations herein are nonbinding. Based on the research presented in this White Paper, the discussions at the February 16, 2012 Forum, and conversations with Project Steering Committee members, the recommendation of this analysis is to move forward with creating a Joint Powers Authority. In order to form a JPA, one of the members must initiate the process. At this point in time, it seems that the logical agency to initiate discussions would be the City of Los Angeles. A viable champion could be the Mayor, who is also a Metro Board member, or a City Council member. A City Council motion would be required to initiate the process.

In addition to laying out a sound governance and funding strategy, much work needs to be done politically and procedurally to ensure that the legal issues are resolved with respect to cap parks. The PARK 101 District team needs to coordinate with regional cap park efforts in Santa Monica, Hollywood and Ventura to reach agreements at the State level regarding concerns Caltrans may have with installing cap parks over existing freeways, legal aspects of transferring air rights over freeways to surrounding communities for development, and other “elephant in the room” issues that could benefit from a united approach. Funding approaches must also be further explored, building upon the initial research in this White Paper and developing a potential funding strategy. Cap Parks could be identified as a category of projects if Measure R is extended, creating an allowable expenditure for pedestrian connections across transportation corridors that create barriers. Finally, coordination with the numerous other projects underway in this corridor must remain a top priority in order to ensure that Downtown can continue to successfully grow and thrive.

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