



## Legislation Text

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**File #:** 20-0250, **Version:** 1

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Recommendation to authorize City Manager, or designee, to execute a Third Amendment to Contract No. 34242 with Plenary Properties Long Beach, LLC, of Los Angeles, CA, to modify the conditions to conveyance of the Midblock site, extend the project long-stop date, and include additions to Lincoln Park;

Authorize City Manager, or designee, to execute all documents necessary to enter into an agreement, including any necessary amendments, with the Harbor Department, to accept and expend grant funding in an amount not to exceed \$981,280, for the Lincoln Park Landscaping Project;

Authorize City Manager, or designee, to execute and accept a Water Line Easement Agreement establishing a utility easement over a portion of the Midblock site;

Authorize City Manager, or designee, to execute an Indemnity and Reimbursement Agreement in connection with existing City obligations to remediate impacted soils existing on the Midblock site; and

Increase appropriations in the Civic Center Fund Group in the Public Works Department by \$1,736,227, for the revitalized Lincoln Park, offset by County Measure A and Harbor Department grant reimbursement revenues. (District 2)

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 Civic Center, including a City Hall, Main Library, Port of Long Beach Headquarters, 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 be experienced during construction. Over the past three years, the Project team has worked to finalize and construct facilities that meet the requirements of City operations. Numerous meetings were held to discuss building design and functionality to deliver a modern, energy efficient workspace. Through this process different elements were approved and the updates became part of the construction effort. All changes were accomplished within the budgeted construction contingency.

Plenary has met the Project completion date and delivered several facilities to the City. City Hall, Port of Long Beach Headquarters, and the Billie Jean King Main Library are open and operating. Demolition of the old Main library is underway in preparation for development of a new Lincoln Park (Park).

As specified in the Agreement, the City team is working to transfer the old City Hall site

(Midblock) to Plenary (or its approved assignee) for development of a private mixed-use project. Entitlements for the Midblock site are scheduled for review by the Planning Commission at its meeting on March 19, 2020. The project includes 580 residential units, of which 58 are affordable, and 35,000 square feet of retail space. The Midblock development also includes construction of Cedar Avenue between Ocean Boulevard and Broadway to further improve access throughout the downtown area.

Conveyance of the Midblock is an important milestone, as Plenary is obligated to use \$13.7 million of the proceeds from its sale for construction of the new Park. The Plenary team is working through the final elements of the Park design, which includes restrooms, play equipment, a dog park, and a pedestrian promenade through the park to the First Street Transit Station. In an effort to provide more opportunities for long-term activation, staff is working on a change order to incorporate new features into the base park design. These improved features include a larger dog park (with areas for both small and large dogs), outdoor fitness equipment, sports field, lighting enhancements, oversized adult swings, outdoor reading room with native planting, utility ducting for a future concession stand, and large artistic gateway elements. The Park is scheduled to open in Fall of 2021.

Plenary will provide facility maintenance for the new restroom building, while other routine maintenance and custodial work will be provided by the City. There will be significant additional operating costs, particularly associated with the programming of an active Park. Based on a 2017 study of premiere downtown parks in other major United States cities, it provides that a budget of \$1.7 million per year or more may be necessary. The study estimates \$450,000 would be needed for routine maintenance, \$300,000 for security, \$200,000 for management and \$700,000 for programming. Many of the parks surveyed in the study are managed by a nonprofit operator. A nonprofit operator provides more opportunities for fundraising, which the City may need to explore to offset the operating, maintenance, and programming costs.

With demolition of the old library underway and the start of the Midblock development, the following updates are needed to the Agreement:

- **Amend Scheduled Lincoln Park Occupancy Date:** To accommodate the Park redesign, extend the contractual milestone outlined in Section 8.7(A)(2) of the Agreement to September 30, 2021.
- **Amend Scheduled Long-stop Date:** Update overall contractual milestones outlined in Section 8.7(B), Section 8.7(D) and Section 8.7(E) of the Agreement so that (i) the Scheduled Final City Occupancy Date and the Scheduled Project Occupancy Date shall be September 30, 2021, and (ii) the City Long-stop Date shall be September 30, 2022.
- **Amend Obligations for Demolition and Removal of the Old City Hall:** To accommodate the City's decommissioning efforts of the old City Hall and review and

approval of the entitlements for the Midblock site, revise demolition and removal obligations in the Agreement to state:

- o i) a demolition permit shall be secured by Plenary within 4 months of conveyance of the Midblock site; and,
- o ii) demolition and removal of the old City Hall shall be completed within 12 months of Plenary securing the demolition permit.

**New Guaranteed Completion Date for Cedar Avenue:** Plenary is required to complete the construction of Cedar Avenue between Ocean Boulevard and Broadway; however, there is currently no stipulated date by which construction must be completed. Amend the Agreement, as necessary, to reflect the following:

- o Plenary will complete construction of Cedar Avenue between Ocean Boulevard and Broadway within 36 months of the date on which the Midblock site excavation and shoring permit is issued to Plenary.
- o The design, layout, and overall construction plan will be provided to the Public Works Department for review, approval, and issuance of a permit consistent with the construction schedule for the Midblock offsite work, and the 36-month completion timeline.
- o In the event Cedar Avenue is not completed within five years after conveyance, the City may, at its option, complete the Cedar Avenue improvements and require reimbursement from the Midblock developer to recover its costs.

