



Metro

Los Angeles County
Metropolitan Transportation Authority

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SECOND REVISED

**PLANNING AND PROGRAMMING COMMITTEE
APRIL 15, 2015**

SUBJECT: THE BLOC/METRO CONNECTION JOINT DEVELOPMENT

**ACTION: AUTHORIZE APPLICABLE AGREEMENTS; AUTHORIZE LOP
BUDGET OF 4,650,000 DOLLARS; INCLUDE IN THE FY2016
PROPOSED BUDGET 4,250,000 DOLLARS, ESTABLISHING A NEW
CAPITAL PROJECT**

RECOMMENDATION

- A. Authorize the Chief Executive Officer to negotiate and execute Joint Development, Construction and Funding Agreement (JDCFA) and Reciprocal Easement Agreement (REA) and such other documents necessary to effectuate the transaction, consistent with the attached Term Sheet, with NREA-TRC 700 LLC, a Delaware limited liability company, ownership entity of The Bloc (formerly Macy's Plaza) (the "Owner") or its designee for the design, construction, operation, maintenance and funding of a pedestrian passageway between the 7th Street/Metro Center Station ("the Bloc/Metro Connection"), consistent with the attached Term Sheet.
- B. Authorize the Life of Project (LOP) Budget of \$4,650,000 for The Bloc/Metro Connection.
- C. Amend the FY2016 proposed budget by adding \$4,250,000, ~~in the Construction & Engineering Department, establishing a new capital project,~~ as a portion of the LOP Budget approved on item (B).

ISSUE

At the October 2, 2014 meeting of the Metro Board of Directors, the Metro Board approved the initial stages of a project that will connect the 7th Street/Metro Center Station ("the Station") to an adjacent private development through a short, underground pedestrian passageway, providing an additional entrance to the Station for Metro patrons ("The Bloc/Metro Connection"). The private development was formerly known as Macy's Plaza, and is being renovated and rebranded "The Bloc." In October, the Board authorized the commencement of design and environmental work for The Bloc/Metro Connection, the negotiation of applicable agreements, and the amendment of the FY2015 budget for \$400,000 to cover the initial design costs of the project. The October Board Report is attached (Attachment A).

Metro Engineering & Construction staff has designed a passageway to connect the Station with The Bloc. The Owner has designed The Bloc renovation to include vertical transportation to connect from the passageway level through The Bloc to the street level. The conceptual drawings of both are attached (Attachment B). The Bloc/Metro Connection has been cleared through the California Environmental Quality Act (CEQA). Metro staff is drafting agreements consistent with the attached Term Sheet (Attachment C) in order to construct The Bloc/Metro Connection, in partnership with the Owner. Staff now seeks approval from the Board in order to finalize negotiations, execute agreements, and authorize construction and funding of Metro's share of The Bloc/Metro Connection.

DISCUSSION

The Bloc/Metro Connection provides a unique opportunity to allow increased access to the Station at a lower cost than the typical construction cost of an additional portal, as Metro is sharing the cost with the Owner and utilizing the improvement to The Bloc to achieve street access. It allows Metro to integrate the system into the urban fabric and increase visibility to potential system users. The Station will become more impacted with the opening of the Expo Line Phase II in early 2016, and this additional access will reduce congestion at both the street level and in the existing portals.

The Station was designed with knock out panels (KOPs) that could be removed to connect the Station with neighboring uses. The Bloc/Metro Connection is activating one of the KOPs to complete the passageway. The construction necessary underneath the public right of way would involve an approximately 12-foot long passageway extension of the Station through the KOP to The Bloc.

Metro has designed this passageway, which will be paid for and maintained by Metro. The Owner has designed vertical access to connect the passageway through The Bloc to the street, which will be paid for and maintained by the Owner. The Owner has designed The Bloc renovations to forego leasable area in the project to provide the necessary pedestrian movement through The Bloc, which will result in lost revenue to the Owner. Metro will pay a one-time easement fee to allow Metro patrons to use the vertical access from the passageway to the street.

The project has been cleared under the CEQA process. All public comments have been received and addressed and have been incorporated in the Final Mitigated Negative Declaration (MND) document. Mitigation measures will be implemented commencing at the design and construction process. Staff has determined that no Federal Environmental Clearance Process is needed.

The attached conceptual drawings (Attachment B) show the passageway, vertical transportation, and access through the project to the street. Construction is anticipated to commence in the spring of 2015 and finish in late 2015. Once completed, it will allow Metro patrons access to the Station from the south side of 7th Street.

The appropriate agreements, consistent with the Term Sheet are being finalized with

the Owner and include the following:

Joint Development, Construction and Funding Agreement (JDCFA)

- Metro will design and fund the construction of the passageway
- Metro will own and maintain the passageway as part of the Station
- Owner will construct the passageway according to Metro’s approved final design
- Owner must follow all Metro permit processes and work rules
- Owner will design, fund and construct the vertical and horizontal access from the passageway through The Bloc to the street
- Owner will own and maintain their project
- Metro will contribute \$3,000,000 for construction costs
- The Bloc will contribute ~~\$6,823,000~~ \$6,312,000 in construction costs and foregone retail space
- A one-time easement payment of \$1,650,000 will be made by Metro to The Bloc to partially mitigate the loss of retail space to accommodate the transit connection per Attachment D

Reciprocal Easement Agreement (REA)

- ~~Access~~ Daily access from 6am – 10 pm will be granted for our patrons through The Bloc ~~during stated operating hours per Attachment C.~~
- There will be an agreement to provide Metro wayfinding signage throughout The Bloc.
- Access will be granted to The Bloc to perform maintenance of the Bloc fire alarm equipment in the passageway.
- Security will be the responsibility of The Bloc on The Bloc property, and the responsibility of Metro in the passageway and in the Station

DETERMINATION OF SAFETY IMPACT

The new passageway will provide an additional egress point at the Station and reduce congestion at peak times. While the Station meets egress codes with the current design, the additional access will improve customer flow through the Station and create a safer environment for passengers. In consideration of the increased boardings and alightings that will occur with the advent of the Expo Line Phase II, this added capacity is highly valued.

