10

Master Development Plan of the Los Angeles Civic Center

January 6, 2017



IBI

Prepared for City of Los Angeles
Office of the City Administrative Officer
by IBI Group
Ernst & Young Infrastructure Advisors, Katherine Padilla & Associates
January 6, 2017

Executive Summary

Introduction & Purpose – The City owns a considerable amount of property and facilities in the broader Civic Center area. Many of these properties house critical municipal functions, while other properties are un-used, underused, or are reaching the end of their useful life without significant investment. There are more than 5,500 employees housed in at least 10 separate leased and City-owned offices spaces in and within close proximity to the Civic Center Study Area (see graphic below) – occupying approximately 1.6 million square feet of office space. Accordingly, the City's 2009 and 2014 Real Estate Strategic Plan encourages the City to develop new facilities to consolidate municipal functions in the Civic Center, to improve the efficiency of City functions and minimize lease costs.

Study Area



On September 18, 2015, the City Council approved a report from the Municipal Facilities Committee authorized the Office of the City Administrative Officer (CAO), with the assistance of the Office of the Chief Legislative Analyst (CLA), Bureau of Engineering (BOE), the General Services Department (GSD), and other City stakeholders as necessary, to hire consultant(s) to perform the following work for a specified study area:

1. Prepare a Civic Center Land Use Master Plan to assess and coordinate redevelopment opportunities in the Civic Center;

2. Advise the City on opportunities for public private partnerships to develop municipal facilities in the Civic Center; and

3. Assist the City in preparing a solicitation for development partners.

The City executed a consultant services agreement with IBI Group in August 2016 for its Planning & Financial Consulting Services and to create a Master Development Plan (MDP) of the Los Angeles Downtown Civic Center. The MDP for the Civic Center and adjacent Study Area, once completed, will provide a conceptual land use and financial feasibility framework that could help guide the City's use of its properties for municipal functions and other potential private uses including office, retail, and residential to provide a viable 24/7 urban environment within the Civic Center that supports public services, the surrounding communities and connectivity through open public spaces in the coming years.

MDP Components - To provide viability for the implementation of the MDP, the consulting services contained three key professional services components that were implemented as integrated efforts:

Planning (IBI) – Consultant team management and Land Use recommendations for the Study Area (Civic Center core plus properties east to City's Personnel Building); Urban Design Guidelines for the Civic Center core; and development alternatives and schemes within the Civic Center Core to achieve 1.2 to 1.6 million gross square feet of civic office buildings plus potential commercial, retail and housing developments which could provide new revenues.

Financial (EYIA) – Ernst & Young Infrastructure Advisors, LLC was subcontracted to conduct the financial feasibility and public-private-partnership analysis, and their findings are separately provided in the attached Preliminary Financial Plan & Public-Private Partnership Analysis. Based on concept development alternatives, EYIA developed a Preliminary Financial Plan to fully funds project(s) in the Civic Center core, factoring in the City's existing lease and debt service costs for existing facilities. Analysis compares financials for alternate delivery methods including P3.

Community Outreach Services (KPA) – Katherine Padilla & Associates provided coordination, scheduling and recording of the Community Action Committee's comments and input at meetings held throughout the planning and alternatives development process.

This Executive Summary is written in two parts to maintain continuity of the summarized process and findings for Phase One: Land Use Plan/Development Concepts and Phase Two: Preliminary Financial Plan.

Phase One: Civic Center Land Use Master Plan

The Los Angeles Civic Center has a rich history dating back to the origins of civic life in El Pueblo, where religious, cultural and civic activities took place. Since the earliest period the most notable shift for the Civic Center occurred in 1928 with the construction of the current City Hall. The three-tiered tower was the tallest building in Los Angeles and remains the most iconic representation of the City of Los Angeles. City Hall was responsible for forming the new center of civic life. A loose assemblage of city, county and federal buildings would re-organize over time around City Hall. From the 1920's to 1950's, one of the greatest periods of growth in Los Angeles coincided with the apex of the "City Beautiful" movement in urban planning. This era of planning advocated for parks and large landscaped boulevards as the major organizing elements of the city plan. These open spaces were fundamental to keeping cities heathy and vibrant. Starting with the Cook and Hall Plan (1923), succeeding Civic Center master plans have addressed streetscape, connectivity, the pedestrian experience and street-level activation which also serves as a foundation for this current Civic Center Master Development Plan.

The Los Angeles Civic Center became further defined in the 1950's with the development of the Hollywood Freeway to the north and development of Grand Park and multiple County facilities to the west. During that period, the City expanded west with City Hall South and the Parker Center building at Los Angeles Street (formerly part of Little Tokyo). In the 1960's, the Federal buildings expanded to the north and northeast. More transitions occurred in the 1990's when the City developed eastward by infilling the Parker Center block with the 9-1-1 Call Center and Metro Detention facility. Two of the latest projects in the Civic Center completed in the past 15 years have been south of First Street: the Caltrans Building and the Police Administration Building. All of these developments, completed at different times throughout many decades, form the fabric of the current Civic Center. This planning effort reflects a unifying vision for the area and aims to redefine the organization and function of the Los Angeles Civic Center.

Methodology & Process – As outlined in the Request for Proposals and authorized by the City Council, the requested deliverables were divided into two phases. *Phase One: Civic Center Land Use Master Plan* and *Phase Two: Financial Feasibility Study*, were developed concurrently to ensure submittal of Final Report documents by the end of 2016. Utilizing a defined work plan and schedule, each Phase integrated with the other, requiring on-going sharing of information, ideas and alternatives considerations along with continuous input from City stakeholders, the Community Action Committee (CAC) and City leadership. The City and CAC input was critical to ensure the Land Use Plan and proposed development recommendations gave consideration to all issues, concerns and goals.

The planning process and identification of development alternatives, while reflective of other relevant planning efforts, the surrounding communities, mobility and public connectivity was

iterative from the initial City workshops to the recommended land use and phased development plan. Early financial evaluations of proposed commercial, residential, hotel and retail uses within the Civic Center Core provided the basis for the financial viability recommendations related type, scale and locations.

The Guiding Principles included: Holistic vision of the future; enhance economic development opportunities; cohesive planning and placemaking; better utilization of City-owned properties; improve public space and function; and sustainable financial strategies.

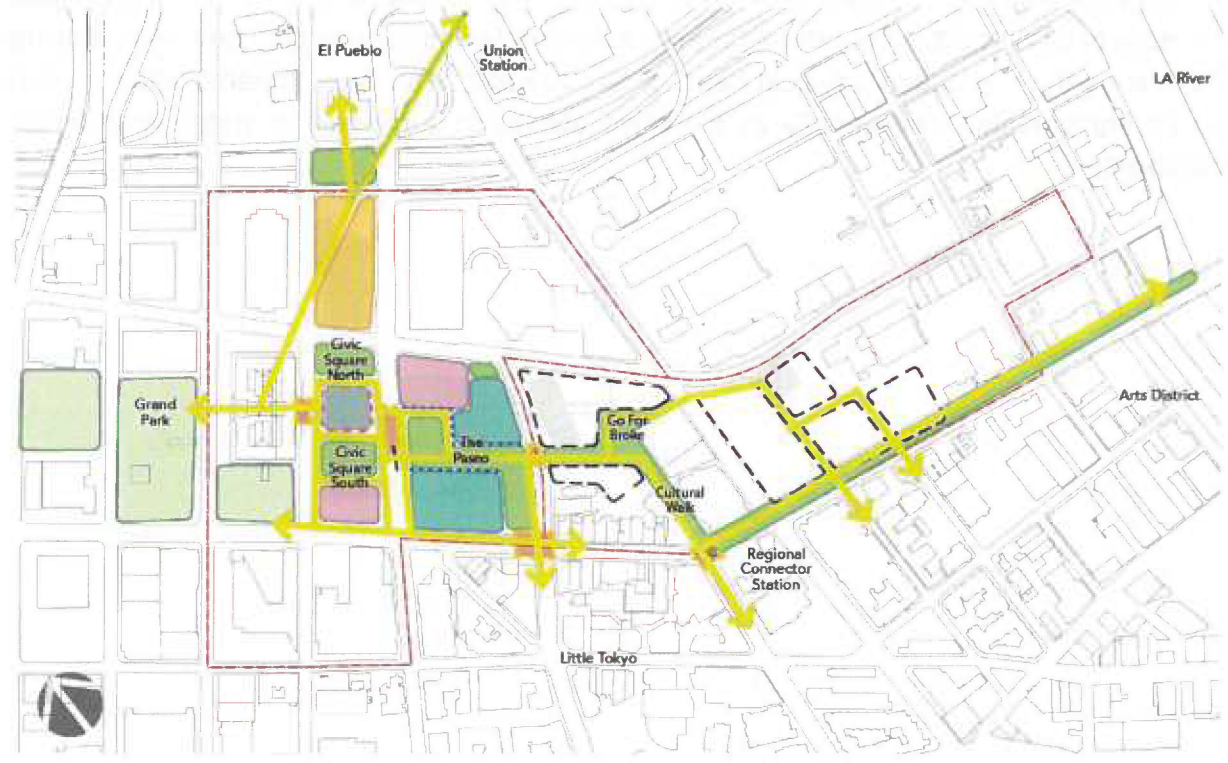
Findings – Given its centralized location between various neighborhoods, transit routes and cultural nodes and landmarks, a key mission of the Plan Framework for the Civic Center core is to ensure reconnection to the surrounding communities that have been separated from each other over time.

Axis vs. Grid Scheme – City Hall is both the center of government in Los Angeles and an international icon with an important role in defining the future of the Civic Center core. The consolidation of City employees and services from multiple locations to the Civic Center core provides an opportunity in the Land Use and MDP to enhance and emphasize the focus and view corridors to City Hall. This relates to planning for connectivity, building uses, siting and massing, public spaces, circulation and synergy derived by mixing civic office, commercial and residential buildings. The land use studies focused on two main schemes: Axis with view corridors and public spaces that link with Little Tokyo, Go-For Broke Monument, Union Station and Chinatown, and Grid, which develops the connections to and through the Civic Center Core in the east-west and north-south direction.

