

**SPECIAL MEETING**  
**OF THE EXECUTIVE COMMITTEE FOR THE**  
**METROPOLITAN TRANSIT SYSTEM (MTS)**  
1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101

**MINUTES**

Friday, August 22, 2014

**A. ROLL CALL**

Chairman Mathis called the Executive Committee meeting to order at 9:00 a.m. A roll call sheet listing Executive Committee member attendance is attached.

**B. APPROVAL OF MINUTES**

Mr. Cunningham moved for approval of the minutes of the July 10, 2014, MTS Executive Committee meeting. Mr. Ovrom seconded the motion, and the vote was 4 to 0 in favor with Mr. Roberts absent.

**C. COMMITTEE DISCUSSION ITEMS**

**1. Riverwalk Mixed-Use Development – Levi-Cushman Specific Plan**

Mr. Cunningham recused himself from this item. Ms. Landers stated that this was simply a status update for information only with no action, and it should not be an issue for Mr. Cunningham to sit in on the presentation.

Tim Allison, MTS Manager of Real Estate Assets, gave a PowerPoint presentation on the Riverwalk Mixed-Use Development Levi-Cushman Specific Plan, which was a project that was contemplated in the late 80s and mid-90s. Mr. Allison reviewed a map of the Plan's location and a background on the property owned by MTS that would be affected by the Plan. He explained that MTS owns property purchased for the Mission Valley West Project—mainly for mitigation for impacts to the habitat along the valley. At the same time, MTS also needed the lineal light rail right-of-way through the Stardust Golf Course. Mr. Allison stated that MTS owns over 45 acres; 14 acres of that is not being used for the mitigation site and is currently occupied by Holes 3 and 4 of one of the 9-hole courses on the Riverwalk Golf Course.

Mr. Allison reported that in 1987, the Levi-Cushman Specific Plan was adopted. It was a project that was proposed by entities of the Levi and Cushman families. In 1988, the Levi-Cushman Development Agreement was approved based on the Levi-Cushman Specific Plan for 2.6 million square feet of office space, 1,000 hotel rooms, 200,000 square feet of retail, and 1,400 residential units. The Development Agreement expired 20 years later, but the Levi-Cushman Specific Plan, which is a subset of the Mission Valley Community Plan, is still in effect. In 1994, when MTS was doing the Mission Valley West Project, MTS condemned the Warner Ranch property, which was the majority of the mitigation site. There were 5 acres owned and occupied by the Levi-Cushman family as well as the lineal right-of-way through the Stardust Golf Course. The settlement agreement was completed in 1997 with a number of accompanying

documents. Two of those documents are the Riverwalk Golf Course Lease and the Light Rail Transit Station Construction Agreement.

Mr. Allison explained that the Riverwalk Golf Course agreement is a 90-year term that expires in 2087 and gives the Paseo del Rio Ltd. rights to operate a golf course on 14 acres. The first 20 years of the lease (which expires in 2017) required no rent payment, and the lease expires if the golf course is no longer used on that property.

Mr. Allison confirmed for Mr. Jablonski that after 20 years, MTS begins receiving revenue from the lease of the golf course if the golf course remains. Karen Landers added that if this proposed development is moved forward, that would terminate the lease would terminate because it would no longer be used as a golf course and the land would revert back to MTS.

Mr. Roberts asked how much the rent payment would be if it continues after the 20 years as a golf course. Mr. Allison responded that there is a percentage of the gross and it is a complicated formula, which changes by the number of holes that are on the golf course. Ms. Landers added that a calculation has not been completed to figure out the dollar value.

Mr. Allison stated that the entity would give MTS notice that it is exceeding the 12,000 average daily trips. MTS has 4 years from the time of notification to request construction of a new station. The owners have an obligation up to \$500,000 to build a new station. There was discussion in the agreement about where the best locations would be to build a trolley station.

Mr. Jablonski stated that \$500,000 may cover design and construction engineering and that's about it. He added that most station rebuilds cost between \$3 million to \$4 million.

