

MEMORANDUM OF UNDERSTANDING TO SUPPORT THE ADVANCEMENT OF THE CENTER FOR TRANSPORTATION TECHNOLOGY EXCELLENCE

Following the passage of Measures R and M, the Los Angeles County Metropolitan Transportation Authority’s (Metro) capital and fleet program has expanded extensively. Despite efforts to double the mileage of rail infrastructure and significantly reformulate buses to support the agency and region’s zero emission goals, Metro’s delivery of transit vehicles and infrastructure are impacted by limited access to vehicle and system level testing opportunities, a skilled and trained workforce, qualified vendors, and suitable research and development facilities.

A facility specifically designed to address these needs is not only of specific interest to Metro, but to many other transit agencies, particularly in the western United States, where nearly 13,000 rail cars and 16,000 buses are expected to be procured over the next 20 years. In addition, such a facility could include space for manufacturing, which would support the local and nation goal of reestablishing domestic transit vehicle manufacturing and create a significant number of jobs and economic development throughout the surrounding area.

Over the past few years, Metro, in collaboration with the County of Los Angeles (County) has sought to identify a suitable location for this type of facility, which is referred to as the Center for Transportation Technology Excellence (Center).

Following extensive stakeholder input regarding the priority components of such a facility, a review of best practices, and a vetting of potential sites, property owned by the Los Angeles World Airports (LAWA) in Palmdale and unincorporated County, has been identified as a viable site.

The Center is envisioned to be developed in two components, including an approximately seven-mile track loop and approximately 500,000 square feet of testing, research and training facilities, as well as approximately 1,500,000 square feet of manufacturing facilities (comprised of separate facilities for light rail, heavy rail and buses, inclusive of assembly bays, warehouse space, office space, and assembly tracks).

-MORE-

MOTION

SOLIS _____

MITCHELL _____

HAHN _____

BARGER _____

HORVATH _____

The Antelope Valley is an ideal location for siting the Center, given the high concentration of skilled labor in the manufacturing, aerospace and logistics sectors and the disproportionate rates of unemployment. Despite this concentration of skilled labor, Palmdale and Lancaster have unemployment rates of 7.3%, respectively, compared to Los Angeles County's rate of 5.3%, reflecting the need for additional workforce development and job opportunities.

Preliminary estimates suggest that the completion of both phases of development could generate an estimated \$11.5 billion in economic return/impact, including \$6.7 billion in retail and wholesale sales over the first ten years, and create 114,310 direct and indirectly generated jobs.

The property on the far east of LAWA's Palmdale landholding is approximately 8.6 square miles and spans both the City of Palmdale and unincorporated County of Los Angeles. The site currently has no built improvements and meets the size requirements for the Center. It is owned by one public property owner, is located in close proximity to the proposed High Desert Corridor and the Palmdale Metrolink station, and is within a Metro-designated Equity Focused Community, all factors that contribute to its potential suitability.

Given the alignment with the County's strategic planning priority of identifying workforce development programs to provide career pathways for high-need, priority populations, it is appropriate that the County meaningfully collaborate with Metro, as well as local jurisdictions, academic and research institutions, workforce development agencies, labor, and non-profits, who have collectively formed a Consortium to advance this significant vision. A Memorandum of Understanding has been developed that outlines the shared objectives between the County, Metro, and the City of Palmdale to collaboratively lead this effort; it provides a framework for establishing a suitable governance model, as well as advancing a land use strategy and financial plan.

I, THEREFORE, MOVE THAT THE BOARD OF SUPERVISORS:

1. Find that the approval of the attached Memorandum of Understanding (MOU) does not constitute a project under the California Environmental Quality Act (CEQA) pursuant to Public Resources Code section 21065 and State CEQA Guidelines sections 15060(c)(3) and 15378(b)(4) and (5) because the proposed action is excluded from the definition of a project as it is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment and involves government fiscal activities that do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; future approval of any proposed development of the Center for Transportation Technology Excellence (Center) will require prior Board approval and appropriate findings under CEQA.

2. Approve and direct the Chief Executive Officer (CEO), or her designee, to execute the MOU, approved as to form by County Counsel, by and between the County of Los Angeles, the Los Angeles County Metropolitan Transportation Authority (Metro), and the City of Palmdale, for Cooperation, Collaboration, and Negotiation of Joint Responsibilities to Establish the Center, and authorize the CEO, or her designee, to take all further actions necessary and appropriate to implement the terms and conditions of the MOU including executing amendments to the MOU that are approved as to form by County Counsel; and

3. Direct the CEO, County Counsel, the Director of Regional Planning, the Director of the Department of Economic Opportunity, the Treasurer & Tax Collector, and other County department heads as deemed appropriate, to designate key staff to meet regularly to support predevelopment activities for the Center in collaboration with Metro and the City of Palmdale, in furtherance of the objectives of the MOU.