The new entrance will make pedestrian access to the Station safer and more efficient. Passengers currently accessing the Station from the south side of 7th Street and crossing to the north side of 7th Street at-grade in order to enter will now be able to access the Station from the south side of 7th Street directly, without crossing 7th Street at-grade. This will reduce pedestrian exposure to vehicular interactions while accessing the Station.

FINANCIAL IMPACTS

The total cost of the passageway including The Bloc improvements necessary to accommodate the passageway and the value of the forgone retail space is estimated to

be \$9,823,000.\$9,312,000.

Metro's share of the costs for The Bloc/Metro Connection (construction and easement fee) is not to exceed \$4,650,000, ~~less than~~ and is approximately half of the total project costs.

Impact to Budget

The cost for The Bloc/Metro Connection to be incurred in FY2015 is \$400,000, which was previously authorized by the Board and added to the FY2015 budget. The cost for The Bloc/Metro Connection to be incurred in FY2016 will be \$4,250,000, which will be added to the FY2016 proposed budget. The source of funds for Metro's share of The Bloc/Metro Connection will be from ~~Proposition C 10 percent funds~~ General Funds / Lease Revenues, which are eligible for capital projects such as Metro transit centers and Metrolink operating and capital expenses. These funds are not eligible for Metro bus and rail operating expenditures and therefore the project ~~will not~~ may impact the Metro Operations budget.

ALTERNATIVES CONSIDERED

The Board may choose not to move forward with the construction of The Bloc/Metro Connection. This is not recommended as The Bloc/Metro Connection is a cost-effective way to add ingress/egress capacity to the busiest Metro station in the system. In addition, The Bloc/Metro Connection will provide critical insights for staff in long term planning and programming of connections into private properties adjacent to additional Metro rail stations. Successful completion of The Bloc/Metro Connection will be beneficial to Metro's bus and rail customers and promote the use of public transportation.

NEXT STEPS

Upon Board authorization, Metro will finalize and execute the documentation that will enable the construction and operation of The Bloc/ Metro Connection.

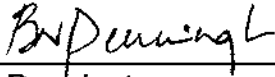
ATTACHMENTS

- A. October Board Report
- B. Conceptual Drawings
- C. Term Sheet
- D. Project Budget

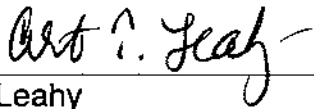
Prepared by: Marie Sullivan, Transportation Planner (213) 922-5667
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Arthur T. Leahy
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**Metro**Los Angeles County
Metropolitan Transportation AuthorityOne Gateway Plaza
Los Angeles, CA 90012-2952213.922.2000 Tel
metro.net**PLANNING AND PROGRAMMING COMMITTEE
SEPTEMBER 17, 2014****SUBJECT: THE BLOC/METRO CONNECTION****ACTION: AUTHORIZE NEGOTIATION OF JOINT DEVELOPMENT AND
FUNDING AGREEMENT AND RECIPROCAL EASEMENT
AGREEMENT; ESTABLISH A NEW CAPITAL PROJECT****RECOMMENDATION**

- A. Authorize the Chief Executive Officer to commence design, environmental review, and other planning activities for a proposed pedestrian passageway and new portal for the 7th Street/Metro Center Station ("The Bloc/Metro Connection").
- B. Authorize the Chief Executive Officer to negotiate the applicable agreements with NREA-TRC 700 LLC, a Delaware limited liability company, ownership entity of The Bloc (Macy's Shopping Center) (the "Owner") or its designee and return to the Board for final approval of the agreements and the Life-of-Project budget.
- C. Establish a new capital project for the FY15 budget in the amount of \$400,000 for a portion of the cost of the proposed Bloc/Metro Connection.

ISSUE

The 7th Street/Metro Center Station ("the Station") was constructed with several knock out panels (KOPs) to enable additional entrances to the Station that were not utilized at the time of construction of the Station. Until now, those KOPs have remained unused largely due to the lack of Metro's control of the private property required to provide Station exits. The Owner purchased the property located south of 7th Street between Hope and Flower Streets (formerly known as "Macy's Plaza") in 2013 and is under construction on a major renovation of the building which has been branded "The Bloc." The Bloc is located directly south of the 7th Street/Metro Center station box and is well positioned to connect to the Station via an existing KOP. The Owner has offered to work with Metro to activate the first KOP to allow an entrance to the Station from the south side of 7th street. The appropriate environmental clearances and Board approval of the agreements and a new capital project will be needed to move The Bloc/Metro Connection forward.

DISCUSSION

The Station is a critical hub in the Metro Rail system with more boardings and alightings than any other station. The Station currently has three entrances, all on the north side of the Station. This new portal would be the only entrance on the south of the Station and would minimize pedestrian crossings of 7th Street. The Expo Line Phase II is scheduled to open in January of 2016, and is anticipated to increase boardings and alightings significantly at the Station.