Axis Scheme



Grid Scheme



In advancing the Civic Center core schemes (Parker Center block, L.A. Mall block and City Hall East and City Hall South block) both schemes can achieve the short- and near-term development goals. However, only the Axis scheme achieves the long-term goal to replace

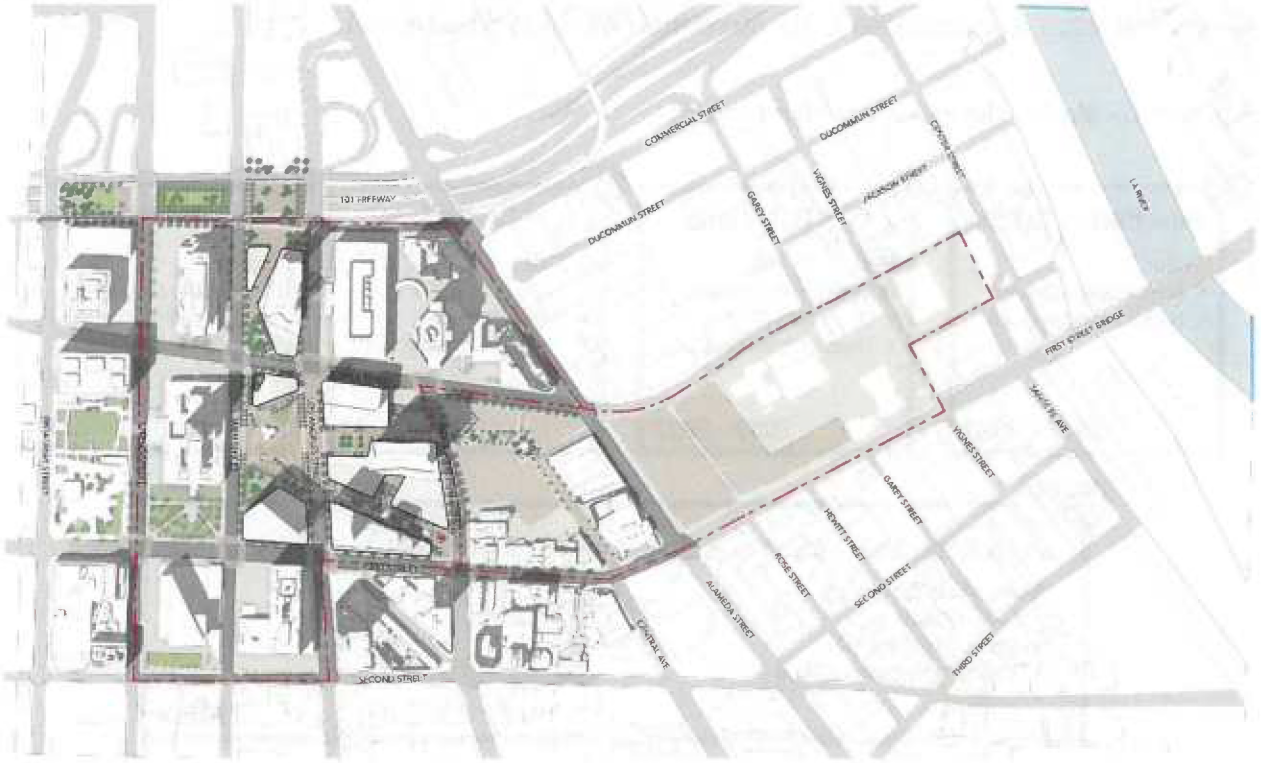
the Metro Detention Center with a new Civic Office building and remove City Hall east to provide open space and a Cultural Center. The preferred Axis Scheme has been developed for Financial Analysis of Development Sequences A through D, their buildings and uses with associated gross square footage are listed in the table below.

	DEVELOPMENT SEQUENCE (2017-2027)				
	A: Parker Center (2017-2020)	**B: CH-South (2019-2022)**	**C: LA Mall (2021-2024)**	**D: 9-1-1 Call Center (2024-2027)**	**TOTAL**
	(square feet)				
Civic Office	712,500	--	545,000	--	1,257,500
Flex (Education, Cultural, etc)	--	--	80,000	--	80,000
Housing	--	569,000	--	520,000	1,089,000
Retail	37,500	90,000	50,000	90,000	267,500
TOTAL	750,000	659,000	675,000	610,000	2,694,000

Recommendations

The Axis Scheme is the preferred alternative. This scheme best accomplishes the current need to relocate remote City services within the Civic Center core; add private development of residential, retail & commercial uses; achieve the neighboring community goals to enhance connectivity and provide economic synergy and presents a long-term plan that re-establishes City Hall as the visual and physical heart of Los Angeles. The Axis Scheme developments can be implemented sequentially as identified above, or combined as determined fiscally appropriate.

Axis Scheme



View facing northwest



View facing south



Phase Two: Financial Feasibility Study

The Land Use Master Plan developed by IBI comprises a development sequence of six phases summarized in Figure 1.1 below and factors in real estate and private development considerations. The first four phases are projected over the next 10-year period with the final two phases assumed to commence sequentially thereafter. The overall Master Development Plan includes more than 1.2 million square feet of net new office space via the development of three new publicly-owned civic office buildings, two private developments on City property made available under long-term ground leases, and the creation of new public space on the

existing City Hall East parcel. Total build out of all types of space (e.g. including retail, residential, etc.) is anticipated to be more than 3 million square feet.[1]

Figure 1.1 – Master Development Plan phasing[2]



While several stacking scenarios are currently considered by the City, the baseline used in this analysis assumes retention of the Figueroa Plaza 201 tower given its high degree of utilization by City departments. The majority of the space is anticipated to come from the initial Parker Center Phase, which is the most advanced in terms of planning and has a completed Environmental Impact Report for a 750,000 square foot facility. In this analysis the Parker Center phase is projected to open for use in 2021, with the second civic building constructed from 2021-2024 on the LA Mall site. Ground leases at the City Hall South site and 911 Facility site, opening before and after the new LA Mall facility in 2023 and 2028 respectively, are anticipated to generate revenue for the City and round out the first four phases of the Master Development Plan.

The first four phases of the Master Development Plan are each on different parcels of the Civic Center core. Two new civic office buildings are contemplated on the Parker Center site and LA Mall site, with estimated lifetime costs exceeding $500 million for each that will require long-term financing. In contrast, based on current market conditions, the two private developments under long-term ground leases contemplated for the City Hall South and 911 Facility sites are not expected to require City financial contributions (other than the relocation

[1] For the purposes of this Report it was assumed that the private real estate developments would include hotels, short-term furnished rentals, and/or residential development, however final use and allocation of space is not determined and ultimately subject to negotiations between the City and a private developer

[2] Hotel / Furnished / Residential refers to any private development providing hotel, short-term furnished residential, or long-term residential services. Flex space refers to space which could be utilized for a number of uses to be determined at a later time (e.g. education, cultural, etc)

of 911 operations), instead generating long-term ground lease payments. Table 1 below presents the total cost in Net Present Value terms of each phase, including all capital as well as ongoing maintenance costs over a 30-year period.

Table 1 – Estimated Net Present Cost of each development sequence (4% discount rate)

Development Sequence	City Capital and Maintenance Costs
Parker Center – Development Sequence A (P3)	($784)m
City Hall South – Development Sequence B	-
LA Mall – Development Sequence C	($510)m
911 Building– Development Sequence D (relocation cost)	($34)m
All development sequences total cost	**($1,328)m**

Assumes Parker Center and LA Mall sequences delivered with P3 and traditional methods, respectively (further details in Section 6 of Financial Feasibility Study).

Three potential sources have been identified to help fund the Master Development Plan:

1. Disposition of City buildings - Upon relocation of City staff to the new civic offices, exiting existing facilities would allow disposing of owned assets and ending current leases. Under a stacking scenario retaining Figueroa Plaza 201 tower and developing 1.2 million square feet of new offices, the sale of the Figueroa Plaza 221 tower and Public Works building could generate approximately $299 million (based on adjusted existing appraisals) available to fund the first Parker Center phase . The potential sale of space in the LA Mall civic office to non-General Fund department(s) has also been included.

2. Lease cost savings - In addition to the lease costs savings from vacated buildings, a long-term reduction in maintenance, operating and utilities costs is expected by relocating to modern, energy efficient facilities with a lower overall square footage.

3. New revenues - Finally, positive proceeds from ground leases on the City Hall South and 911 Facility sites are expected to provide additional funding for the Master Development Plan. The Parker Center and LA Mall phases are also planned with some retail space that will generate revenue (albeit limited).

Table 2 – Net Present Value of savings or revenue (4% discount rate)

Savings or revenue category	NPV Savings / Revenue Estimates
Retail lease revenue	$88m
Ground lease revenue	$79m
Net lease savings	$198m
Utilities/O&M savings	$219m
Other savings	$45m
Asset & space sales	$275m
Total projected savings & revenue	**$904m**

Parker Center Financial Feasibility and P3 Analysis

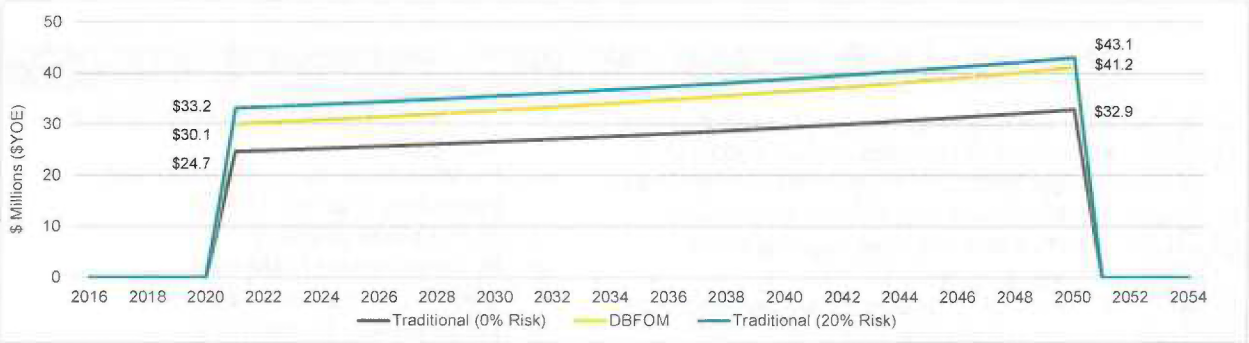
Each development sequence of the Master Development Plan is anticipated to have unique costs and offsetting savings / revenue. Given the disparity in planned delivery timelines, it may be preferable to undertake the developments separately for each parcel. The civic office and private development sequences also would attract different private real estate and infrastructure P3 developers, so likely would not produce synergies if jointly developed.

At this time the Parker Center development sequence is relatively more advanced from a planning and environmental standpoint compared to subsequent phases. As such, a more detailed financial feasibility and potential P3 development analysis is more meaningful if focused on the initial Parker Center development sequence.

While the City's major construction projects have traditionally been procured under Design Bid Build (DBB) or Construction Manager / General Contractor (CM/GC) approaches, the City has been increasingly considering P3 structures for major infrastructure projects for its risk transfer, long-term budgeting/maintenance and private financing benefits. The design-build-finance-operate-maintain (DBFOM) P3 structure (where the private partner would contract with a design-builder and a long-term maintenance contractor, and raise private financing) would be the most beneficial approach for the Parker Center. Under a DBFOM, the City would make long-term availability payments covering capital, financing and operations and maintenance costs, which would be contingent upon the facility meeting key availability and performance standards. Such payments are typically escalated over time to factor in inflation on included long-term maintenance and operations costs. Taking into account the contribution of the asset sale proceeds, only a portion of the capital expenditure would need to be financed on a long-term basis.

For illustrative purposes, a basic quantitative comparison of the P3 and traditional approaches is shown below, and assumes identical capital and operating costs over an identical 30-year financing term.

Figure 1.2 – Parker Center (Development Sequence A) procurement options annual cost



*Traditional delivery/financing assumes an illustrative level debt structure with a 4% interest rate, while the DBFOM assumes a 5.25% taxable debt financing. Refer to section **6.1** in the Financial Feasibility Study for further details.*

While baseline numbers show a lower cost for the traditional delivery, factoring in the value of greater risks retained could make the DBFOM more competitive/cost effective. Risk transfer and other qualitative considerations are further outlined in Table 3 below for the DBFOM and traditional DBB and CM/GC delivery methods. Note the DBFOM might also be structured so as to benefit from tax-exempt financing which could lower the required Availability Payment shown by approximately 7% or more.

