

# R-14

February 16, 2021

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager, or designee, to execute a Fourth Amendment to Contract No. 34342 with Plenary Properties Long Beach, LLC, of Los Angeles, CA, and any other documents or agreements necessary, to address COVID-19-related impacts to the Civic Center Project and to allow for the completion of Lincoln Park construction and the demolition of the old City Hall;

Authorize the City Manager, or designee, to execute an amendment to Contract No. 33444 with ARUP North America Limited, increasing the contract amount by \$180,000 for additional services associated with support of the Civic Center Project Phase II and Lincoln Park operations, in a revised total amount not to exceed \$11,461,545, and extend the contract term to February 15, 2023.

Increase appropriations in the Civic Center Fund Group in the Public Works Department by \$1,250,000, for the revitalized Lincoln Park, offset by a transfer of revenues from construction and development funds totaling \$1,250,000 in the Development Services Fund Group in the Development Services Department;

Increase appropriations in the Development Services Fund Group in the Development Services Department in the amount of \$1,250,000, offset from funds available; and,

Increase appropriations in the Civic Center Fund Group by \$1,000,000 in the Public Works Department, offset by a reduction in the \$7,375,000 receivable from Plenary Properties Long Beach, LLC, to \$6,375,000 for early demolition of the former City Hall. (District 2)

## DISCUSSION

On December 15, 2015, the City Council approved an agreement (Agreement) with Plenary Properties Long Beach, LLC (Plenary), for the design, build, finance, operation, and maintenance of a new Long Beach Civic Center, including City Hall, Main Library, Port Administration, and revitalized Lincoln Park (Project). At that time, the City Council approved a contract contingency to address various design updates and unforeseen conditions that might occur during construction. Over the past five years, the Project team and City leadership has worked to design and construct facilities that meet the requirements of City operations and sustainability targets within the approved budget and contingency.

On October 30, 2020, Plenary achieved final completion on the following facilities: City Hall, Port Administration, and Main Library. Plenary has now also completed demolition of the old Main Library and is ready to begin major construction of the new Lincoln Park (Park). The design for the Park is complete and City staff are working to finalize the long-term maintenance and operations plan for this new sustainable and regional destination that is designed for "18-hour" activation, special events, and community programming for residents, workers and visitors.

As specified in the Agreement, the City team is working to transfer the old City Hall site (Midblock) to Plenary for development of a private mixed-use project. Unfortunately, the sale and transfer of Midblock and subsequent development has been negatively impacted by the ongoing COVID-19 pandemic. Rather than wait for an undetermined amount of time for the transfer of the property to occur, City staff and Plenary have worked together on a plan to proceed with old City Hall demolition activities now. The unoccupied building, which remains a City asset, is a major liability concern and public health hazard. Plenary and City staff agree that demolishing the building early is a critical and necessary step to reduce risk and address public safety and health concerns associated with the vacant building, which is regularly vandalized even after City staff have increased its security presence at the building. If the City does not proceed with demolition of the old City Hall now, building code requires that utilities be reconnected at a significant unbudgeted cost. In addition, additional security and maintenance services will be required to meet code and operational requirements. If demolition is moved forward, construction-related impacts will be reduced if construction of the new Lincoln Park and demolition of the old City Hall occur concurrently. Proceeding with the demolition of the old City Hall now will not require any upfront City cash. The City's share of the early demolition cost will be an amount not to exceed \$1,000,000, which will be deducted from the \$7,375,000 million repayment owed to the City (Civic Center Fund) by Plenary at the time of the Midblock sale.

Lincoln Park is designed as an iconic, regional destination park in the heart of Long Beach that reflects and will enrich the City's unique history, community, and culture. The Park includes many sustainable amenities, drought tolerant landscaping, artificial turf field, fitness equipment, inclusive playground, enhanced lighting and shade structure, athletic and recreational facilities including soccer, basketball and skateboarding, and single stall restrooms. The terrace, lawn and outdoor reading room are adjacent and accessible to the Main Library's children's and community rooms. City staff are working with ARUP to finalize and implement the Park's maintenance and operations plan. A 2017 study of premiere downtown parks in other major U.S. cities suggests the operation cost may equal up to \$1.7 million annually. Many of the parks surveyed in the study were managed by a private operator. A private operator provides opportunities for fundraising or monetization that support operating costs. One of the different options being evaluated is to potentially manage the Park as a special events park, which may lower the City's operational costs and help to further achieve the primary goal of continuously activating the park. Prior to completion of construction, City staff will return to the City Council with options and a recommendation to address the Park's long-term maintenance and operational needs.

The Board of Harbor Commissioners will independently consider authorizing the execution of the Fourth Amendment to the Plenary contract at a future meeting. On December 17, 2020, the Parks and Recreation Commission approved the Lincoln Park Redesign as an improvement for public recreation, which meets a recreational need in Long Beach.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on February 1, 2021 and by Interim Finance Director John Gross on January 30, 2021.

### TIMING CONSIDERATIONS

City Council action is requested on February 16, 2021, to allow for the soonest demolition of the old City Hall building and completion of the new Lincoln Park.

### FISCAL IMPACT

The additional contingency budget needed at this time for the Lincoln Park activity and sustainability enhancements and the ARUP support is \$1,250,000. This is funded by \$1,250,000 in available funds from the Construction and Demolition program. An appropriations increase is requested in the Civic Center Fund Group in the Public Works Department in the amount of \$1,250,000, offset by a transfer of Construction and Demolition program funds in the Development Services Fund in the Development Services Department. The transfer would be funded by a requested appropriation increase in the Development Services Fund Group in the Development Services Department, offset by funds available.

As previously reported, the Lincoln Park annual operating costs are estimated at \$450,000 for routine maintenance, \$500,000 for security and management services, and up to \$700,000 for programming, for a total of up to \$1,650,000 annually beginning in FY 22. Potential funding and operating structures, including programming partnerships, are currently being explored. City staff will return to the City Council with options and a recommendation to address the Park's long-term maintenance and operational needs.

The demolition of the old City Hall is estimated to cost about \$8,000,000 and will be largely paid for by Plenary with the City's share of up to \$1,000,000. The City's share of the cost is funded through a reduction to the receivable of \$7,375,000 due from Plenary to the Civic Center Fund Group no later than September 2022 or earlier at the time the Civic Center Midblock is sold. No cash payment for the demolition will be required. An appropriation is being requested for the City's share of \$1,000,000. As previously discussed with the last Lincoln Park amendment, the Civic Center Fund is in a substantial negative budgetary funds available position. This transaction will not change the negative position, but the budgetary funds available will be increased by \$6,375,000 million when the Midblock is sold and not by the amount of the previous receivable of \$7,375,000 million. When the Midblock sale occurs, the payment from Plenary may not be enough to restore the funds available to a positive status, but staff will be evaluating this along with potential increases to interdepartmental charges (primarily General Fund) to address the negative budgetary funds available status.

This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. Construction of Lincoln Park falls under the Civic Center Project Labor Agreement, which prioritizes the hiring of local construction workers.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ERIC LOPEZ  
DIRECTOR OF PUBLIC WORKS



BRENT DENNIS  
DIRECTOR OF PARKS, RECREATION  
AND MARINE

APPROVED:



THOMAS B. MODICA  
CITY MANAGER