The Bloc/Metro Connection provides a unique opportunity to allow increased access to the Station at a lower cost than the typical construction cost of an additional portal. It allows Metro to integrate the system into the urban fabric and increase visibility to potential system users.

The Bloc includes retail amenities at one floor below grade, and will require construction of one additional stairway and elevator(s) to two floors below grade as well as the new portal to connect to the Metro Station mezzanine level. The construction necessary on Metro property would involve a 12 foot passageway connecting the Station through the KOP to The Bloc. In order to accommodate The Bloc/Metro Connection, the Project will eliminate approximately 3,000 square feet of leasable area within their property.

Conceptual plans have been prepared, but Metro staff desires to take the next steps in creating more detailed design plans and specifications to obtain a more detailed cost estimate to complete The Bloc/Metro Connection. Further, Metro will take the necessary reviews to obtain environmental clearance for the pedestrian connection. It is estimated this work will not exceed \$400,000.

Concurrently, staff will negotiate the applicable agreements needed to implement the Bloc/Metro Connection regarding the following issues:

1. Responsibility for all circulation improvements including vertical transportation from the entrance to the new portal, through The Bloc, as well as wayfinding signage for Metro patrons through The Bloc to the street.
2. Responsibility for all operations and maintenance costs of the vertical transportation elements within The Bloc.
3. Responsibility for the costs of opening the KOP and excavating the passageway connection under 7th street to The Bloc property line and operations and maintenance of the 12 foot passageway.
4. Easement rights through The Bloc for Metro patrons, and the cost, if any for these rights.

Metro will prepare a preliminary design of The Bloc/Metro Connection in order to arrive at a construction budget.

DETERMINATION OF SAFETY IMPACT

There are no safety impacts as only environmental, design and other planning activities are proposed at this time.

FINANCIAL IMPACTS

The estimated funding for The Bloc/Metro Connection to be incurred this fiscal year is \$400,000, to be added to the FY15 budget in cost center 4510 – Executive Office, Strategic Initiatives, line item 50316 – Professional Services, project 204025. We will come back to the Board at a subsequent meeting for approval of the Life-of-Project budget.

Impact to Budget

The source funds for The Bloc/Metro Connection will be from Prop C 10 percent funds, which are only eligible for Metrolink operating and capital expenses, park and ride, and transit station capital projects. These funds are not eligible for Metro bus and rail operating and capital expenditure. Once the budget is finalized and approved, the total impact to the budget will be determined prior to approval by the Board in a subsequent action.

ALTERNATIVES CONSIDERED

The Board may choose not to move forward with the initial planning stages of The Bloc/Metro Connection. This is not recommended as The Bloc/Metro Connection is a cost-effective way to add egress capacity to an impacted station. In addition, The Bloc/Metro Connection which will provide critical insights for staff in long term planning and programming of connections into private properties adjacent to Metro rail stations. Successful completion of The Bloc/Metro Connection will be beneficial to Metro's bus and rail customers and promote the use of public transportation.

NEXT STEPS

Upon Board authorization, Metro will commence activities to obtain the necessary environmental clearance, refine the design of The Bloc/Metro connection, obtain a Life-of-Project budget estimate, and negotiate with the Owner. Staff will return to the Board for final approval of the agreements and a Life-of-Project Budget.

ATTACHMENTS

- A. Supporting map
- B. Preliminary design drawings

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Martha Welborne, FAIA
Chief Planning Officer