Table 3 – Potential benefits and limitations of a P3 procurement for the delivery of public facilities

	Benefits	Limitations
Traditional Public Delivery and Finance	• Low cost of tax-exempt public finance • Lower anticipated annualized cost, but additional long-term risks retained • Maximum control of City technical staff and potential improved cost management • Flexibility for service adjustments and potential expansion	• Financing is counted against 6% City debt limit • No integration of construction and operational parties, limited construction warranty • No incentive for O&M cost efficiencies, service level performance, or useful life performance • City retains construction and service level risks • Exposure to contractor company credit • No flexibility in timing of funding requirement • City retains significant schedule/cost overrun risks
DBFOM Availability Payment	• Single point of contact drives incentive for innovation to reduce overall DB+O&M pricing • Per the City, Availability Payments do not count against 6% debt limit • Greater flexibility to adapt payment structure to timing of funding availability • De-facto construction warranty for length of concession • Greater performance incentive, including: undertaking capital maintenance/renewals to meet residual life/performance specifications • Greatest schedule/cost overrun risk transfer, City interests aligned with lenders • Reduced City technical resources required due to lenders' oversight/use of independent certifier	• Higher anticipated annualized cost, but limited long-term risks retained • Higher private financing cost due to equity/debt risk (tax-exempt financing might be available to reduce cost) • More limited City control compared to a traditional delivery • Procurement more complex than a traditional procurement, may require extra management resources from the City

Given DBFOM qualitative benefits compared with the risks retained in principle by the City under a traditional delivery method, using this method for the delivery of the Parker Center may warrant further consideration. While the DBFOM costs could appear more expensive (in part due to the assumed use of private taxable debt), the City would not be exposed to cost and schedule overruns as under a DBB or CM/GC approach, and would benefit from greater protection against long-term cost increases, so the incremental cost may be viewed as akin to an "insurance premium". The exact value of the risk transfer and P3 premium price should be further assessed by the City with the benefit of a detailed risk analysis of the Parker Center project. Table 4 below provides a summary comparison of traditional vs. DBFOM approaches

for the delivery of the Parker Center Development Sequence Based on various criteria provided by the CAO. Similar considerations would likely apply for the new civic office in the LA Mall Phase, although initial analysis indicates a greater DBFOM cost premium that may outweigh qualitative benefits.

Table 4 – Delivery option comparison for the Parker Center (Development Sequence A) delivery

Key Considerations	Criteria	Traditional	DBFOM
1. Affordability	Lowest expected cost	🟢	🟡
	Impact on City debt limit	🔴	🟢
	Flexibility in using funding sources	🟡	🟢
	Increase net new tax revenues	🟡	🟡
	Innovation & cost reduction opportunities	🔴	🟢
2. Risk Transfer	Risk transfer on capital cost overruns	🔴	🟢
	Risk transfer for schedule delays	🔴	🟢
	Risk transfer on lifecycle cost overruns	🔴	🟢
	Procurement execution risk	🟢	🔴
3. Project Delivery and Long-Term Maintenance	Procurement & project completion timeline	🟡	🟡
	Ability to control and amend facilities' design	🟢	🔴
	Commitment to adequately maintain the public facilities over time	🔴	🟢

*See **Appendix C** in Financial Feasibility Study for descriptions and evaluation of each criteria*

Summary Net Delivery Cost

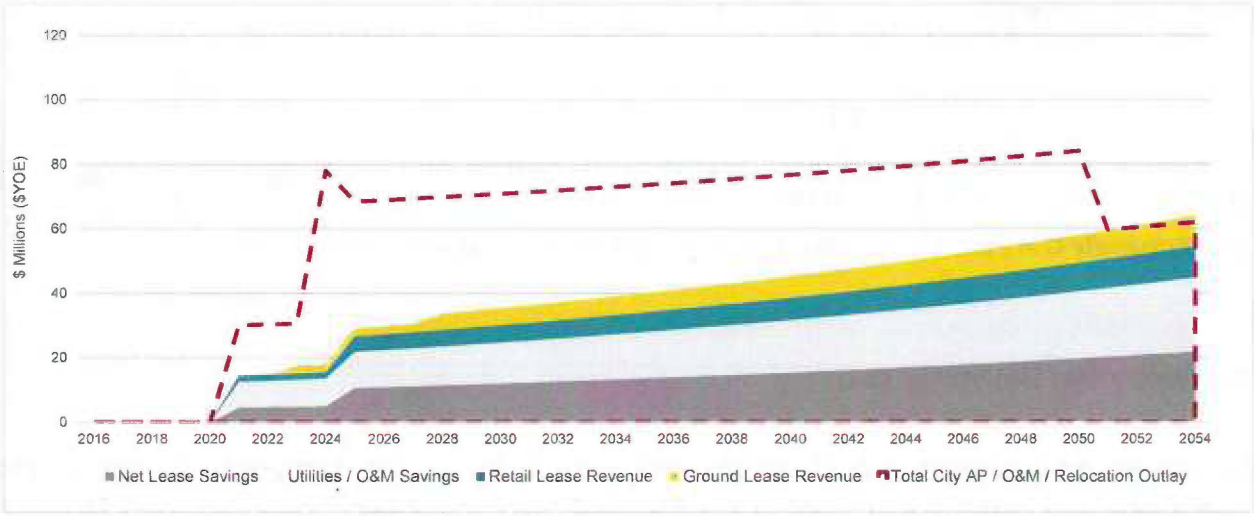
Revenues and savings would significantly contribute to the long-term financing and operations and maintenance cost of the Parker Center: as shown below, under a DBFOM approach between 50% and 80% of the availability payments would be covered, leaving an average annual funding gap of approximately $12 million, which would need to be covered by another source of revenue or general fund support. Under a traditional delivery method, this would range between $5 million and $14 million, depending on the added risk contingency level (0-20%).

Figure 1.3 – Parker Center Phase (Development Sequence A) Funding Gap – P3 Procurement



The overall cost profile and long-term funding sources for the Master Development Plan's first four phases is shown below (based on a Parker Center DBFOM and a traditional delivery of the L.A. Mall).

Figure 1.4 – Combined Master Development Plan phasing – Parker Center as P3



The one-time costs for relocating the 9-1-1 Facility are assumed to occur in 2024

Table 5 - Estimated Net Present (Cost) / Value of each phase (4% discount rate)

Phase	Costs	Revenues / Savings	Net Costs
Parker Center phase – Development Sequence A(P3)	($784)m	$624m	($160)m
City Hall South phase – Development Sequence B	-	$45m	$45m
LA Mall phase – Development Sequence C (traditional)	($510)m	$201m	($309)m
911 Building phase – Development Sequence D	($34)m	$34m	-
All phases total (cost) / savings	**($1,328)m**	**$904m**	**($424)m**

Figures may not sum due to rounding

Developing the City Hall South and 911 phases could help reduce the Parker Center funding gap from a $12 million annual average down to $10 million. However, the delivery of all four phases of the Master Development Plan would require further revenue sources or General Fund support due to the cost of the LA Mall phase – the total average annual funding gap would be $25m. The second civic office developed as part of the LA Mall phase is required to fully develop the 1.2 million square feet of space targeted by the City as part of consolidation efforts, however offsetting savings generated by that Development Sequence Are projected to offset less than 40% of its net present cost.

The $424m net present funding gap, (which is estimated to cost up to $573m if the LA Mall is delivered through a DBFOM) should be considered in the context of the existing facilities' condition. Existing City facilities are already or will soon be reaching the end of their useful lives, requiring at a minimum some capital investment to rehabilitate those buildings which have been subject to some degree of deferred maintenance over the years. Such strategy would not fulfill the City's broader land use and policy goals and would not fully capture private development revenues and cost savings efficiencies that the Master Development Plan's proposed new facilities could bring – and is, at a high level, estimated to cost in excess of $400m.

Ultimately, the exact net cost of the Master Development Plan would be largely driven by the LA Mall Development Sequence Development, which will be highly dependent upon further definition of the second Civic Office building and the overall parcel planning. As further planning and environmental analysis is completed, further financial, project risk and delivery options analysis can be conducted to more accurately evaluate the subsidy requirement and most appropriate delivery method (traditional delivery/financing and public-private partnerships). The following analyses would be critical to move forward the overall Master Development Plan's financial assessment.

- Detailed market assessment for retail and residential development

- Alternatives and environmental analyses with preliminary design and cost estimates for the City Hall South, LA Mall and 911 Building phases
- Preferred potential stacking scenarios and existing assets strategy

Findings - The financial analyses contained in the report focus on the first four development sequences; high level findings are summarized below:

- ***While the delivery of the first four development sequences of the Master Development Plan would require a revenue source or General Fund support, funding could include (i) proceeds from the sale of existing real estate assets, (ii) long-term savings on current lease, maintenance and utilities expenses, and (iii) revenues from retail and ground lease fees.*** Depending on the ultimate strategy regarding the existing Figueroa Plaza and Public Works Building assets, revenues from these assets could potentially fund up to 80% of the New Parker Center phase (Development Sequence A) on a Net Present Value basis.

- ***The overall cost of the Master Development Plan should be considered in the context of the aging existing facilities and the overall cost of alternatives that would require overhauling the existing assets or, at a minimum addressing the deferred maintenance backlog.***

- Based on IBI's suggested land use plan and development timeline of the various phases, ***it may be preferable to develop each parcel individually: traditional public delivery/financing or public-private partnership (P3) for the New Parker Center and LA Mall phases (Development Sequences A & C), and long-term private ground leases for the City Hall South and 911+1st St. Parking phases (Development Sequences B & D).*** Metro Detention Center and City Hall East comprise mostly public uses that would need to be further planned and financially analyzed in the future.

- ***A P3 structured as a design-build-finance-operate-maintain (DBFOM) with Availability Payments may satisfy the City's qualitative goals for the New Parker Center phase (Development Sequence A) with respect to long-term maintenance budgeting, risk transfer and debt capacity impact.*** Whether the DBFOM approach carries a higher cost on a risk-adjusted basis should be analyzed through a detailed risk and delivery analysis undertaken by the City's Bureau of Engineering ("BOE"). The relative higher financing cost of a DBFOM may be offset through tax-exempt financing structures, which may impact this analysis. Further analysis should be undertaken after additional planning work has been completed to fully determine the potential to use P3 structures for the LA Mall phase (Development Sequence C); however at this time a traditional delivery is assumed to be the lowest cost approach.