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MEMORANDUM OF UNDERSTANDING

**BETWEEN THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION
AUTHORITY, THE COUNTY OF LOS ANGELES, AND THE CITY OF PALMDALE**

**FOR COOPERATION, COLLABORATION, AND NEGOTIATION OF JOINT
RESPONSIBILITIES**

**TO ESTABLISH THE CENTER FOR TRANSPORTATION TECHNOLOGY
EXCELLENCE**

PREAMBLE

This Memorandum of Understanding (“MOU”) is made effective as of _____, 2024 (“Effective Date”), by and between the Los Angeles County Metropolitan Transportation Authority (“Metro” or “LACMTA”), the County of Los Angeles (“LA County”), and the City of Palmdale (“Palmdale”), (individually a “Party” and collectively the “Parties”). The Parties desire to enter into this MOU to set forth the terms and conditions upon which the Parties will collaborate towards establishment of an entity with an envisioned mandate to establish a transportation-related testing, research, and manufacturing facility known as the Center for Transportation Technology Excellence (“Center” or “CTTE”).

RECITALS

- A. WHEREAS , transportation is a critical factor that influences healthy, vibrant communities and powers successful economies;
- B. WHEREAS, Metro is poised to dramatically transform the transportation infrastructure of the region by expanding the rail network from eight lines to fifteen lines over the next 40 years;
- C. WHEREAS, despite high demand for sustainable transit infrastructure, specifically in zero emissions vehicles, and significant state and federal transit funding, there are shared challenges across the nation and locally, that inhibit optimal progress, including limited access to vehicle and system level manufacturing and testing, a trained, skilled workforce, vendors, and adequate research and development facilities;
- D. WHEREAS, over 13,000 railcars and over 16,000 buses are expected to be procured over the next 20 years across the western United States;
- E. WHEREAS, creating a facility where rolling stock and buses could be fully manufactured within the Los Angeles County region would ensure that residents benefit from the high-quality jobs;
- F. WHEREAS, in October 2018, the LA County Board of Supervisors unanimously approved a motion directing the LA County Chief Executive Office (“CEO”) to work in partnership with

Metro's Chief Executive Officer to help identify a package of incentives to assist in creating a rolling stock manufacturing facility within Los Angeles County, and to prepare a workforce investment plan for a new rolling stock manufacturing facility emphasizing local job training, hiring, internship and apprenticeship opportunities;

G. WHEREAS, on December 2018, the LA County Board of Supervisors directed the County's CEO to support proposals that would assist LA County and Metro in joint efforts to site a rail manufacturing and testing facility within LA County's geographic boundaries;

H. WHEREAS, Metro has engaged industry, academic, and workforce leaders, regarding the opportunity to co-locate and collaborate on the design and operation of transit-focused research, training and testing facilities;

I. WHEREAS, following extensive stakeholder input regarding the priority components of such a facility, a review of best practices, and a vetting of potential sites, Metro has determined that property owned by Los Angeles World Airports ("LAWA"), located within the boundaries of the City of Palmdale and unincorporated LA County, is a viable site for the proposed Center;

J. WHEREAS, Metro staff have developed a preliminary site plan, assessed project benefits and completed initial due diligence on the site, including a preliminary land use analysis and environmental and infrastructure assessment;

K. WHEREAS, the proposed Center is located within a community defined by Metro as an "Equity Focus Community" and its development and operation is anticipated to not only further efforts to expedite the delivery of transit technology and solutions that would benefit low-income and disadvantaged riders, but also create workforce and economic opportunities in an area of Los Angeles County that would benefit from additional investment and opportunities;

L. WHEREAS, in April 2023, the Metro Board of Directors directed their Chief Executive Officer to engage LA County, Palmdale, the City of Los Angeles and LAWA, with the intent to execute a Master Cooperative Agreement to memorialize a shared interest and commitment to explore the feasibility of locating the proposed Center on such property, inclusive of an assessment of any federal regulatory considerations, and advance site control, entitlement, environmental clearance, governance, and financing strategies for the Center, and this MOU is envisioned to provide the potential framework for a future Master Cooperative Agreement;