Arthur T. Leahy
Chief Executive Officer

The Bloc / Metro Connection – Site Plan

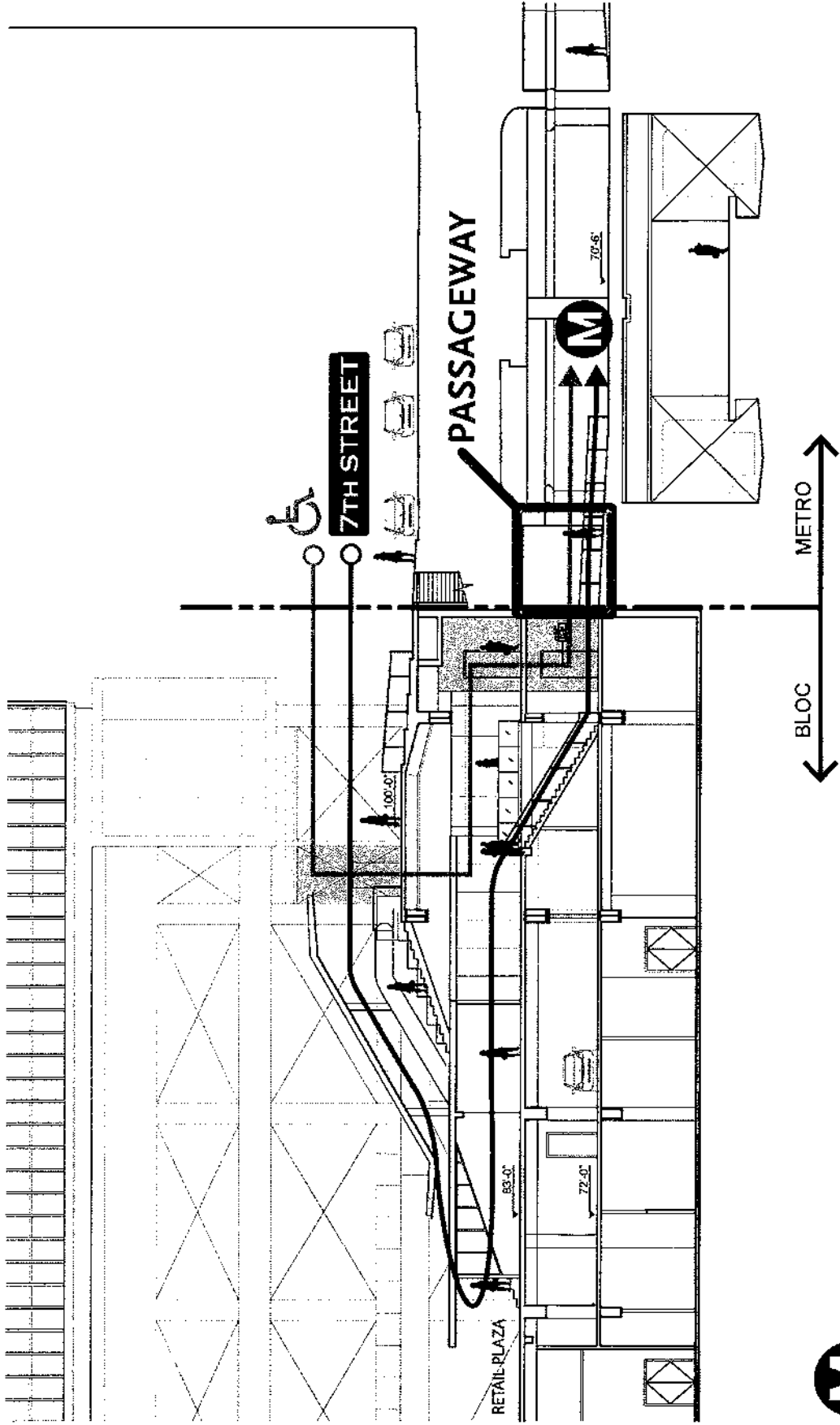
EXISTING PORTALS



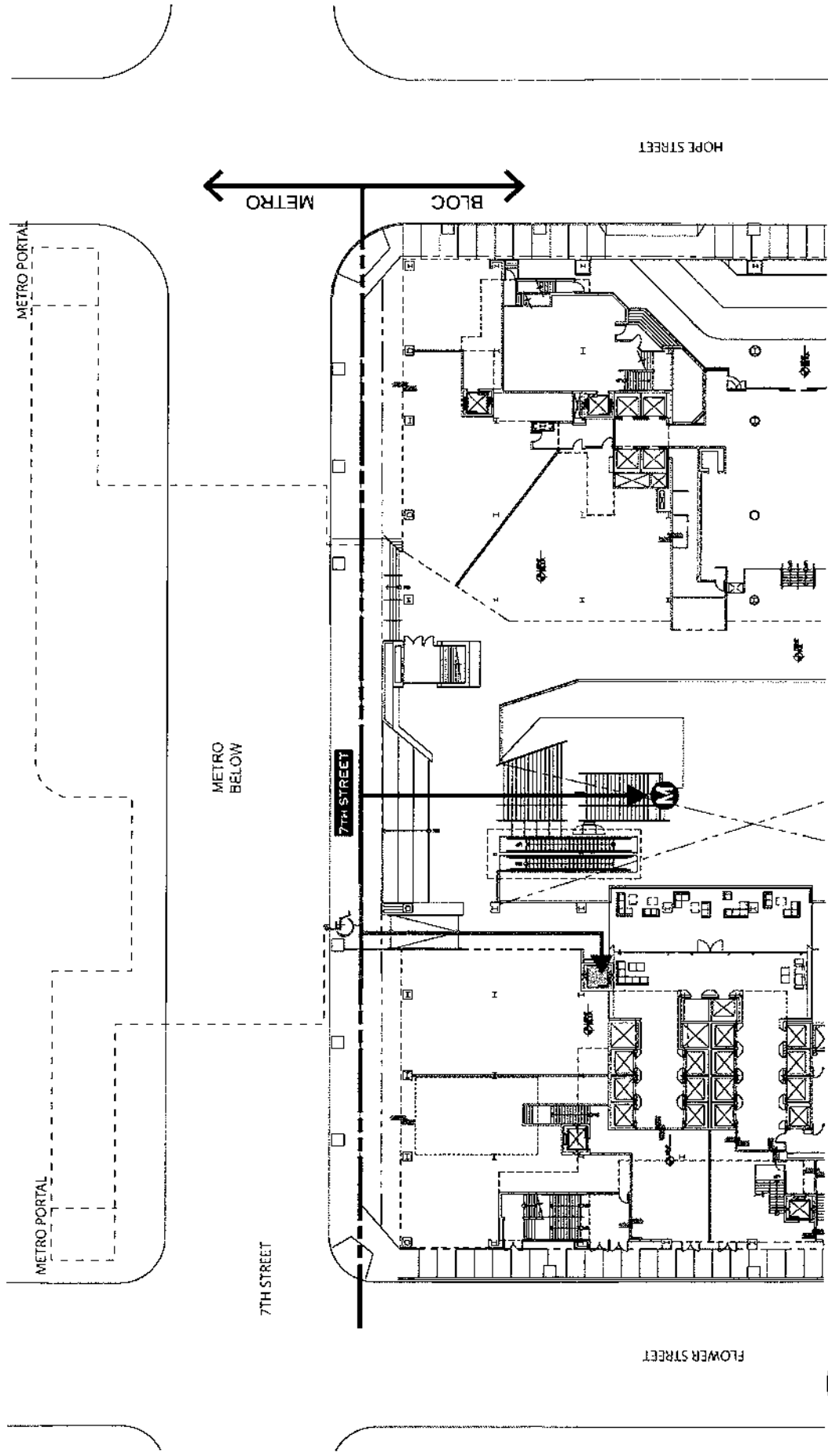