Table of Contents

Table of Contents

Phase One: Civic Center Land Use Master Plan

1 Introduction 1
1.1 Project Background and Purpose 1
1.2 Location and Setting 4
1.3 Planning Process 5
1.4 Historical Context 7
1.5 Relevant Planning Efforts 9

2 Vision 14
2.1 Guiding Principles 14
2.2 Overall Concept 14
2.3 Core Drivers 15
2.4 Future Proofing 20

3 The Plan 23
3.1 Existing Conditions 23
3.2 Site Visits 24
3.3 Plan Framework 24
3.4 Alternatives 26
3.5 Scheme Evaluation 30
3.6 Preferred Concept Plan 34
3.7 Land Use 36
3.8 Circulation 37
3.9 Open Space 39
3.10 Public Realm 41

4 Development Sequences 58
4.1 Master Development Plan Development Sequences 58
4.2 Development Sequence A: Parker Center (2017 – 2020) 60
4.3 Development Sequence B: City Hall South (2019 – 2022) 65
4.4 Development Sequence C: L.A. Mall (2021 – 2024) 70

4.5 Development Sequence D: 9-1-1 Call Center (2024 – 2027) 75
4.6 Development Sequence E: Metro Detention Center (2027 – 2030) 80
4.7 Development Sequence F: City Hall East (2030 – 2032) 83

5 Urban Design Guidelines 88
5.1 Overview 89
5.2 Livable and Sustainable Downtown 91
5.3 Sidewalks and Setbacks 92
5.4 Ground Floor Treatment 93
5.5 Parking and Access 94
5.6 Massing & Street Walls 98
5.7 On-Site Open Space and Landscaping 102
5.8 Architectural Detail 103
5.9 Streetscape Improvements 105
5.10 Signage & Identity 108
5.11 Public Art 108
5.12 Civic and Cultural Life 110
5.13 Safety and Security 110
5.14 Design Excellence 111
5.15 Green Infrastructure 112

Phase Two: Financial Feasibility Study (separate Table of Contents)

List of Figures and Tables

Figure 1.1 – Leased and Owned City Facilities 3
Figure 1.2 - Study Area within Downtown Los Angeles 4
Figure 1.3 - Study Area 5
Figure 1.4 - Parker Center Option B3 12
Figure 2.1 - Active public space 16
Figure 2.2 - Scramble crosswalk in Santa Monica 17
Figure 2.3 - LEED-certified California Endowment building 18
Figure 2.4 - Modern affordable housing design 18
Figure 2.5 - Downtown Los Angeles Skyline 19
Figure 3.1 - Framework Opportunity Areas and Destinations 25
Figure 3.2 - Grid Nodes and Connections 27
Figure 3.3 - Grid Framework Plan 28
Figure 3.4 - Axis Nodes and Connections 29
Figure 3.5 - Axis Framework Plan 30
Figure 3.6 - Grid Scheme Analysis 32
Figure 3.7 - Circulation and views blocked by City Hall East (Grid Scheme) 32
Figure 3.8 - Axis Scheme Analysis 33
Figure 3.9 - Circulation and views open across square (Axis Scheme) 33
Figure 3.10 – Full build out (facing northwest) 34
Figure 3.11 – Full build out (facing south) 35
Figure 3.12 - Preferred Concept Illustrative Plan 36
Figure 3.13 - Existing Land Use Plan 37
Figure 3.14 - Proposed Land Use Plan 37
Figure 3.15 - Street designations per Mobility 2035 38
Figure 3.16 - Circulation Plan 39
Figure 3.17 - Open Space Plan 40
Figure 3.18 - Rendering of Civic Plaza 40
Figure 3.19 - Rendering of Promenade 40
Figure 3.20 - Public Realm Key Map 42
Figure 3.21 - Promenade Enlargement Plan 43
Figure 3.22 - Public Realm Key Map 44

Figure 3.23 – Elevation facing northeast 44
Figure 3.24 - Promenade design program (facing northwest) 45
Figure 3.25 - Section facing northwest through promenade (not to scale) 45
Figure 3.26 - Civic Square Enlargement Plan 47
Figure 3.27 - Public Realm Key Map 48
Figure 3.28 - Primarily flat site with hardscape, the square contrasts, while complimenting Grand Park's sloped and primarily landscaped spaces 48
Figure 3.29 - Open view looking north into and across square promote safety, invite entry and provide clear sightlines to destinations 49
Figure 3.30 - Shared Streets Enlargement Plan 50
Figure 3.31 - Public Realm Key Map 51
Figure 3.32 - Curbing, crossings and signage are removed to blur the lines between sidewalks and motorized travel way 51
Figure 3.33 - Streets which are designed to give all users more freedom of movement are ultimately slower, safer and more social places 52
Figure 3.34 - Paseo Enlargement Plan 53
Figure 3.35 - Cultural Walk Enlargement Plan 53
Figure 3.36 - Public Realm Key Map 54
Figure 3.37 - Open views into and across square promote safety, invite entry and provide clear sight lines to destinations. 54
Figure 3.38 - Open views into and across square promote safety, invite entry and provide clear sight lines to destinations. 55
Figure 3.39 - Park 101 Enlargement Plan 56
Figure 3.40 - Public Realm Key Map 57
Figure 3.41 - View from Park 101 facing south towards LA Mall site and City Hall 57
Figure 3.42 - New open space creates inviting links into Civic Center 57
Figure 4.1 - Aerial View (Existing) 58
Figure 4.2 - Aerial view of Program Breakdown (full build out) 58
Figure 4.3- Aerial View (Development Sequence A) 61
Figure 4.4 - Plan (Development Sequence A) 62
Figure 4.5 - EIR + Proposed Build Volume (Development Sequence A) 63
Figure 4.6 - N-S Section (Development Sequence A: Parker Center) 64
Figure 4.7 – Parker Center from Judge John Aiso Street 64
Figure 4.8 - Aerial (Development Sequence B) 66
Figure 4.9 - Plan (Development Sequence B) 67
Figure 4.10 - Proposed Build Volume (Development Sequence B) 68
Figure 4.11 - N-S Section (Existing) 69
Figure 4.12 - N-S Section (Development Sequence B) 69
Figure 4.13 – View from Judge John Aiso Street 70
Figure 4.14 - Aerial (Development Sequence C) 71

Figure 4.15 - Plan (Development Sequence C) 72
Figure 4.16 - Proposed Build Volume (Development Sequence C) 73
Figure 4.17 - N-S Section (Existing) 73
Figure 4.18 - N-S Section (Development Sequence C) 74
Figure 4.19 - View from Parker Center 74
Figure 4.20 - Aerial (Development Sequence D) 76
Figure 4.21 - Plan (Development Sequence D) 77
Figure 4.22 - Proposed Build Volume (Development Sequence D) 78
Figure 4.23 - N-S Section (Existing) 79
Figure 4.24 - N-S Section (Development Sequence D) 79
Figure 4.25 – View of Promenade from Judge John Aiso Street 80
Figure 4.26 - Aerial (Development Sequence E) 81
Figure 4.27 - Plan (Development Sequence E) 82
Figure 4.28 - Proposed Build Volume (Development Sequence E) 83
Figure 4.29 - Aerial (Development Sequence F) 84
Figure 4.30 - Plan (Development Sequence F) 85
Figure 4.31 - Proposed Build Volume (Development Sequence F) 86
Figure 4.32 - N-S Section (Existing) 87
Figure 4.33 - N-S Section (Development Sequence F) 87
Figure 4.34 – View of Promenade from Judge John Aiso 87
Figure 5.1 - Mixed-Use, Public-Facing Buildings 90
Figure 5.2 - Walkable Retail Destinations 90
Figure 5.3 - Active and Programmed Open Space 90
Figure 5.4 - CicLAvia shared street event 91
Figure 5.5 - Cafe seating for sidewalk activity 92
Figure 5.6 - Retail setbacks for entry 92
Figure 5.7 - Connecting Retail Streets 93
Figure 5.8 - Glazing and transparency 94
Figure 5.9 - Parking and access diagram 96
Figure 5.10 - Allowable setbacks in street wall 100
Figure 5.11 - Massing restrictions adjacent to Little Tokyo 101
Figure 5.12 - Historic street wall at First Street 102
Figure 5.13 - Broadway streetscape intervention 102
Figure 5.14 - Exterior wall variation 103
Figure 5.15 - Glazed facade 104
Figure 5.16 - Pedestrian-friendly sidewalk 105
Figure 5.17 - Creative signage 108

Table 1.1 - Meeting Dates 7
Table 3.1 - Evaluation Matrix 31
Table 4.1 - Area Breakdown (Full Build Out) 60
Table 4.2 - Area Breakdown (Development Sequence A) 60
Table 4.3 - Area Breakdown (Development Sequence B) 65
Table 4.4 - Area Breakdown (Development Sequence C) 71
Table 4.5 - Area Breakdown (Development Sequence D) 75
Table 4.6 - Area Breakdown (Development Sequence E) 81
Table 4.7- Area Breakdown (Development Sequence F) 84

Part 1 - Civic Center Land Use Master Plan

Section 1-1 – Introduction

1 Introduction

1.1 Project Background and Purpose

The Civic Center is both the symbolic and operational core of Los Angeles government and contains the largest concentration of public employees in the United States outside of Washington, D.C.[3] While major improvements and developments to the Civic Center have been made, including the construction of Grand Park, rehabilitation of the County Hall of Justice, construction of the new Federal Courthouse, and planning for a new two-acre city park at First and Broadway, a significant number of properties remain unused or underutilized. The deferred reinvestment and need for a cohesive plan have left the Civic Center in a condition not ideal for the nation's second largest city. Additionally, all of Downtown Los Angeles is currently experiencing a resurgence that represents one of the most significant national urban renewal movements. This includes neighborhoods near the Civic Center such as Little Tokyo, Arts District, Union Station, Historic Core, El Pueblo, and Chinatown.

The City of Los Angeles owns a significant number of properties and facilities within and near the Civic Center area. While many facilities provide space for critical municipal functions, other properties are unused or underutilized with some reaching the end of their useful life without incurring significant investment. Additionally, within the greater Downtown Los Angeles area there are approximately 5,500 City staff that are located in nearly 1.6 million square feet of facilities that are either leased, outmoded, or relatively distant from City Hall (Figure 1.1). As the City's Real Estate Strategic Plan encourages development of new or rehabilitated facilities to consolidate municipal functions in the Civic Center core, the implementation of a new Civic Center Master Development Plan will improve the efficiency of City functions, minimize costs to occupy space, provide development opportunities that can provide an additional source of revenue to the City as well as economic synergy, and enhance connectivity to the communities adjacent to the Civic Center Core.

In the June 2016 Request for Proposal (RFP) for a Master Development Plan of the Los Angeles Civic Center, the office of the Los Angeles City Administrative Officer (CAO) stated that *"this is the time for the City of Los Angeles to assess its significant land holdings in the area for the purpose of realizing opportunities to both improve the provision of public services and also allow for commercial, residential, and community uses that contribute to and take greater advantage of Downtown's organic economic development."* To perform this assessment, both planning and financial consulting services are needed to work in tandem with the City for the implementation of a new Master Development Plan. The results of this

[3] City of Los Angeles Planning Department. (2003). Central City Community Plan. Retrieved from http://www.ci.la.ca.us/pln/complan/pdf/CCYCPTXT.PDF

effort are summarized in this report. The Master Development Plan (MDP) overview comprises two key components:

Civic Center Land Use Master Plan

- Planning of a holistic vision for the future of the Civic Center Study Area
- Identifying opportunities for the reuse of City properties – Municipal Functions
- Identifying opportunities for the reuse of City properties – Commercial, Residential & Cultural
- Promote economic development, connectivity, and provide open space

Financial Feasibility Study

- Financing plan for development of new or rehabilitated municipal facilities
- Alternate delivery mechanisms for the development, operation, and maintenance of new municipal building(s) and compatible private development opportunities
- Include public-private partnerships (P3) in alternatives evaluated
- An ideal funding strategy that results in project delivery without the support of the City's General Fund.

The Study Area, further defined in Section 1.2, expands beyond the Civic Center core to identify future land use and evaluation of City properties for sale or lease. The intent of the Civic Center Master Development Plan (MDP) is to incrementally change the size and orientation of existing facilities owned by the City of Los Angeles into a coherent arrangement of buildings and open spaces that infuses public life into civic space and creates greater connections to its surrounding communities.