Mr. Allison reported that in June, MTS was approached by Related California Urban Housing LLC (Related), which is a large, global real estate company with \$15 billion in assets. Mr. Allison introduced Related representatives Rick Westberg, Vice President, and Cindy Eldred, Counsel. In June, Related also applied for a preliminary review with the City of San Diego, which is a formal process that asks a series of questions about how to move forward with revitalizing the project. In July, Related put in a request with the City of San Diego to initiate the Levi-Cushman Specific Plan Amendment. After that, Related would come up with its preferred concept and formally submit it to the City of San Diego as the Levi-Cushman Specific Plan Application in approximately mid to early winter of 2015.

Mr. Allison stated that project currently includes a mixed-use component along Friars Road at the north end, a park along the river, and additional mixed-use on the south end. The primary option Related brought to MTS in June was 3,000 residential units on the north side of the project and an additional 1,000 units on the south side, which would be phased in over 10 to 15 years. An issue for Related and the City of San Diego is Via Las Cumbres, which comes down the hill from Linda Vista. The community plan and the current Levi-Cushman Specific Plan has Via Las Cumbres coming all the way through the project to Interstate 8 with a new interchange. At this time with this plan, Related feels that it will never reach the threshold of average daily trips and traffic generation to move that street across the river and build the interchange; therefore,

Related is proposing to move Via Las Cumbres across MTS tracks, which would be an undercrossing that is grade-separated and would open the southern end of the development north of the river. That would include MTS property currently utilized by Holes 3 and 4 of the golf course but was not part of the original specific plan. Another option would include not extending Via Las Cumbres south of MTS tracks and just utilizing the Specific Plan area for the development. Mr. Allison added that this creates some opportunities for MTS, such as a potential new trolley station that would fill in long-distance gaps for patrons between the Fashion Valley and Morena Linda Vista Stations as well as some business opportunities. The 14-acre site could be used for transit and/or development opportunities.

Mr. Allison stated that if MTS takes no action at all and Related plans its development, then MTS property would be land-locked. MTS would have no transit use for the property, and it would not be part of the mitigation site. If MTS allowed a road easement to be extended into MTS property, it would open up opportunities for the remainder parcel. A road easement and development partnership would increase MTS's ability to match and utilize some of the current planning process to move that process forward concurrently with Related. Staff would look at business options and transit needs to service this new development. Mr. Allison stated that one discussion is whether or not Related would increase its commercial and retail elements along Friars Road, which could create some shared parking opportunities if needed for transit parking, which was not identified in the original Levi-Cushman Specific Plan.

Mr. Allison reported that whether another station is needed and elements, such as parking requirements and locations, will be reviewed. Staff is bringing this to the Executive Committee for information and direction.

Ms. Landers stated that staff wanted to bring this report to the Executive Committee because there is an opportunity for MTS to proceed with a proposed road easement on the MTS parcel. She added that if MTS does not proceed, some of its options will be limited. Staff's concern with not proceeding with a proposed road easement is that access to MTS property could be limited if the development continues. Ms. Landers stated that staff wanted the Executive Committee's approval to proceed on designs to accommodate a road easement or access to MTS's parcel. The next options would be exploring if there is a development opportunity with Related to bring to the Executive Committee and the Board. Ms. Landers added that staff is not ready to make any recommendations but instead needs to investigate whether the parcel is needed for transit.

Mr. Jablonski added that Related is also not ready for a final proposal but came to MTS to see about MTS being a part of this development or just keeping its parcel and doing something with it independently.

Mr. Allison clarified for members that being a part of Related's development plan would include traffic mitigation and California Environmental Quality Act (CEQA) requirements, and the property could be fully entitled. He added that there are a wide range of options and the opportunity to come up with a plan that would benefit MTS. Discussion ensued regarding weighing the options, costs, and benefits to MTS if proceeding to work with Related on the project or if an independent initiative would be more beneficial to MTS.