PROPOSED
ENTRANCE
VIA THE BLOC



The Bloc / Metro Connection – Section



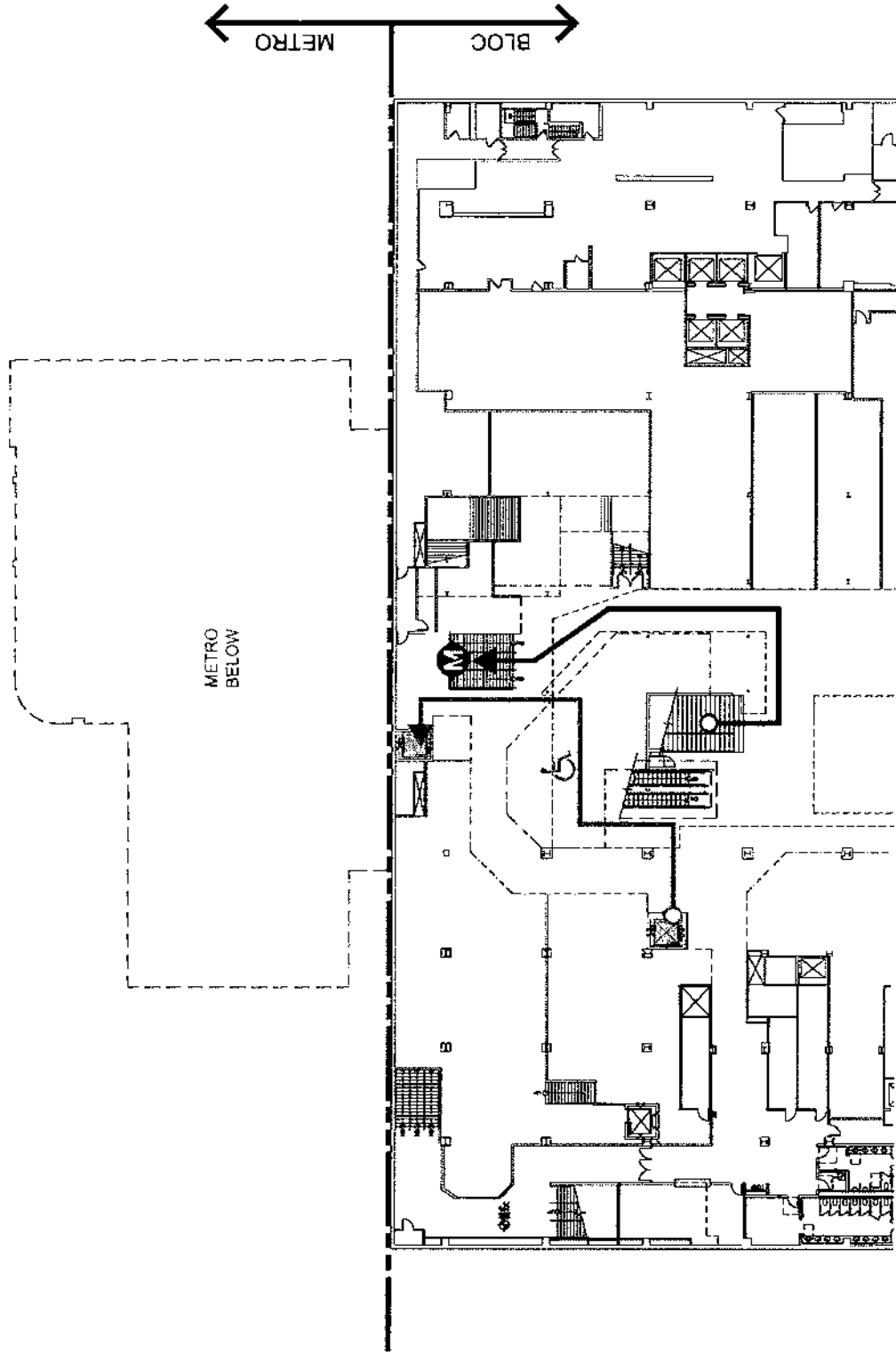
The Bloc / Metro Connection – Street Level