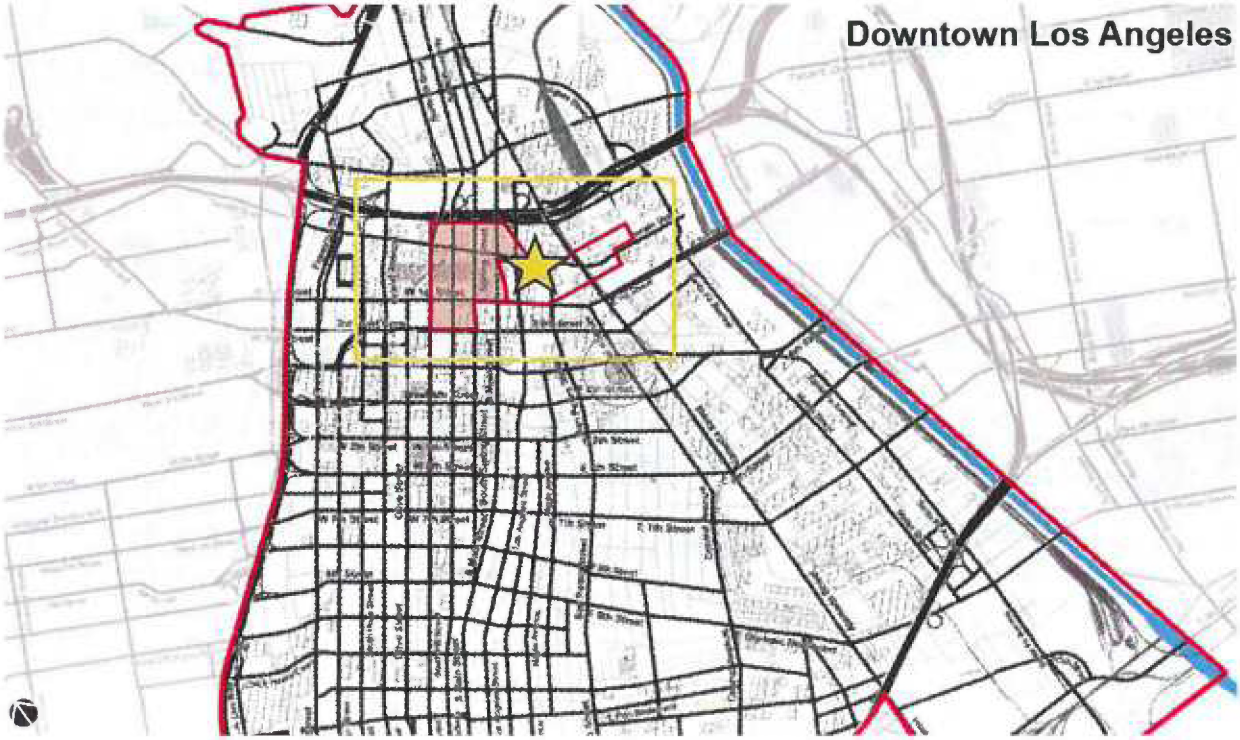
The intent of the Land Use Plan and Financial Plan is to identify a framework for the implementation of an Environmental Impact Report (EIR) in compliance for California Environmental Quality Act (CEQA) guidelines to support a development plan within the Civic Center core. The EIR will be the basis for discussions with potential developers for implementation.

Figure 1.1 – Leased and Owned City Facilities



1.2 Location and Setting

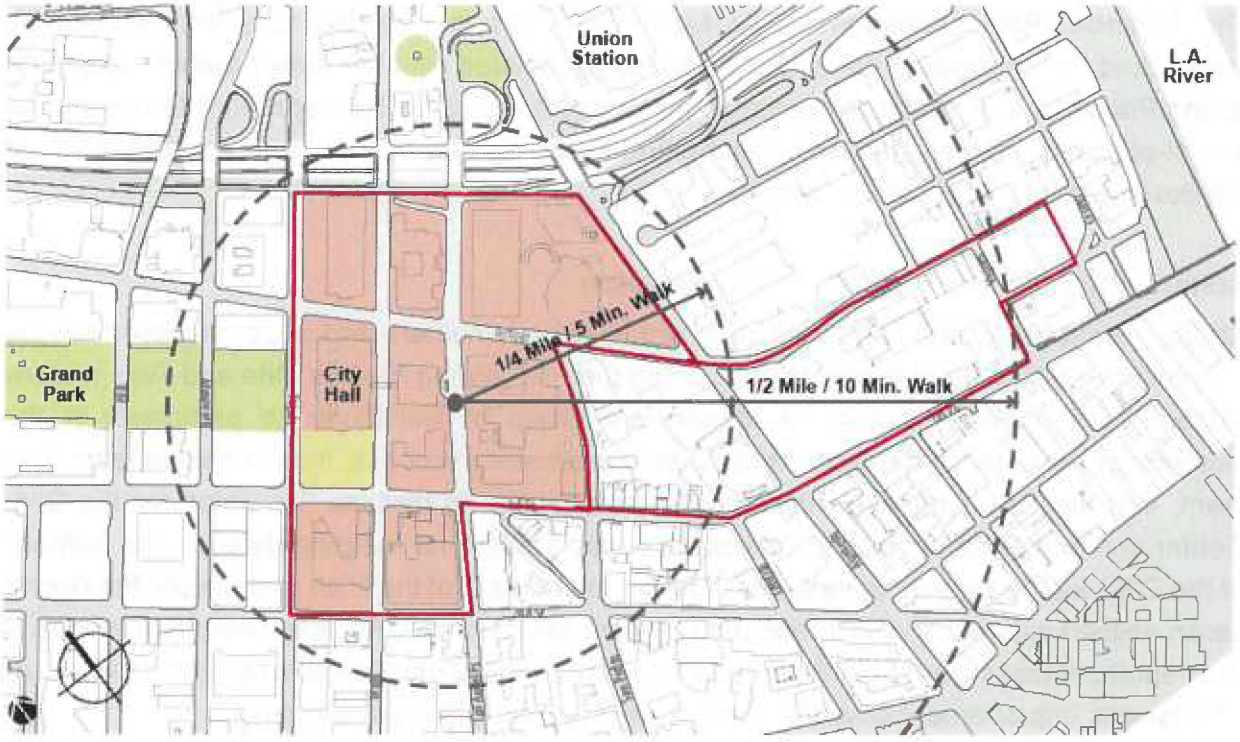
Figure 1.2 - Study Area within Downtown Los Angeles



Study Area

To focus efforts on the relocation and consolidation of City facilities, a Study Area was identified to pinpoint opportunity sites for the City to consider (Figure 1.2 and Figure 1.3). The Study Area is bounded by the 101 Freeway, Spring Street, Alameda Street, Second Street, and Vignes Street to the east. City-owned properties in the Study Area include: City Hall, Los Angeles Mall, City Hall East, City Hall South, Parker Center, Metro Detention Center, 9-1-1 Call Center, Judge John Aiso parking structure and plaza, Parking Lot #2 at 300 E. Temple Street, Parking Lot #3 at 140 North Judge John Aiso Street, Parking Lot #7 at 124 North Judge John Aiso Street, Geffen Contemporary, Mangrove Lot, and the Vignes Building.

Figure 1.3 - Study Area



The Study Area includes a separate boundary for the Civic Center core. The Civic Center core shares similar north, west, and south boundaries with the Study Area but jogs southwest from Temple Street through Judge John Aiso, First Street, and Los Angeles Street (Figure 1.3). The analysis in the Financial Plan of this report is for development parcels solely within Civic Center core.

1.3 Planning Process

Phase One: Civic Center Land Use Master Plan

As identified in the RFP, Phase One consisted of the creation of a conceptual land use plan. Within the given Study Area, the consultant team identified opportunity sites and evaluated the development potential of each parcel as part of the Financial Feasibility Study (Phase Two). In consolidating office space within the Civic Center core, 1.2 to 1.6 million square feet of municipal office space was needed to satisfy the City's space need requirements.

To support the influx of public employees and develop Civic Center as a destination, additional commercial uses within Civic Center were evaluated to support activity beyond working hours. Additionally, the consultant team was tasked with identifying opportunities to better integrate Civic Center with the surrounding communities through improved pedestrian connections, open spaces, and urban infrastructure. Urban design guidelines were developed in accordance with the existing Downtown Design Guide to ensure consistency in future developments.

Phase Two: Financial Feasibility Study

The Financial Plan supplements the Land Use Plan to help the City and developers understand the anticipated costs and revenues associated with the developments proposed during Phase One. It analyzes scenarios that move the Master Development Plan forward in a cost-effective manner and identifies several financing and delivery strategies for each of the development phases within the Plan.

Community Advisory Committee Participation

Strong collaboration and communication with City stakeholders and a Community Advisory Committee (CAC) was essential to developing the Plan during Phases One and Two. In early August 2016, Council District 14 identified a group of individuals to participate in the Community Advisory Committee. Throughout the planning process, the consultant team, City team, and the CAC convened for a series of meetings to discuss the vision for the Civic Center and further refine project deliverables (see Table 1 for meeting dates). The purpose of the CAC was to provide community input on the content of the Plan and ensure the overall vision aligned with existing or proposed planning efforts. The CAC was comprised of one to two representatives from neighborhoods adjacent to the Civic Center who serve as leaders of Business Improvement Districts or other local community organizations.

Four CAC meetings were held throughout the development of the Plan to provide opportunities for feedback and discussion regarding land use, building massing, and urban design components. Recurring themes from the CAC meetings were the need for better connectivity between neighborhoods, flexible and programmable public spaces, and a plan that encourages activity at all times of the day. The CAC also emphasized the importance of the pedestrian experience and how paseos and building massing can enhance this experience, particularly around the development parcels closer to Little Tokyo.

The CAC had various opinions about potential building heights. After being shown various options for each development parcel, they generally agreed that taller buildings should be situated away from Little Tokyo and be designed in a tier-like fashion, where building heights increase closer to City Hall while maintaining view corridors. Some members expressed concern about height near City Hall, but a consensus was eventually reached that higher buildings are acceptable as long they facilitate pedestrian activity and comfort.

City Team

Various City departments were heavily involved throughout the planning process to guide the Plan's overall development and ensure consistency with the City's needs. Representatives from the Office of the CAO, Chief Legislative Analyst, General Services Department, Economic and Workforce Development Department, Information Technology Agency, Council District 14, Bureau of Engineering, Mayor's Office, and the Department of City Planning worked with the consultant team to craft a cohesive Master Development Plan.

Meetings with the City Team were conducted between project milestones and valuable feedback was gathered and incorporated into the final Master Development Plan.

Table 1.1 - Meeting Dates

Meeting Type	Date	Time	Location
Project Kick-Off Meeting	8/16/2016	9:00 - 11:00am	City Hall East, Room 1500
Team Meeting	9/1/2016	10:00am - 11:00am	City Hall East, Room 1200
IBI Group/LADCP Meeting	9/8/2016	9:00am - 10:00am	City Hall, LADCP Office
Land Use Charrette	9/15/2016	9:00am - 11:00am	City Hall East, Room 1500
CAC Meeting	9/20/2016	1:00pm - 2:30pm	City Hall East, Suite 1500
Team Meeting	9/29/2016	11:00am - 12:00pm	City Hall East, Room 1200
Concepts Review	10/12/2016	1:00pm - 3:00pm	City Hall East, Room 1500
CAC Meeting	10/15/2016	10:00am - 12:00pm	City Hall East, Room 1500
Team Meeting	10/26/2016	11:30am - 12:30pm	City Hall East, Room 1500
Draft Land Use Plan Review	11/2/2016	2:00pm - 4:00pm	City Hall East CAO Executive Conference Room
CAC Meeting	11/7/2016	10:00am - 12:00pm	City Hall East, Room 1500
CAC Meeting	11/29/2016	10:00am - 12:00pm	City Hall East, Room 1500
Team Meeting	12/1/2016	10:00am - 12:00pm	City Hall East, Room 1500

Subsequent Phases and Next Steps

With the completion of the Phase One and Phase Two efforts, a series of briefings and presentations to the Mayor, City Council, and other stakeholders will be conducted to disseminate the Master Development Plan within the City. Subsequent phases will include a Program Environmental Impact Report (EIR) for compliance with California Environmental Quality Act (CEQA) guidelines and ultimately a Request for Information, Qualifications or Proposals solicitation to procure development partners to help execute the Plan.