**Revise Lincoln Lane with Alternate Access to Lincoln Garage:** Section 12 of the Agreement describes requirements associated with constructing access to Lincoln Garage and creating a Library loading dock. The Agreement will be revised to reflect Plenary's obligation to:

- o Design and construct alternate egress for entry and exit of Lincoln Garage. The primary entrance will use the existing or modified ramp off Pacific Avenue, and the primary exit will utilize a new or modified ramp distributing traffic into the northbound lanes of Cedar Avenue. These improvements will eliminate the previously planned Lincoln Lane and Library loading dock. This change will create no additional costs to the City. It is possible that some parking spots will be lost but the number, if any, is unknown at this time.
- o Plenary will provide maintenance of the new infrastructure (Pacific Avenue ramp and Cedar Avenue ramp) as part of the Facilities Management (FM) requirements.
- o The new egress for entry and exit of Lincoln Garage will be completed by April 30, 2021.

- **New Construction of Long-Term Storage for Library Within Lincoln Garage:**  
Amend the Agreement to require Plenary to provide a long-term storage facility for library materials within Lincoln Garage. The space must be environmentally controlled and meet library standards. Completion will be prior to April 30, 2021.
  
- **New Hot and Cold Waterline Installation and Easement:** The Civic Center project includes a centralized energy plant that supports City Hall, Port Administration, and Library buildings. The hot and cold waterlines running from the plant to the Library were installed as a temporary measure until the development plan for Midblock was final. Amend the Agreement and execute an Easement Agreement, as necessary, to reflect:
  - o The establishment of a utility easement on the north side of the Midblock site for access and maintenance.
  - o Require Plenary to install permanent utilities lines to the Library within the specified easement at no cost to the City.
  - o Require Plenary to maintain the utility connection between the Central Utility Plant and Library at no additional cost to the City.
  
- **Midblock Impacted Soils:** Section 12 of the Agreement specifies the City must obtain a no further action letter, in relation to impacted soils, prior to conveyance of the Midblock site. A Reimbursement Agreement will be executed and the Agreement will be modified to require the City to hire a consultant to address the impacted soils, including:
  - o Developing a work plan, monitoring remediation, and obtaining a closure permit.
  - o The City also agrees to remediate up to 10,000 cubic feet of impacted soil (same as in the original agreement). If additional remediation beyond 10,000 cubic feet is required, the cost will be borne by Plenary.
  - o Remediation work will be coordinated with the construction of the Midblock to minimize any construction impacts. Additionally, exposure of the impacted soil may occur during excavation for the new subterranean garage.
  - o Timing of the closure report will likely occur months after conveyance of Midblock and completion of excavation work.
  - o At this time, remediation costs are currently unknown but seem likely to be \$250,000 or more. The Public Works Department expects to have a better understanding of the total remediation costs by the end of Summer 2020, after demolition of the old library. Staff will return to the City Council to request appropriation, if needed, once remediation costs are known.

The Board of Harbor Commissioners will independently consider authorizing the execution of this amendment at a future meeting. This matter was reviewed by Deputy City Attorney Richard F. Anthony on March 9, 2020 and by Budget Analysis Officer Julissa Jose-Murray on February 27, 2020.

### STATEMENT OF URGENCY

With the possible postponement or cancellation of upcoming City Council meetings as a precautionary measure to COVID-19, City Council action is requested on March 17, 2020

City Council action is requested on March 17, 2020, to allow for the development of the Midblock mixed-use project and new Lincoln Park.

The proposed amendment to the Civic Center Agreement will have no impact to the Service Fee for operations already contracted for in the Agreement.

The contingency budget for Lincoln Park change orders is \$4,736,227. This is funded by \$2,500,000 in Park Impact Fees, \$500,000 in Construction and Demolition Funds, \$754,947 from County Measure A, and \$981,280 from the Port of Long Beach. Of this amount, \$3,000,000 is already budgeted in the Civic Center Fund Group in the Public Works Department. An appropriation increase is requested in the Civic Center Fund Group in the Public Works Department in the amount of \$1,736,227 to reflect a transfer of \$981,280 from the Harbor Fund Group as part of the Port of Long Beach's Community Grant Program for Parks and Open Space. The additional funding of \$754,947, is from Los Angeles County Regional Park and Open Space District Measure A grant revenues.

As detailed above, the operating and maintenance costs (grounds maintenance, programming, administration, and security), estimated at \$1.7 million annually, are as yet unfunded. Potential funding and operating structures, including programming partnerships, will be explored prior to the Park opening and staff will return to the City Council with an update.

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.

Approve recommendation.

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