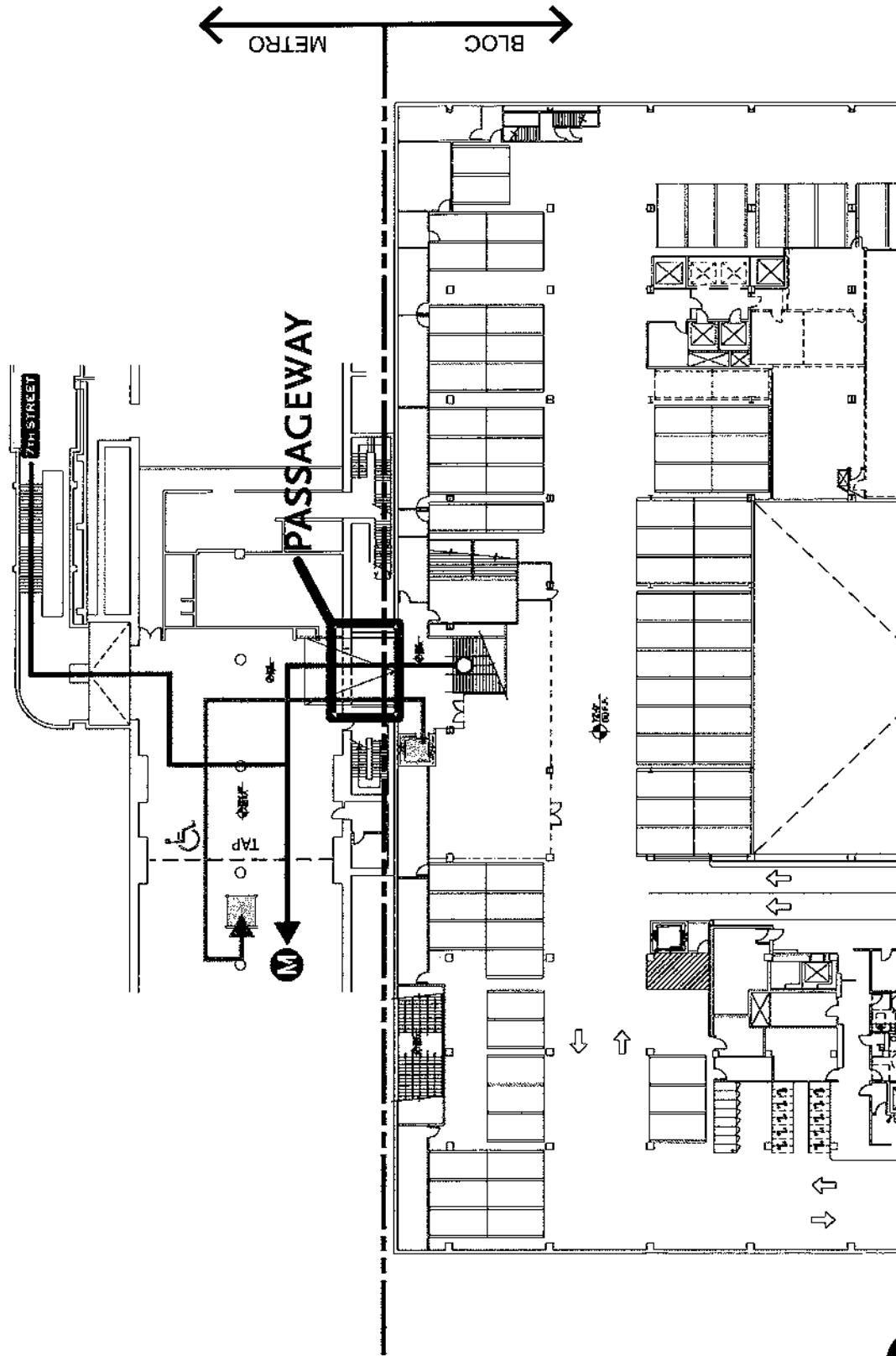
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The Bloc / Metro Connection – Plaza Level (-1)



The Bloc / Metro Connection - Mezzanine (-2)



ATTACHMENT C

Term Sheet

The Bloc / Metro Connection

DRAFT – updated April 8, 2015 ~~October 22, 2014~~

(This draft has been agreed to by the parties except for those areas left blank)

This is a term sheet (“**Term Sheet**”) outlining a proposed Joint Development Agreement between the Los Angeles County Metropolitan Transportation Authority (“**LACMTA**”) and NREA-TRC 700 LLC, a Delaware limited liability company (“**Owner**”).

LACMTA owns and operates the existing 7th & Metro Rail Station (“**Station**”) which is part of the Metro Rail System. Owner owns and operates that certain shopping center, which includes the Macy’s Department Store, and is commonly referred to as The Bloc (“**The Bloc**”). The Bloc is located on the entire city block bounded by Seventh Street, Flower Street, Eighth Street and Hope Street. The Parties desire to construct, finance, operate and maintain a pedestrian passageway to The Bloc from the Station (“**Passageway**”) and to construct, finance, operate and maintain a new portal entrance/exit for the Station within The Bloc (“**Portal**”).

The Parties intend to formalize the understandings set forth herein and will use good faith efforts to negotiate a Joint Development Agreement (“**JDA**”), Construction and Funding Agreement (“**CFA**”), and a Reciprocal Easement Agreement (“**REA**”), and such other ancillary documents determined necessary by the Parties to implement the intent set forth in this Term Sheet. LACMTA and Owner shall collectively be referred to herein as the “**Parties**” and individually as a “**Party**.”

I. Definitions

1. The “**Work**” shall mean collectively the Portal Work and Passageway Work, as defined below. The Work and location are more particularly described on the Conceptual Plans (“**Conceptual Plans**”) attached to this Term Sheet as Attachment A. The work area (the “**Work Area**”) is in the location of the Work depicted on the Conceptual Plans.

2. The “**Portal Work**” shall mean the portion of the Work to construct the Portal, including, without limitation, a new elevator, stairway and circulation area to connect the Plaza

Level (one floor below street) of The Bloc to the Passageway on the Mezzanine Level (two floors below street). The elevator will need to include a feature (“**Elevator Notice Feature**”) such that if the elevator is not working, a notice will be automatically turned on in the Station notifying patrons before they leave the area of the Station which requires proof of paid fare that the elevator in The Block is not operational.

3. The “**Passageway Work**” shall mean the portion of the Work to construct the Passageway, including, without limitation, the excavation of an underground passage roughly 18 feet wide, 12 feet long and 10 feet high, and the demolition of the knock out panel (KOP) in the Metro Station and all final finishes to this space.