1.4 Historical Context

The origins of civic life in the City of Los Angeles began in El Pueblo, where religious, cultural and civic activities took place. By the 1850's, spurred by American statehood and population growth, the new larger civic buildings composing the city's center began to disperse from El Pueblo. These buildings and institutions moved southwest and established new boundaries for the Civic Center core.

The most notable shift occurred in 1928 with the construction of the current City Hall. The three- tiered tower was the tallest building in Los Angeles and remains the most iconic representation of the City of Los Angeles. Bounded by Temple Street and First Street to the north and south, respectively, and Spring Street and Main Street to the west and east,

respectively, City Hall is responsible for forming the new center of civic life. A loose assemblage of city, county and federal buildings would re-organize over time around City Hall.

From the 1920's to 1950's, one of the greatest periods of growth in Los Angeles coincided with the apex of the "City Beautiful" movement in urban planning. This era of planning advocated for parks and large landscaped boulevards as the major organizing elements of the city plan. These open spaces were fundamental to keeping cities healthy and vibrant.

The combination of population growth and the City Beautiful movement spawned various master plans and studies for the Civic Center. While many of the plans placed City Hall at the center, the Cook and Hall Plan (1923)—one of the first plans--re-envisioned Spring Street as the connection between two clusters of civic buildings: one cluster around City Hall and the other around a new El Pueblo Plaza. Another plan envisioned a Civic Center that moved northwest of City Hall to the top of Bunker Hill. A central park would link a group of new civic buildings with the base of the park at Spring Street and the edge of City Hall. The L.A. Civic Center Shared Facilities and Enhancement Plan (1997) influenced future development by emphasizing the need for land use, shared facilities, urban design, and streetscape to work in harmony with one another to encourage a pedestrian-friendly environment. Themes of connectivity, the pedestrian experience, and street-level activation are echoed throughout these plans and serve as a foundation for this Master Development Plan.

Elements of these plans still exist today. Spring Street was extended to El Pueblo but the Spring Street plan was abandoned due to the development of the Hollywood Freeway in the 1950's. The creation of the freeway limited the development of the burgeoning Civic Center towards El Pueblo and Union Station. With development capped to the east, expansion of the Civic Center began to shift west, eventually terminating at the top of Bunker Hill. This move was completed in the late 1960's resulting in the creation of Grand Park, the Hall of Administration, Superior Court, DWP building, and the Music Center. Further developments to Bunker Hill over the past forty years have created the cultural center of the City of Los Angeles. These projects include the Museum of Contemporary Art, Colburn School, Walt Disney Concert Hall, the Broad Museum, and the Cathedral of Our Lady of the Angels.

Both the Spring Street Plan and Bunker Hill Plan for the Civic Center focused almost exclusively on the areas west and north of City Hall, while a majority of the master plans for the Civic Center excluded the blocks east of Main Street. Until the 1950's, the area east of City Hall was composed mostly of commercial buildings. The first move to expand the Civic Center eastward was the construction of the Health Department Building in 1952 and Parker Center in 1954. Formerly a part of Little Tokyo, Parker Center took over the 100 block of North Los Angeles Street. The Health Department Building, currently City Hall South, infilled the block between City Hall and Parker Center.

In the 1960's, the area northeast of City Hall began to re-organize as a cluster of federal buildings. 300 North Los Angeles Street, known as the Federal Building, was constructed two blocks away from the existing 1920's Federal Court Building. The movement of federal services continued into the 1990's in the same location with the construction of the Edward Roybal Federal Court Building and the Federal Metropolitan Detention Center.

In the midst of the movement of federal services, city services continued to move eastward with the construction of City Hall East and the Los Angeles Mall in the 1970's. Later infill projects, such as the LAPD Metro Detention and the 9-1-1 Call Center, occupied parcels that were formerly dedicated to parking for the Parker Center LAPD Headquarters. Two of the latest projects in the Civic Center completed in the past 15 years have been south of First Street: the Caltrans Building and the Police Administration Building.

All of these developments, completed at different times throughout many decades, form the fabric of the current Civic Center. Though each of the buildings made sense during the time and place in which they were constructed, they are the product of multiple plans and ideologies. The Civic Center Master Development Plan is an effort to be the unifying vision for the area and aims to redefine the organization and function of the Los Angeles Civic Center.

1.5 Relevant Planning Efforts

Many planning studies have been prepared over time that include improvements within the Civic Center or have the potential to affect the Civic Center in some way. The following pages summarize some of the key planning studies in recent history and identifies the efforts and their relevance to this Plan.

Planning and Urban Design

Ten-Minute Diamond Plan (1997)

The Ten-Minute Diamond Plan is a key concept from the L.A. Civic Center Shared Facilities & Enhancement Plan (1997). This idea places City Hall at the center and sets its boundaries at a 10-minute walk from City Hall's rotunda through a series of pedestrian and transit linkages. Elements of this concept were carried out and exist today within the Civic Center core.

First Street Now (2005)

First Street Now provides street improvement and urban design recommendations that increase walkability, emphasize cultural history, and incorporate sustainable materials. The Civic Center Master Development Plan identifies 1st Street as a key connection between

Civic Center and the Los Angeles River and incorporates key themes from First Street Now to carry on the original vision of a walkable and sustainable corridor.

Civic Crossroads Plan (2008)

Continuing on efforts from "First Street Now," the Civic Crossroads Plan focuses on strengthening connections between Civic Center and adjacent districts. Key recommendations include: reinforcing and linking districts through public spaces, strengthening historically separate identities of each district, creating a green district with vibrant central crossroads, and incorporating new Downtown street standards.

Park 101 Feasibility Study (2008)

Park 101 is a proposed urban park designed to reconnect Los Angeles's historic core (north of the 101 Freeway) with the civic, cultural, and financial cores to the south. The park will cap a portion of the 101 Freeway and stretch for a half-mile, from Alameda Street to Grand Avenue.

Sustainable Little Tokyo (2014)

Sustainable Little Tokyo is a community-driven initiative that promotes the environmental, economic, and cultural sustainability of Little Tokyo. It includes a "Development Vision" focused on the potential development of three, publicly-owned sites in the neighborhood (First Street North - Lots 2 & 7), Mangrove, and the future Regional Connector station at 1st and Central.

Little Tokyo Community Design Overlay (2014)

The Little Tokyo Community Design Overlay (CDO) establishes design and development guidelines to promote a pedestrian-friendly environment, enhance the physical appearance of area, preserve the historical and cultural identity of Little Tokyo, and ensure both public and private development respect the character of neighborhood.

Sustainability City pLAn (2015)

The Sustainability City pLAn is a roadmap for achieving an environmentally healthy, economically prosperous, and an equitable city. The pLAn consists of short term (by 2017) and longer term (by 2025 and 2035) targets among 14 categories. Notable goals include reducing greenhouse gas emissions (45% reduction by 2025 and 80% reduction by 2050) and becoming the nation's first major city to achieve zero-waste.

Re:code LA (in progress)

Re:code LA is an initiative set forth by the Los Angeles Department of City Planning to revise the City's zoning code. The Civic Center Master Development Plan, incorporates elements from Re:code LA to ensure consistency and compatibility between the two plans. Downtown L.A. will be the first area to comprehensively apply the new code.

DTLA 2040 (in progress)

DTLA 2040 is the update to both Central City/Central City North Community Plans and is scheduled for adoption in 2018. The plan focuses on accommodating growth through 2040, supporting and sustaining Downtown's ongoing revitalization, reinforcing Downtown's jobs orientation, growing and supporting the residential base, promoting a multimodal environment, strengthening neighborhood character, and creating linkages between districts.

Downtown Design Guide (2011-update in progress)

The Downtown Design Guide focuses on street improvements in the Central City and the relationship of buildings to the street. Portions of the Design Guide were incorporated into the Civic Center Urban Design Guidelines and will be incorporated in the Downtown Community Plan update (i.e. DTLA 2040).

Mobility

First Last Mile Strategic Plan (2014)

The First Last Mile Strategic Plan provides guidelines that facilitate easy and safe access to the Metro transit system. First-last mile solutions specifically look at the portion of a transit trip between a transit stop and one's final destination (e.g. home or work). Within the Civic Center, first-last mile strategies are key to ensuring access to the Metro Rail stations in the neighborhood.

Union Station Master Plan (2014)

The Union Station Master Plan will guide future development at the historic station with goals to optimize transit operations, maximize its potential to become a prominent destination, and improve connectivity from the Station to neighborhoods like the Civic Center.

Connect US Action Plan (2015)

The Connect US Plan was developed as an extension of the Union Station Master Plan to improve historical and cultural connections in Downtown Los Angeles by enhancing bicycle and pedestrian access to and from Union Station, the future Regional Connector, and surrounding communities such as the Civic Center, Little Tokyo, Arts District, Boyle Heights, Chinatown, El Pueblo, and the L.A. River.

Mobility Plan 2035 (2015)

Mobility Plan 2035 is a comprehensive revision of the 1999 Transportation Element from the City of L.A.'s General Plan. It provides a policy foundation for achieving a transportation system that balances the needs of all road users and is intended to guide mobility decisions through the year 2035.

Urban Mobility in a Digital Age (2016)

Urban Mobility in a Digital Age is a transportation technology strategy focused on building a solid data foundation, leveraging technology and design for a better customer experience, fostering partnerships, and preparing for an automated future.

Current and Future Development

Parker Center Final Environmental Impact Report

The Parker Center Final Environmental Impact Report (FEIR) will have an immediate impact on the first phase of the MDP (Master Development Plan). The planned boundaries, square footages and site circulation of "Development Sequence A" (see Section 4.2 Master Development Plan – Development Sequence A) are identical to Parker Center FEIR's recommended "Preferred Option" (Figure 1.4). Per the FEIR--contingent upon City Council review and approval--the new building will replace the existing, abandoned Parker Center building with an office tower to be occupied by several administrative departments of the City of Los Angeles and an exhibit commemorating Parker Center. Planned consolidation of City staff into the Civic Center was a major driving force of both documents. The Parker Center FEIR found that the most efficient and feasible manner of obtaining the needed usable square footage from the Parker Center site was to demolish the existing building. As reiterated in the MDP and identified by the Community Advisory Committee during the development of this Plan, the demolishing of Parker Center is necessary to reorganize and develop the area within the scope of the MDP.

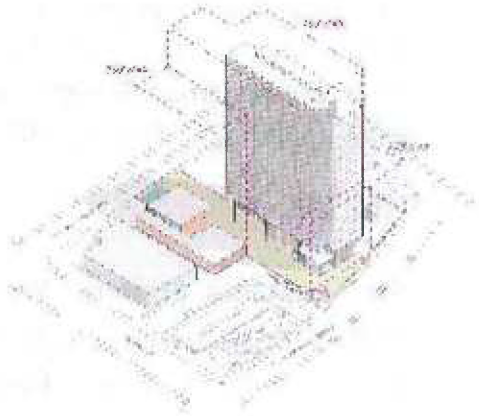


Figure 1.4 - Parker Center Option B3

Metro TIGER Grant

In 2014, Metro received $11.8 million for bicycle and pedestrian improvements in Little Tokyo as part of the U.S. Department of Transportation's TIGER Grant Program. These improvements will enhance connections to the future Regional Connector station area at 1st Street and Central Avenue. A number of streets within the Civic Center Master Development Plan Study Area, such as 1st Street and Alameda Street, will receive streetscape improvements.