M. WHEREAS, Metro formed the Transit Tech Center Consortium ("Consortium"), which includes LA County and the City of Palmdale, and submitted an application in August 2023 for a Strategy Development Grant and designation as a Technology Hub with the US Economic Development Administration's Regional Technology and Innovation Hubs Program;

N. WHEREAS, Metro, LA County, and Palmdale wish to memorialize their shared interest in development of the Center and to govern the relationship between them regarding pre-development activities associated with constructing the Center; and

O. WHEREAS, the Parties, through this MOU, wish to confirm their intent to negotiate a governance structure which exercises the Parties' mutual powers and commitment to collaborate on the design, build, financial strategy, delivery, operations and maintenance of the Center.

NOW, THEREFORE, in consideration of the above Preamble and Recitals, which are incorporated by reference herein, and of the mutual promises and agreements contained hereinafter, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. PARTIES

(a) No Transfer or Assignment Without Consent

No Party shall convey, transfer, or assign any of its interests or obligations under this MOU, without the prior written consent of all other Parties. All provisions of this MOU shall be binding upon and inure to the benefit of any duly authorized successor, transferee or assignee to this MOU.

(b) Additional Parties

Additional Parties may join into this MOU. The addition of a Party or Parties to this MOU will become effective only upon the unanimous consent of the current Parties and execution of a written amendment to the MOU.

(c) No Third-Party Beneficiaries

Only the expressly designated Parties, or their duly authorized successors-in-interest, transferees, or assignees, are beneficiaries of this MOU. There are no third-party beneficiaries and this MOU is not intended and shall not be construed to benefit or be enforceable by any other entity or person whatsoever.

(d) Independent Relationship of Parties

This MOU shall not be construed to have established a joint powers authority, special district, community development corporation, non-profit corporation, or similar arrangement by the Parties. No Party shall undertake or assume any obligation or duty of another Party with respect to this MOU, unless specified in this MOU. No Party shall have authority to act as an agent of the other or to bind the other to any obligation or duty.

2. TERM / EARLY TERMINATION

The term of this MOU shall commence on the Effective Date, as set forth hereinabove, and shall remain in full force and effect through culmination of pre-development activities, as that term is referenced in Section 3 ("Termination Date").

Any Party may terminate this MOU, mutually or unilaterally, with or without cause, at any time

prior to the Termination Date. In the event of a unilateral termination by a Party, the termination will become effective thirty (30) days after submission/transmission of written notice to the other Parties. Said notices shall otherwise comply with the procedural requirements for notices set forth hereunder.

3. GOALS OF THE PARTIES UNDER THIS MOU

The purpose of this MOU is to govern the relationship between Metro, LA County, and Palmdale regarding pre-development activities for the Center, including the following:

- (a) Developing a “Governance Strategy” and/or governance structure for the entity developing the Center.
- (b) Developing protocols associated with internal engagement among the Parties.
- (c) Determining members’ commitments regarding information/data sharing, etc.
- (d) Determining specifics of appointment of a Regional Innovation Officer to oversee the effort.
- (e) Developing protocols associated with the Parties’ engagement with stakeholders and community members, a broad communications strategy, and coordination on any communication with the media.
- (f) Developing a financial plan to advance the project, including identification of potential financial incentives and programs and collaboration on future grant opportunities, with the potential involvement of the LA County Treasurer and Tax Collector, the LA County Department of Economic Opportunity, the LA County Development Authority, and other departments and agencies as deemed appropriate.
- (g) Coordinate collaboration with the Antelope Valley Economic Development & Growth Enterprise and other Transit Tech Center Consortium members to advance the project.
- (h) Identifying a specific site for the Center and develop a site plan.
- (i) Developing a project description.
- (j) Developing a strategy to address entitlement issues, including but not limited to, land use/planning and environmental regulations, with local, state and federal authorities, as may be applicable.
- (k) Developing roles and responsibilities of the Parties in regard to executing an Exclusive Negotiation Agreement with LAWA.
- (l) Determining recommendations to each of the members’ governing bodies regarding respective funding and staffing contributions to support pre-development activities.

4. MUTUAL COMMITMENTS OF ALL PARTIES UNDER THIS MOU

(a) Negotiation of Governance Structure

The Parties shall cooperatively work together to negotiate and execute a governance structure and enabling agreement (Agreement), to support the delivery of the Center. The Agreement shall address all items necessary and appropriate for establishment, including but not limited to the terms set forth in Attachment 1.