4. The “**Bloc Share**” shall mean the portion of the Work to be funded by Owner. The Parties intend The Bloc Share will cover the costs to design and construct the Portal Work and all Portal facilities within The Bloc, including, a new elevator, stairway, and circulation area to connect the Plaza Level of The Bloc to the Passageway located on the Mezzanine Level. The Bloc Share will also include the costs to install The Bloc security gates and communication systems and any fire systems or communication systems dedicated solely to The Bloc. For the portion of fire/life systems or communications systems that are used by both Owner and LACMTA (i.e., the systems that communicate with each other), those costs will be shared equally by Owner and LACMTA.

5. “**LACMTA Share**” shall mean the portion of the Work to be funded by LACMTA. The Parties intend the LACMTA Share will cover the costs to design and construct the Passageway Work and includes excavating a passageway approximately 18 feet wide, 12 feet long and 10 feet high under the existing sidewalk, and removing the existing knockout panel at the Station, and all finish improvements to the passageway. The LACMTA Share will also include the costs to install LACMTA security gates and communication systems and any fire systems or communication systems dedicated solely to the Station, and the Elevator Notice Feature. For the portion of fire/life systems or communications systems that are used by both Owner and LACMTA (i.e., the systems that communicate with each other), those costs will be shared equally by Owner and LACMTA.

II. **Joint Development Agreement** The Joint Development Agreement (“JDA”) will describe the overall agreement between the Parties consistent with the terms of this Term Sheet. The JDA will include an overall schedule, including LACMTA Board approval dates, and a date by which all documents will be prepared and executed.

III. **Construction and Funding Agreement** The Construction and Funding Agreement (“CFA”) will describe each party’s responsibilities for the design and construction of the Work along with funding obligations for the design and construction of the Work. The CFA will include, without limitation, the following terms and conditions:

1. **Design.**
 - a. Owner will be responsible for the design of the Portal.
 - b. LACMTA will be responsible for the design of the Passageway.
 - c. Both parties will review and approve the designs of the other Party’s work. Both Parties will work together and coordinate their respective designs as necessary to ensure the Portal and Passageway work seamlessly together, especially any shared fire/life safety and communications systems.
 - d. LACMTA will design the Passageway to specifications mutually agreed to between the Parties, provided, however, such specifications must meet LACMTA’s operational and construction requirements and will be generally consistent with the Conceptual Plans attached as **Attachment A.**
 - e. Owner will design the Portal to specifications mutually agreed to between the Parties, provided, however, such specifications must meet Owner’s operational and construction requirements and will be generally consistent with the Conceptual Plans attached as **Attachment A.** Further, to the extent LACMTA has operational requirements in the Portal, such as the Elevator Notice Feature, Owner shall include such requirements in its design of the Portal.

- f. The Parties will have the right to review and approve the other Party's design for their respective Work. The CFA will specify the design process procedure. The final design approved by each Party will be referred to as the "**Approved Final Design.**" Any change order that might impact the design of the other Party will require the other Party's review and approval, not to be unreasonably withheld.
- g. LACMTA shall obtain the necessary CEQA/NEPA clearances and FTA approvals, if applicable, needed for the Passageway. The Parties shall have no obligation to perform the activities set forth in this term sheet until such clearances and approvals are received. Owner shall be solely responsible to obtain any CEQA clearances, if necessary, to construct, operate, maintain and repair The Bloc and the Portal.

2. Construction.

- a. Owner will be responsible for the construction of all Work, including the Portal Work and the Passageway Work. LACMTA understands that Owner intends to contract the construction work to a third party contractor.
- b. The Passageway Work and the Portal Work will be performed in accordance with the Approved Final Design and in such a manner as to not unreasonably interfere with the daily operation of The Bloc or the daily operation of the Station or the Metro Rail System; including, without limitation, Owner will not impede LACMTA patrons' ingress and egress through the Station. The Parties understand and agree that the safe operation of the Metro Rail System is of paramount concern to LACMTA and Owner and Owner will construct the Work in such a manner to maintain the safe operation and passenger flow through the Station.
- c. The Parties understand Owner's tentative schedule indicates Owner's

construction of the Portal will commence on January 1, 2015 and is targeted to end on October 31, 2015. The construction of the Passageway will commence on _____ and is targeted to end on _____. At such time when The Portal and Passageway are both complete, Owner intends to be in a position to open the Portal and make it available to the LACMTA's patrons. At such time when the Passageway construction is complete, Owner intends to give full control of the Passageway over to LACMTA.

3. Funding.

- a. The Parties understand LACMTA will be responsible for paying for all costs associated with the LACMTA Share, including without limitation, the design, permits, project management, construction, and other associated costs; provided, however, such responsibility will not exceed \$ _____. Owner shall have no obligation to pay any portion of the LACMTA Share.
- b. The Parties understand Owner will be responsible for paying for all costs associated with The Bloc Share, including without limitation, the design, permits, project management, construction, and other associated costs; provided, however, such responsibility will not exceed \$ _____. LACMTA will have no obligation to pay any portion of The Bloc Share.

IV. Reciprocal Easement Agreement

1. The Parties understand and agree that the safe operation of the Metro Rail System is of paramount concern to LACMTA and Owner. As such, notwithstanding anything to the contrary provided herein, it is the mutual intent of the Parties that LACMTA's operation of the Station will at all times be subject to appropriate health and safety measures and LACMTA shall take such actions as it deems necessary to ensure public safety, including without limitation, closing the security gates and closing the Passageway.

