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**Date: February 7, 2013**

**To: Mayor & City Council**

**From: Patrick H. West  
City Manager**

**Subject: Clarifying  
Information Regarding the  
Civic Center Project**

**Comments: Supplemental  
Information related to Item #8  
on the February 11, 2014 City  
Council Agenda**



**Date:** February 7, 2014

**To:** Mayor and Members of the City Council

**From:** Patrick H. West, City Manager *T.H.W.*

**Subject:** **Clarifying Information Regarding the Civic Center Project**

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The Long Beach Civic Center is a recent topic of discussion, and some information regarding the project needs to be clarified in order to better understand the options facing the City and the consequences of those options. This memo provides further clarification about the project, the various options to address seismic issues in the Civic Center, and the decision-making process over the next 18 months. The City Council is scheduled to discuss a related topic on the February 11, 2014 City Council agenda (R-8).

#### **Seismic Issues at the Civic Center**

The Civic Center faces significant seismic problems. The Tier 1 and Tier 2 seismic studies concluded that the wings of City Hall, including the stairways, would likely dislodge in a seismic event, preventing safe egress. The most recent seismic analysis conducted in 2013, as requested by the City Council and utilizing newer standards of analysis, shows that City Hall is also at risk of collapse in a Northridge-type earthquake, placing the public and City employees at risk of injury or death. As presented to the City Council on October 22, 2013, it is clear that the seismic problem is worse than originally believed. The recent analysis reveals that structural elements of floors 4 through 7 may be damaged in a seismic event, likely causing the collapse of the entire structure, resulting in significant loss of life. A written copy of the 2005 Tier 1 study, the 2006 Tier 2 study, and the 2013 peer review study was provided to the City Council on December 6, 2013.

#### **Responsibility to Act**

Now that we are on notice of this risk, the City has a responsibility to ensure the safety of the employees and visitors who use City Hall and visit the Civic Center on a daily basis. While City Hall may continue to operate in the short-term, we must make progress toward a permanent solution to minimize our exposure to significant liability. Doing nothing is not an option and may result in litigation.

#### **Exploration of Retrofit**

The City first explored the option of retrofitting City Hall in 2006, and commissioned an estimate by a widely-respected engineering firm. Parsons 3DI, who conducted the Tier 1 and Tier 2 studies, was requested to estimate the cost for seismic retrofit, including required building code and ADA upgrades, the cost for temporary facilities while construction occurs, interim furniture, fixtures and equipment, soft costs and moving expenses. The estimate, in 2006 dollars, was approximately \$119 million, or \$194 million in present day dollars, equating to \$685 per square foot.

An expense of that magnitude would typically be paid for through a General Obligation Bond, resulting in additional taxes on residents and businesses, potentially on the order of \$16 million a year in annual debt service. It is doubtful that City residents would support raising taxes to fund the retrofit of City Hall. More importantly, even after a retrofit, in a major earthquake, City Hall would likely remain standing, but would be red-tagged and uninhabitable. As a result, even if approved by taxpayers, their investment of approximately \$200 million would be lost since City Hall would again need to undergo significant repairs or be completely rebuilt, resulting in another significant expense and resulting tax increase.

The City currently spends approximately \$10 million to support just City Hall and the Main Library. In a retrofit, the City would continue to spend that \$10 million, in addition to the estimated \$16 million in annual payments for the retrofit cost, resulting in an ongoing annual cost to operate the Civic Center of \$26 million.

City staff's approach has been to identify a solution that protects public safety, yet does not require any tax increase, and would result in a City Hall that could survive a major earthquake and continue to function after that earthquake to ensure continuity of municipal business. As a result, staff explored the benefits that could be achieved through a public-private partnership.

#### **Public Private Partnership as an Alternative**

Long Beach has an opportunity to engage the private sector in a public-private partnership to build a new seismically safe Civic Center, including a new City Hall, Main Library and possibly a new Port headquarters, with no new tax burden on the City's residents. New construction is currently estimated at \$450 per square foot, than what a retrofit is estimated to cost. The buildings would be designed to the latest building and seismic standards, would be more functionally efficient and properly sized to accommodate the City's needs. In addition, the community would have an opportunity to participate in the design of a more vibrant, multi-purpose, re-connected Civic Center, including a leading edge Main Library, offering more City services located in one convenient location.

The new Civic Center is proposed to be funded by the existing budget allocated to operate the current Civic Center, as well as consolidation of offsite leases, and would not require a tax increase or reduction in services. The City pays approximately \$12.6 million currently to operate and maintain City Hall, the Main Library and the offsite leases. This approach proposes to apply the \$12.6 million, plus an annual escalator, toward an annual lease payment that would fund the design, construction, financing, operation and maintenance of a new Civic Center for forty years. At the end of that period, the facilities would revert to City ownership at no cost and in good physical condition, which would be contractually required by the City.

The City Council authorized a contract with experts in this field to assist the City in preparing a Request for Proposals, which will be released on February 28, 2014 to the three developer teams the City selected through the Request for Qualifications process. These experts are helping to identify all the steps necessary to create a process that will allow the City to move forward expeditiously due to the seismic risks, while satisfying all the necessary requirements to select a qualified developer.

It is important to understand that we do not yet know if the project is feasible in the marketplace. The three developer teams will determine if the program and personnel needs of City Hall and the Main Library, and the payment the City intends to make over 40 years will fund a new Civic Center. We remain optimistic that we will receive positive responses to the RFP.

This team of experts is also recommending that the City consider State legislation, similar to the authorizing legislation for the Long Beach Courthouse, to further clarify and confirm the procurement process of a public-private partnership. This legislation would also serve the purpose of reducing the risk of legal challenge, thereby reducing the cost of financing and ultimately ensuring the City and taxpayers receive the maximum value for their annual lease payment.

### **Timeline and Community Engagement**

The City is at the very beginning of pursuing a public-private partnership procurement model. Staff have held two informational community meetings and have launched a public input campaign, including a website and hotline, where residents can be informed and updated on the project, submit surveys regarding their preferences for a new Civic Center, submit comment cards, watch the recorded informational meetings and monitor for upcoming events. The website address is [lbciviccenter.com](http://lbciviccenter.com) and the hotline number is 562.570.3800. The website and the hotline will remain active through the entire project timeline, providing continuous opportunity for the public to inform the City and its development partner on the wants, needs and desires of the community.

The selection of a development partner is the beginning of the community engagement and decision-making process, assuming the project is feasible. A development team should be an active participant in the public outreach. However, before engaging in a comprehensive outreach process, the City first needs to know if the proposed financing model is feasible, and the response to the Request for Proposals will provide that information.

Decisions on the Civic Center project will be made over the next 12 to 18 months involving opportunities for community input, likely starting in Fall 2014. In addition, the project will be presented to both the Planning Commission and City Council in late 2014 or early 2015. We encourage the public to get involved in this project and share their ideas over the next 18 months.

For more information, please contact Mike Conway, Director of Business and Property Development at (562) 570-5282.

cc: Suzanne Frick, Assistant City Manager  
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