

April 19, 2022

R-26

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute an amendment to the Amended and Restated Access and Demolition Agreement with Plenary Properties Long Beach, LLC, Mid Block Site Devco, LP, and Mid Block Demo, LLC, all of Los Angeles, CA, and any necessary documents or agreements, to address a change order to the Civic Center Project and the demolition of the old City Hall; and,

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

DISCUSSION

On December 15, 2015, the City Council approved an 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 of Long Beach (City) leadership have 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. The new Lincoln Park (Park) is now open and old City Hall demolition is almost complete.

As specified in the agreement, the City team is working to transfer the old City Hall site (Midblock) to Plenary for proposed development of an essential workforce housing project entitled for retail, grocer, and other related uses. On February 16, 2021, the City Council authorized execution of a Fourth Amendment to the contract with Plenary, which included an Amended and Restated Access and Demolition Agreement (Agreement) allowing Plenary to proceed with old City Hall demolition activities prior to the transfer of Midblock. The demolition costs of the old City Hall Building are being paid by Plenary (or its affiliates) and primarily benefit the future private development of the Midblock. As originally planned, the demolition activities would have taken place after transfer of Midblock, but as stated above, such demolition work started prior to transfer of the Midblock to address major liability concerns caused by ongoing security and vandalism issues at the old City Hall Building. The commencement of demolition work while the old City Hall Building is still publicly owned, although it is not public work, is

recommended by City staff and the purpose of this amendment is to align with best practices of providing prevailing wages to the demolition contractors and subcontractors. All but one of the demolition contractors and subcontractors are currently being paid at prevailing wage rates. City staff propose an amendment to the Agreement to ensure that Plenary pays all subcontractors prevailing wage rates.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on March 24, 2022 and by Budget Management Officer Nader Kaamouh on March 30, 2022.

TIMING CONSIDERATIONS

City Council action is requested on April 12, 2022, to address a change order to the Civic Center Project and the demolition of the old City Hall.

FISCAL IMPACT

The amended agreement will result in the additional payment to be made to Plenary in an amount not to exceed \$375,000 and will be funded through a reduction to the current Plenary receivable of \$6,375,000. No cash payment for the additional cost will be required. An appropriation increase is requested in the amount of \$375,000 in the Civic Center Fund Group in the Public Works Department. When the Mid-block sale occurs, the payment from Plenary to the Civic Center Fund Group, along with adjustments made to the interdepartmental charges (primarily to the General Fund), is projected to balance of the budgetary funds available in the Civic Center Fund Group and may result in a positive status. City staff will be evaluating this in order to address the current 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. Demolition of old City Hall 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

APPROVED:



THOMAS B. MODICA
CITY MANAGER