2. At all times during the term of the REA, the Owner will ensure that the owner of

The Bloc shall also be the same entity that is a party to the REA with LACMTA.

3. The REA will be recorded against the real property of each Party as conditions, covenants, and restrictions running with the land for the benefit of the Owner and LACMTA and will apply to any party who owns or operates The Bloc or the Station.

4. Each party will grant the necessary real estate rights to the other party to implement the understandings outlined in this Term Sheet. Such real estate rights may include easements for use of property, depending on location of the property line, and pedestrian circulation rights.

5. LACMTA will pay Owner a one-time fee of \$_____ in consideration for the real estate rights to be provided by Owner under the REA (the “**REA Fee**”). The REA Fee shall be paid in two equal installments with the first installment due 60 days from the date of the issuance of the Certificate of Occupancy for The Portal and the second installment due thirty (30) days from the date the Passageway and Portal are open for use by the public.

6. LACMTA will maintain, operate and repair, at its sole cost and expense, the Passageway, including without limitation, its security gate, in the Passageway to a standard similar to the maintenance standard applied to the Metro Rail System.

7. Owner will maintain, operate and repair, at its sole cost and expense, the Portal, including without limitation, its security gate, in the Portal to a standard similar to the maintenance standard applied to major mixed use projects in Southern California and no event to a standard lower than the balance of The Bloc.

8. LACMTA and Owner will keep the Passageway and the Portal open concurrent with the operating hours of The Bloc, or between 6 A.M. – ~~10~~ 11 P.M. daily, whichever period is longer. Notwithstanding the foregoing, either Party may close their security gates and close off the Passageway during special events, hazards, maintenance and emergency situations or other times when the Station is closed. The Parties will provide the other Party with as much advance notice as possible of any closure during normal operation hours.

9. Owner and LACMTA (subject to the limitation that the assignee must also be the owner of The Bloc) will allow the REA to be transferred to future successors and assignees;

provided each Party introduces the other Party to any future successors and assignees and such future successor and assignee affirmatively assumes in writing all of its predecessor's rights and obligations under the REA.

10. Owner will be responsible for any hazardous substances generated, created, or disposed of by Owner or its contractors, agents or employees. LACMTA will be responsible for any hazardous substances generated, created, or disposed of by LACMTA or its contractors, agents or employees.

V. General.

1. Indemnity and Insurance

- a. The CFA and REA shall have appropriate indemnity and insurance provisions. Each Party will be responsible for any liability or obligation arising from or related to the design of their respective work. The Owner will be responsible for any liability or obligation arising from or related to the construction of the Work. Owner will be responsible for the operation, maintenance and repair of the Portal. LACMTA will be responsible for the operation, maintenance and repair of the Passageway.
- b. The Owner shall require in its design and construction contracts that the applicable contractor also provide the Owner with a standard indemnity.
- c. In addition, the Owner shall also provide in its respective design and construction contracts, a requirement that the contractors name Owner and LACMTA as additional insureds on the insurance policies required to be provided under the applicable contracts.

2. During construction, the Owner shall be responsible for securing the Work Area with a construction fence in order to prevent LACMTA patrons and The Bloc patrons from entering into the Work Area.

3. During the term of the REA, LACMTA shall be responsible for security over the Passageway and Owner shall be responsible for security over The Portal.

4. If a Party fails to perform its obligations under the CFA or the REA, there will be commercially reasonable notice and cure periods to be agreed upon in the Agreement. If such failure continues without being cured, remedies may include the ability to cure the breach and bill the defaulting Party for the costs to cure the breach and the right for the non-defaulting Party to close the Passageway by closing its security gate.

5. Owner understands and agrees that LACMTA provides rail and bus service on a regional basis and its available resources must be allocated to serve the entire region. In order for LACMTA to meet its broader responsibilities, LACMTA shall decide, in its sole and absolute discretion, the level and frequency of all bus and rail service. LACMTA shall be under no obligation under this Term Sheet, the CFA or the REA or any document arising hereunder to provide any specified level of bus or rail service.

The CFA and REA shall include a dispute resolution provision to address those issues specifically identified herein for a dispute resolution process.

The Bloc / Metro Connection
Project Budget

	Metro Share	The Bloc Share	Project Total
The Passageway Construction	\$ 1,500,000		\$ 1,500,000
The Portal Construction		\$ 3,500,000	\$ 3,500,000
Contractor Markup and Contingency	25% \$ 375,000	\$ -	\$ 375,000
Direct Costs	\$ 1,875,000	\$ 3,500,000	\$ 5,375,000
Design & Environmental	25% \$ 468,750	8% \$ 280,000	\$ 748,750
Permits and Fees		0.2% \$ 7,000	\$ 7,000
Project Management / Oversight	20% \$ 375,000	4% \$ 140,000	\$ 515,000
Contingency	15% \$ 281,250	11% \$ 385,000	\$ 666,250
Indirect Costs	\$ 1,125,000	\$ 812,000	\$ 1,937,000
Direct/ Indirect Cost Subtotal	\$ 3,000,000	\$ 4,312,000	\$ 7,312,000
Forgone Retail Space		\$ 2,000,000	\$ 2,000,000
Easement Payment	\$ 1,650,000	\$ (1,650,000)	
Total Project Cost	\$ 4,650,000	\$ 4,662,000	\$ 9,312,000

DRAFT BUDGET NUMBERS — SUBJECT TO CHANGE