(b) Termination of Negotiations

The Parties enter into this MOU to memorialize their mutual commitment to exercise good faith efforts to successfully negotiate an agreement and deliver the Center to benefit the public. Notwithstanding, until such time as an Agreement is approved by their respective governing bodies, any Party may terminate negotiations under this MOU at any time for any reason upon reasonable written notice to the other Parties. Prior to terminating negotiations, the terminating Party shall notify the other Parties of its intention to terminate, and the Parties shall meet and confer to discuss their respective concerns. The suspension or termination of negotiations shall not give rise to liability to the other Parties.

(c) Confidentiality and Common Interest

The Parties acknowledge and agree that consideration, drafting, and negotiation of an Agreement is a mutual undertaking that requires the cooperation of the Parties' respective legal counsel and representatives. The Parties, and their respective advisors and consultants, shall work together in confidence, and shall take all reasonable steps to protect the confidentiality of their advice and counsel, to the extent permissible by law regarding information disclosure such as the California Public Records Act, law regarding attorney work product and attorney-client communications, and law regarding the "Common Interest Doctrine." To the extent consistent with relevant law, the Parties shall maintain security and control over all documents and emails containing proposals, correspondence, documents, information and data that is generated by any Party in connection with the Parties' activities under this MOU ("Confidential Information"), and shall ensure that all of its advisors and consultants at any level maintain the confidentiality, security and control over any Confidential Information. The Parties shall inform all their officers, agents, subcontractors and others providing services hereunder of the confidentiality requirements under this MOU. If a Party gains access to personally identifiable information ("PII"), as broadly defined by Federal and State laws, in the records of another Party, said Party shall maintain the confidentiality of such records and information in accordance with all applicable Federal, State, and local laws and regulations. Unless mutually agreed in writing by all Parties or unless required by a Court of competent jurisdiction, no Party shall divulge any Confidential Information or PII to the media, any member of the public, or any other party.

The Parties acknowledge that any commitments or obligations regarding confidentiality of information under this MOU shall not supersede any legal responsibilities under the California Public Records Act or other generally applicable laws and regulations. Acting in good faith, each

Party will comply with the California Public Records Act, as it determines legally appropriate in its sole discretion. To the extent a Party may object to another Party's release of information pursuant to the California Public Records Act, the objecting Party may commence litigation to enjoin said disclosure by the other Party.

Notwithstanding any contrary provision in this MOU, this section is a binding agreement among the Parties and this section's terms shall survive termination or expiration of the MOU.

5. INDIVIDUAL COMMITMENTS OF EACH PARTY UNDER THIS MOU

(a) Individual Commitments Specific to Metro

(i) Metro may hire/appoint a Regional Innovation Officer, in coordination with LA County and Palmdale.

(ii) Designation of key staff; commitment to meet regularly.

(iii) Utilization of program management consultants to assist in the coordination and administration of activities associated with the goals of the MOU.

(iv) Utilization of environmental services bench to select a consultant that can lead the CEQA/NEPA/Entitlements Process.

(b) Individual Commitments Specific to LA County

(i) Designation of key staff; commitment to meet regularly.

(ii) Support the advancement of environmental clearances, entitlement and pre-development activities.

(iii) Leveraging the resources of the Department of Economic Opportunity to lead workforce development and other related efforts.

(c) Individual Commitments Specific to Palmdale

(i) Designation of key staff; commitment to meet regularly.

(ii) Support the advancement of environmental clearances, entitlement and pre-development activities.

6. INDEMNIFICATION

Each Party shall indemnify the other Parties, to the extent that and in proportion to, a Party's negligence or willful misconduct causes loss or damage, or liability for third-party loss or damage, to another Party. Such mutual and proportionate indemnification by each Party shall extend to the other Parties' governing boards, executives, administrators, managers, attorneys or any other direct

or indirect employees or agents (collectively, “Indemnitees”) for the liability, loss, damage and expense (including reasonable attorneys’ fees) sustained by a Party arising out of negligence or willful misconduct by another Party in relation to this Agreement.