Cindy Eldred, Counsel for Related, clarified that it is not clear to Related that there could be an undercrossing because of the floodplain level. She added that Bill Steen who has done civil engineering and has been involved for many years believes that it would be eligible for an at-grade crossing. Ms. Eldred reported that there are already existing easements (that were part of the old settlement by the Cushman families) with provisions for four crossings—some of which are undercrossings and some-at grade.

Mr. Gloria stated that he sits on the River Conservancy Governing Board and asked if it has any ability to acquire land in the project area. Mr. Allison responded that staff will look into it. Ms. Landers added that she is not familiar with those rules and she would have to look at them, but MTS normally only deals with ground-lease easements.

Ms. Eldred added that Related has talked with members of the River Park Foundation and showed them the initial concept plan. She stated that Related is aware of and will honor the master plan and that there was no indication that there was any desire by the River Conservancy to acquire any of MTS's property. Mr. Gloria recommended also speaking with Kevin McKernan, Executive Director of the River Conservancy.

Mr. Gloria stated that he is interested in the project and wants to ensure that the costs to MTS are minimized.

Mr. Roberts stated that he feels that there is a lot of work to be done and has concerns with the grade crossing from a floodplain standpoint. He added that the proposed amount of right-of-way seems excessive. Mr. Jablonski agreed and stated that another issue with an at-grade crossing would be the frequent bells, whistles, and lights in proximity to residential units.

Mr. Mathis stated that the consensus is that further discussions are needed to address the concerns presented. He added that MTS is not in a position to say no and be left out of it because there is interest in continued discussions.

#### Action Taken

No action taken.

The Executive Committee convened for Closed Session at 9:41 a.m.

2. CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.8  
Property: Desert Line Railroad Right-of-Way (United States) and Tijuana & Tecate Railroad Right-of-Way (Mexico)  
Agency Negotiators: Paul Jablonski, CEO; Karen Landers, General Counsel  
Negotiating Parties: Secretariat of Communications and Transportation (Mexico); Government of Baja, California; Admicarga; Baja California Railroad, S.A. DE. C.V; Pacific Imperial Railroad, Inc.
3. Under Negotiation: Price and Terms of Payment  
CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL Anticipated Litigation Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2) (One Potential Case)

The Executive Committee reconvened for Closed Session at 10:35 a.m.

Oral Report on Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

- C2. The Executive Committee received a report and gave direction to negotiators.
- C3. The Executive Committee received a report and gave direction to staff.

D. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There were no Committee member communications or other business.

E. PUBLIC COMMENTS


There were no public comments.

F. NEXT MEETING DATE

The next Executive Committee meeting is scheduled for September 11, 2014, at 9:00 a.m. in the Executive Committee Conference Room.

G. ADJOURNMENT

Chairman Mathis adjourned the meeting at 10:38 a.m.



Chairman (Interim)

Attachment: A. Roll Call Sheet

**EXECUTIVE COMMITTEE  
METROPOLITAN TRANSIT SYSTEM**

**ROLL CALL**

SPECIAL MEETING OF (DATE) August 22, 2014 CALL TO ORDER (TIME) 9:00 a.m.

RECESS N/A RECONVENE N/A

CLOSED SESSION 9:41 a.m. RECONVENE 10:35 a.m.

ADJOURN 10:38 a.m.

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
GLORIA <input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>	9:00 a.m.	10:38 a.m.
MATHIS <input checked="" type="checkbox"/>	9:00 a.m.	10:38 a.m.
OVROM <input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>	9:00 a.m.	10:15 a.m.
ROBERTS <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:05 a.m.	10:38 a.m.
CUNNINGHAM <input checked="" type="checkbox"/> (McClellan) <input type="checkbox"/>	9:00 a.m.	10:15 a.m.
Transportation Committee Rep Slot (Mathis)		

SIGNED BY THE CLERK OF THE BOARD:

Jan Gardette (for Julia Sanson)

CONFIRMED BY THE GENERAL COUNSEL:

Ben Lad