California High-Speed Rail

The California High Speed Rail Authority (CAHSRA) is planning an above-ground viaduct between the 1st Street Bridge and Union Station. This structure will require the acquisition of properties adjacent to or near the Personnel Building and other City properties. In carrying out this Master Development Plan's vision, close coordination will need to be made with the CAHSRA to ensure proper land use decisions are made east of Alameda Street.

Link Union Station

Metro's $2.75 billion Link Union Station (Link US) project consists of various track reconfigurations, a new passenger concourse, and accommodation of the California High-Speed Rail. These improvements will bring additional riders through Union Station, increasing pedestrian and bicycle activity to the Civic Center. Close coordination with Metro will be important in ensuring connectivity between Union Station and Civic Center.

The Los Angeles Times Building

The historic Los Angeles Times Building directly southwest of The Plan's study area is scheduled to be renovated into modern office space. The William Perreira-designed building and parking garage adjacent to the Los Angeles Times Building will be demolished and developed into two mixed-use residential towers, which will help activate the space around Civic Center with pedestrian activity and retail frontage.

FAB Civic Center Park

Plans for a new park at First Street and Broadway Street include a central plaza framed by sculpted canopies and trees. The space is designed to allow for arts and cultural programming and will contain a larger capacity amphitheater and restaurant.

Grand Avenue Project

The Grand Avenue Project is a public-private partnership focused on revitalizing Grand Avenue with a mix of commercial, retail, cultural, and residential units with public space. The plan re-envisions and redevelops underused government-owned parcels adjacent to the Civic Center, the Walt Disney Concert Hall, and other cultural institutions to form a mixed-use district. Initial groundbreaking is scheduled for 2018 and is expected to be completed in 2021.

La Plaza Cultura Village

La Plaza Cultura Village is a 425,000 square foot mixed-use complex which includes 355 apartments (20% priced at affordable rates) and 47,000-square feet of restaurant and retail space. A "historic paseo" will link the Village, L.A. Plaza, Olvera Street, and Union Station through a landscaped walkway that includes street furniture, lighting, and signage highlighting the history of the area.

Tribune Media Company Mixed-Use Tower

A mixed-use tower is slated to replace a surface parking lot near the future 2nd Street/Broadway Metro Regional Connector station. Plans include a 30-story building featuring 107 condominiums, 534,000 square feet of office space, and approximately 7,200 square feet of ground-floor commercial space. The tower will be built directly above the future Metro station and sits across the street from the Los Angeles Times Building.

Section 1-2 – Vision

2 Vision

The purpose of this study is to help craft a holistic plan for the future of the Civic Center and inform the City of Los Angeles on the reuse of City properties for municipal and other potential uses including commercial, residential and cultural. Ultimately, the Plan aims to provide a strong vision for economic vitality, community connectivity and enhanced livability and to take this symbolic and operational core of the city to a level commensurate with a world-class metropolis that it should be.

2.1 Guiding Principles

Through meetings with stakeholders and community representatives, guiding principles were identified to help facilitate a plan that could meet everyone's goals and expectations. These are principles that seek to make the area more timeless, active, and financially sustainable. The identified principles include:

- Holistic vision of the future
- Enhance economic development opportunities
- Cohesive planning and placemaking
- Better utilization of City-owned properties
- Improve public space and function
- Sustainable financial strategies

2.2 Overall Concept

Civic Innovation District

A number of ideas were discussed that could be used to provide cohesion and a sense of place to the Civic Center. Ultimately, the preferred overall concept was developed around the elements of innovation districts. According to the Brookings Institution, innovation districts have been defined as "geographic areas where anchor institutions and thriving businesses take root and connect with startups, business incubators and accelerators." Innovation districts are compact, dense and easily accessible via public transit. Technology-wired businesses most commonly take root in these districts and are interspersed between mixed-use housing developments and retail spaces.

In this Master Development Plan, we reimagine Civic Center as a Civic Innovation District (CID)—the first of its kind. With the right tools and a clear roadmap, the transit-friendly, housing poor, job rich district will be transformed into a live-work-play innovation hub and a symbol of democratic practice.

The concentration of various municipal departments will strengthen collaboration across disciplines, fostering creative spaces that encourage interaction and innovation. It will serve as a "lab" that attracts investment, enterprise, and entrepreneurs. In the County of Los Angeles' economic outlook presented at the recent Southern California Economic Summit (SCAG, December 13, 2016), one of the key drivers in the County to remain competitive against the rest of the nation and the world is the need to attract knowledge workers. Identifying the Los Angeles Civic Center as an innovation district aligns perfectly with that goal.

Key components of a Civic Innovation District include:

- Programs and spaces fostering networking and collaboration among diverse individuals
- Common areas, design features and retail outlets encouraging informal interactions
- Attractive and affordable housing options for knowledge-intensive employees with unique demands
- Flexible office or lab space available on a short-term basis

2.3 Core Drivers

Core Drivers are the basic building blocks that have been identified to help the Plan achieve success. Scoring high in each of the core drivers will help ensure specific goals are met in order for the Master Development Plan to develop, innovate, grow, adapt and succeed in its ultimate vision.

Activation

Creating vibrant and inviting public spaces

Public spaces are an essential component of city life. Whether they are used as a places to gather, relax, or for entertainment, they must be inviting, adaptable for a variety of functions, and designed to showcase the richness of the City of Los Angeles. Activated spaces in the Civic Center core create an environment that attracts people both day and night.

Figure 2.1 - Active public space



Key components include:

- Activities beyond normal working hours
- Mixed land uses
- Urban frontages
- Eyes on the street
- Interactive displays
- Spaces for democratic assembly

Connectivity

Bridging together people and places

Connectivity to neighboring districts and through the Civic Center is key to successful growth and critical in attracting businesses, visitors, and residents, a concept often voiced in discussions with community representatives and City stakeholders. A network of safe, direct, and continuous pathways will enhance the pedestrian experience and weave together areas that were previously divided by the 101 Freeway. New connections will provide opportunities for economic activity and social interaction within the Civic Center and its neighboring communities.

Figure 2.2 - Scramble crosswalk in Santa Monica



Key components include:

- Urban greenways
- Integrating adjacent neighborhoods
- Multi-modal approach
- Street improvements
- Maintaining view corridors to City Hall
- Enhancing access to transit nodes

Resiliency

Fostering an urban and environmental sustainability

A compact, mixed-use urban environment prioritizes built forms that have a reduced burden on municipal resources. A resilient Civic Center avoids inefficient forms of development and prioritizes a conscious design approach that minimizes environmental impacts and provide sustainability. Through the consolidation of City-owned municipal facilities within the Civic Center core, the principle of resiliency can be realized through enhanced and more efficient collaboration between City offices.

Figure 2.3 - LEED-certified California Endowment building



Key components include:

- Energy efficiency
- Reduce greenhouse gas emissions
- Reduce vehicle miles traveled
- Transit-oriented development
- Flexible spaces

Viability

Creating a comprehensive implementation plan

A master plan is successful when it can be realistically implemented and sustained. By understanding the economic outlook and financing mechanisms at play within downtown Los Angeles and the region, the vision of Civic Center as a Civic Innovation District can flourish.

Figure 2.4 - Modern affordable housing design



Key components include:

- Create jobs
- Secure financing mechanisms
- Affordable housing
- Generate economic development

Legacy

Designing flexible buildings that will last

The new Civic Center will showcase the highest standards of development, assisted by coherent and flexible design guidance. Future development projects must capitalize on the opportunity to create an excellence in building design, deliver environmentally sound results, and acknowledge their role in shaping the future of the Civic Center.

Figure 2.5 - Downtown Los Angeles Skyline



Key components include:

- Design excellence
- Support catalytic projects
- Balance past and present

2.4 Future Proofing

We are living in an "age of accelerations," where firmly held truths are being more rapidly replaced than we can comfortably embrace them. Future proofing implies a need to build in efforts that will give us the size and quality of space required to welcome change to the buildings and open spaces we construct rather than be fearful of it.

The future Civic Center should be collectively planned and designed to accommodate the changing needs of those who live, work, and engage in the spaces it provides. Current trends in the workplace, mobility sector, urban infrastructure, technology, and civic spaces suggest that our world is moving towards more collaborative spaces, lower vehicle ownership rates, and more interactive public spaces.

The programs for buildings, parking, and private versus shared space are changing for urban environments. We are starting to see metropolitan centers that have protected public space in core urban areas by methods such as congestion pricing, availability of parking, and even banning of vehicles in urban centers. Parking structures are being designed for future use, should parking demand fall off and parking spaces not be required. Mobility is increased, with a focus on active transportation, cycling and walking. The focus is on getting people *to* Civic Center and not *through* it.

Recommendation of how to better serve public employees and broader community

Workplaces are evolving into spaces that attempt to maximize efficiency. In order to accommodate peak efficiency, a workplace must allow multiple user groups to be served using the same--if not less--amount of space. The new workplace involves increased collaboration, not only between employees but also between businesses. Offices are beginning to form unlikely partnerships with commercial businesses (e.g. restaurants) to capitalize on unused space during off-peak hours.

The consolidation of civic staff and functions into one area means efficiency in operations, but more importantly, brings a critical mass and excitement to an area currently operating below its potential. Staffing, sharing of fleet, reductions in redundancy of operations and improvements to the physical environment all support the creation of a true, metropolitan core--one that the City deserves as a competitive urban center in a global market. Combined with the cultural diversity of the community as well as the history of global success in markets such as entertainment, there is a potential to develop a true urban hub.

Additionally, the "daylighting" of City Hall by the removal, ultimately, of City Hall East (as described in Section 3 & 4), will establish the iconic facility as the preeminent seat of civic government within Los Angeles. City Hall will serve as a beacon of civic pride and responsibility, a fitting monument for the "City of Angels." This will also have a tremendous impact on the 2024 Olympics should the City be successful in its bid. An added benefit with

a successful Olympic bid is the possibility of accelerating the Civic Center Master Development Plan to allow phases to occur earlier than their scheduled delivery.

Enhancements to activity, development and revenue generation

By concentrating municipal office space closer to City Hall, the opportunity exists to shed properties on the periphery, using monies from such sales to pay for the enhanced public realm surrounding City Hall. More mixed use development with the consolidated Civic Center core will lead to greater tax revenues downstream.

With respect to construction of public space, if space is programmed efficiently to be used for community services after civic hours, revenue generation is increased and civic neighborhoods take on an afterlife, beyond the typical end of working day. Restaurants and retail spaces can stay open longer and for specially designed events, adding to the excitement and dynamic nature of the urban center. These enhancements on their own are valuable, but when combined, take on a greater cumulative character resulting in increased returns and increased real estate values.

Identification of urban infrastructure and technology upgrades

Cities are getting "smarter" as technology advancements shape the way they operate. Through the refurbishment of the Civic Center, the City has the opportunity to become a leader in ensuring that new and emerging technologies are readily operational for maximum efficiencies. City Hall must demonstrate the capacity to turn its lights out at night when the wheels of government are not turning if it expects citizens to be energy efficient.

Another example of future proofing, tied into improved mobility options (below), is building resiliency into parking structures in anticipation of the day when commuters no longer drive private vehicles to work. Parking structures must have the capacity to transform into true mobility hubs-- distribution centers for parcel delivery (including drone storage), charging stations for electric vehicles (which the City has started to provide), storage for bicycles, or short term parking for Automated Vehicles (AVs). Parking requirements are already shifting towards more demand-based policies as automobile ownership declines and transit investments increase. With autonomous vehicles on the horizon, future space needs in regards to parking lots and structures will need to be reevaluated.