7. NOTICES

The following individuals and their successors are designated by each Party as its authorized representative(s) for implementation of this MOU. All correspondence and notices relative hereto shall be considered delivered when received by the duly designated individual(s) at the following addresses:

Metro:

Chief Executive Office

Los Angeles County Metropolitan Transportation Authority

One Gateway Plaza

Los Angeles, CA 90012, 14th Floor

Attention: Stephanie Wiggins, Nicoe Englund and Sharon Gookin

Email: englundn@metro.net, gookins@metro.net

LA County:

Chief Executive Office

Attention: Assistant CEO, Asset Management

Email: assetmgt@ceo.lacounty.gov

Palmdale:

Attention: Ronda Perez, Luis Garibay

38300 Sierra Highway, Suite A

Palmdale, CA 93550

Email: rperez@cityofpalmdale.org, lgaribay@cityofpalmdale.org

8. TIME OF ESSENCE

Time is of the essence for each provision of this MOU of which time is an element.

9. GOVERNING LAW AND VENUE

The validity, interpretation and performance of this MOU shall be determined in accordance with the laws of the State of California. Venue for any action commenced to enforce any right under the MOU shall be filed in the Superior Court of the County of Los Angeles.

10. INTERPRETATION

This MOU shall be construed according to its fair meaning and as if prepared by both Parties. Titles and captions are for convenience only and shall not constitute a portion of this MOU. As used in this MOU, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates. As used in

this MOU, the word “includes or “including” means including without limitation, the word “or” is not exclusive and the words “herein,” “hereof,” “hereto” and “hereunder” refer to this MOU as a whole. Unless the context otherwise requires, references herein: (a) to articles, paragraphs, sections and exhibits mean the articles, paragraphs, sections and exhibits that are part of this MOU as amended, supplemented or modified from time to time to the extent permitted by the provisions thereof and by this MOU, (b) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented or modified from time to time to the extent permitted by the provisions thereof and by this MOU, and (c) to a statute means such statute as amended, supplemented or replaced from time to time. The exhibits, schedules, addenda, and attachments that are attached to this MOU are made a part of this MOU.

11. CONSTRUCTION OF TERMS

This MOU has been jointly prepared by all of the Parties. Therefore, this MOU shall not be construed against any one Party on the basis of such Party drafting this MOU or any specific provision(s) herein.

12. ENTIRE AGREEMENT

This MOU supersedes all prior agreements either oral or written, between the parties with respect to the subject of this MOU. Each Party to this MOU acknowledges that no representations, inducements, promises, or agreements, or otherwise, have been made by any Party which is not embodied herein.

13. AMENDMENTS AND MODIFICATIONS

Any amendment, modifications, or extensions to this MOU shall be in writing and will be deemed effective only upon full execution by all of the Parties.

14. SEVERABILITY

If any specific provision(s) of this MOU is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

15. WAIVER

No waiver of any provision of this MOU shall be effective unless in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought. No waiver of any right or remedy with respect to any occurrence or event shall be deemed a waiver of any right or remedy with respect to any other occurrence or event.

16. EXECUTION / COUNTERPARTS

This MOU may be executed in any number of counterparts, each of which when so executed shall be deemed to be original, but altogether shall constitute but one and the same agreement, and it is

also understood and agreed that separate counterparts of this MOU may be separately executed by the Parties, all with the same full force and effect as though the same counterpart has been executed simultaneously by all of the Parties.

[SIGNATURES FOLLOW ON NEXT PAGE]

By their signatures below, the Parties have entered into and agreed to and accepted the terms and conditions of this Memorandum of Understanding.

<p style="text-align: center;">LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (“LACMTA” / “METRO”)</p> <p>BY _____</p> <p>NAME: _____</p> <p>POSITION: _____</p> <p>Date: _____</p>	<p style="text-align: center;">COUNTY OF LOS ANGELES</p> <p>BY _____</p> <p>NAME: _____</p> <p>POSITION: _____</p> <p>Date: _____</p>
<p style="text-align: center;">CITY OF PALMDALE</p> <p>BY _____</p> <p>NAME: _____</p> <p>POSITION: _____</p> <p>Date: _____</p>	

ATTACHMENT 1

OPERATIONAL DOCUMENTS TO BE DEVELOPED

- 1 Administrative Code
- 2 Bylaws
- 3 Conflict of Interest Code
- 4 Insurance coverage plan
- 5 Initial budget for the entity, showing sources and uses of funds
- 6 Plans for audit compliance, project controls and risk management
- 7 Organizational plan identifying:
 - (a) required employees and job descriptions, such as Chief Innovation Officer (“CIO”), Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”)/Director of Finance, Treasurer, Chief Engineer/Director of Engineering and Construction, Controller, Risk Manager, administrative support;
 - (b) consultant roles and scopes of work;
 - (c) to whom each position will report; and
 - (d) when each position needs to be phased