Improved connections and mobility options

As the heart of civic government, the Civic Center should be readily accessible to all – employees and the public at large by all modes of transportation – on foot, on bike, and by efficient public transit. While vehicular access is the preferred mode by many, all trends point towards less reliance on the private automobile and more reliance on public transit as a primary mode of travel.

These trends are changing quickly with new technologies becoming available. Civic Center should be positioned to react to--and actually guide--these transformations of urban centers. The planning has to be predictive and needs to be flexible to best understand the potential changes and opportunities on the horizon.

Enhance and provide open space

If there is one trend that will only get stronger as we move into the 21st century, it is urban placemaking. If the last century was about segregated land uses joined point-to-point by the private automobile, the trend moving forward is the pursuit of shared activities within quality public open spaces.

The centralized nature of the Los Angeles Civic Center, its direct access to transit, the L.A. River, and to future planned projects sets the stage for reconnecting the Civic Center to its surrounding communities. Designing and starting to construct the infrastructure sets the stage for new development and shows the commitment of the public sector to partner with the private sector. Strengthening the open space system beyond Grand Park to the east, improving the quality of First Street to connect to the river, planning for the visual and physical links between Little Tokyo and City Hall, and anticipating the improvements to link to Union Station all strengthen the character and potential of the Civic Center, and position the City to react quickly to future partnerships and major commitments such as the 2024 Olympics.

Civic Center should be a beacon of communal interaction--the living room of participatory democracy—for the largest city in the largest state in the union. The integration of technology and public space is becoming increasingly common. Permanent and temporary installations are using technology and social media to activate spaces and create a sense of place. An electronic wall in a park can showcase user-submitted photos or allow people to post messages in response to a thought provoking question. Regardless of the mode, technology is being incorporated in public spaces to attract visitors and leave a lasting impression.

The public realm and open spaces need to be designed and protected for the future. They are no longer single-use amenities, but flexible and adaptable to a range of uses. Bicycle networks, bicycle parking, civic squares, and plazas may be used for markets and festivals on the weekends, for programmed recreation in the daytime, for outdoor classrooms for seniors, and for film festivals and screenings in the evenings. The key to this is the safe and efficient design of these public spaces - following accepted crime prevention through environmental design (CPTED) principles as a minimum but with a strong focus on design excellence.

Section 1-3 – The Plan

3 The Plan

"Make no little plans; they have no magic to stir men's blood and probably themselves will not be realized." – Daniel Burnham

The Master Development Plan was conceived from the Vision inputs of the previous section. It uses the existing conditions as a base and identifies a high level scheme to give structure for the overall planning recommendations and development sequencing. It is important to note that multiple high level schemes were identified with two finalists and a preferred scheme (identified in this section). Likewise, the study investigated multiple development variations in the quest for the right development mix, size, and timeframe. Work was done in tandem with the Financial Plan analysis with results summarized in these two reports.

3.1 Existing Conditions

This study reviewed existing conditions as they relate to the development of the Master Development Plan and Development Sequences. Detailed analysis will need to be conducted at a later date to evaluate quantitative elements such as traffic impacts and utility infrastructure analysis.

In reviewing the historical context of the Civic Center (Section 1.4), it is clear that general development patterns have evolved over time. While some facilities continue to operate efficiently, others such as the L.A. Mall have not realized their full potential. The lack of critical population, among other factors, have stifled opportunity for retail and other commercial uses to flourish.

Nearby communities of Little Tokyo, Chinatown, and the Historic Core provide an abundance of commercial uses for employees to enjoy. However, the sidewalk conditions within the Civic Center makes traveling to these communities less than ideal. A lack of shade and narrow sidewalks create an inhospitable pedestrian environment. The majority of the Civic Center core is zoned mostly for public facilities, many of which are situated on large urban blocks without consideration or use of urban spaces. Given that Civic Center currently exists as an "8-to-5" employment hub, there is a lack of activity at the street level after normal business hours, making the option to walk even less appealing.

One major strength of the Civic Center is its proximity to transit. Currently, multiple modes of transportation are utilized to and from the Civic Center. Civic Center is situated within walking distance to three Metro Rail stations, Union Station, and an array of bus lines serviced by various agencies. Future transportation projects such as the impending Regional Connector, California High Speed Rail, West Santa Ana Branch Corridor, Los Angeles Streetcar, and improved pedestrian and bicycle connections to Union Station will make an already transit-rich area even more accessible. Vehicular access is also provided by way of Highway 101 and local streets feed multiple entrances to existing subterranean parking.

3.2 Site Visits

Site visits were conducted by the consulting team to understand and verify the existing conditions of the Study Area as well as the Civic Core. It was important to see how the area relates both by foot as well as alternate means of transportation as they focus on different elements.

Walking Tour (August 22, 2016) - The team conducted a walking tour covering the perimeter of the Study Area, all of the intersecting streets, and directly north to El Pueblo. Special attention was paid to street walls, edge conditions, and the overall pedestrian experience.

Bicycle Tour (August 23, 2016) - A second tour of the Study Area was completed to capture the experience of a bicyclist through the Civic Center.

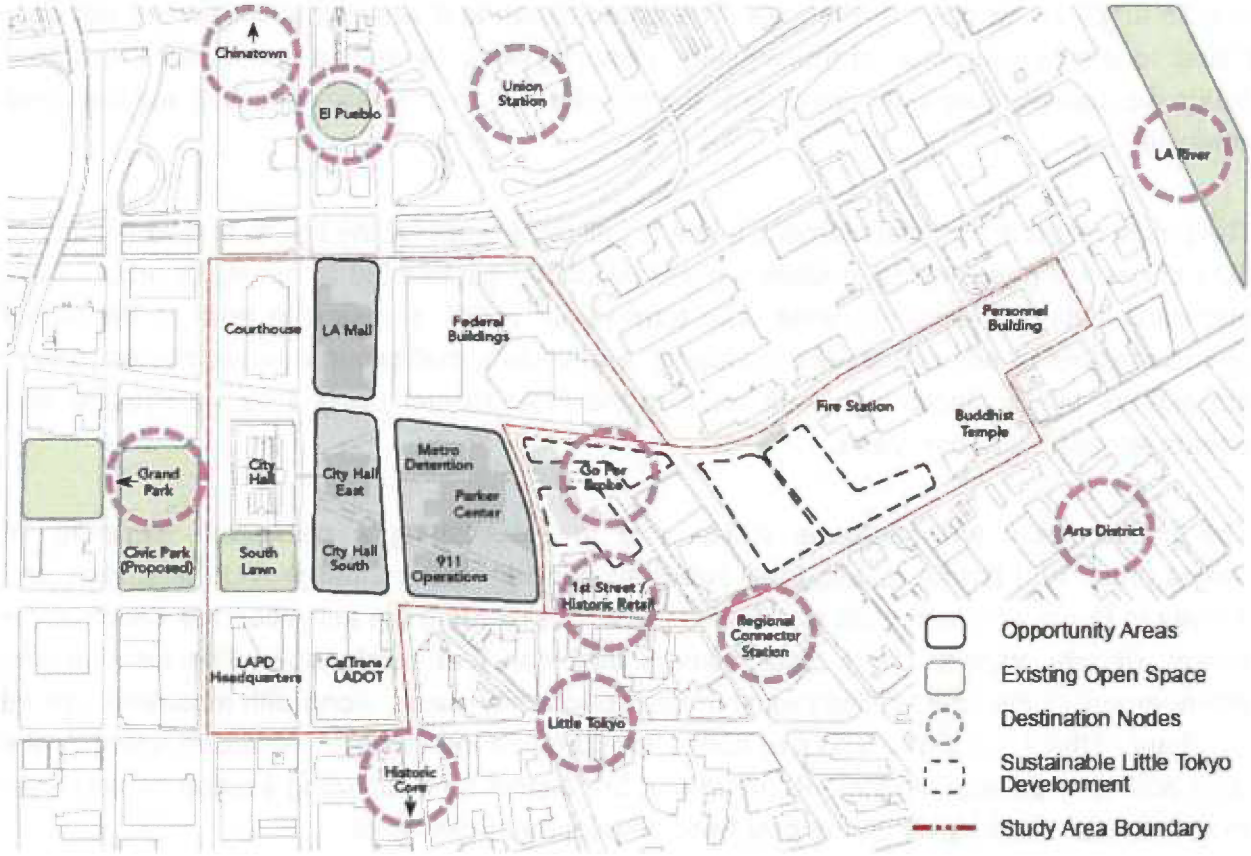
Underground Facilities Tour (September 8, 2016) - Lastly, the project team completed a walkthrough of underground facilities within the Civic Center. This included a tour of the underground parking of the L.A. Mall, boilers, and the power generators situated near City Hall East.

3.3 Plan Framework

Two alternative plans were developed conceptually though a systematic analysis, iteration, and review with stakeholder and community representatives. Each were developed based on differing influences and financial implications. The Core Drivers established goals in which this Master Development Plan must strive in order to have an energized, holistic plan. These goals are the driving elements that will influence and guide the planning and urban design process and were the major criteria in evaluating both alternatives.

Given its centralized location between various neighborhoods, transit routes and cultural nodes and landmarks, Civic Center should reconnect other communities that have been separated from each other over time such as El Pueblo, Little Tokyo, Grand Park, Union Station, Historic District, Arts District, and the L.A. River. Connecting destinations is central to the Plan's mission.

Figure 3.1 - Framework Opportunity Areas and Destinations



Proximity to destinations provide both physical connection opportunities such as walkways, street crossings, and open spaces and visual connections such as view corridors and vista termination that can become programmable, activated spaces (Figure 3.1). Another element of importance is the orientation of new facilities around and toward City Hall. For years, height restrictions were in place ensuring that no building was built taller than City Hall. While those restrictions have been gone for decades, sensitivity about building height near City Hall and adjacent low-rise to mid-rise neighborhoods such as Little Tokyo remain. Taller buildings are essential to ensuring the right mix of uses and density to activate and energize the area and must be placed and oriented with care in order to minimize conflicts with both adjacent communities and historical context.

Within the Civic Center core, three blocks were identified as having the greatest potential for locating a newly consolidated 1.2 million square feet civic campus. Together, these blocks form the basis of a new district that is pedestrian-oriented, has a clear identity, maximizes efficiency, provides flexibility and mixes uses in a way that will ensure a vibrant district for years to come. These opportunity areas consist of the existing L.A. Mall site, City Hall East and South, the Parker Center, 9-1-1 Call Center, and Metro Detention block.

While some buildings within the opportunity areas are currently functioning for City needs, plans were developed to look at financial viability into higher and best uses within the Study

Area. The plan alternatives look at the possibility of residential, retail and cultural into the mix of civic functions to activate the area. The organization and siting of buildings are not only critical to the maintenance of functionality, view corridors as well as connectivity, but they create a sense of place and contribute to the transformation of an area ripe with activities and amenities.

The public realm is a critical element in making all cities work for the health and well-being of their citizens. Public places in cities have significantly contributed to quality of urban living and participation in civic functions. The term public realm is meant to refer to the social processes among city employees, residents, and visitors that occur in public places. It is in the exterior public places within, or abutting the Civic Center study area, its squares and streets accessible to everyone.

The public realm will serve as critical role in establishing a connected hierarchy of programmed and flexible public (and public-accessible) spaces that provide amenities and activity to those who live, work and visit the district, providing the activation the Civic Center needs. People want to be in places where they can feel comfortable. The location and arrangement of the new facilities within these opportunity areas, along with a comprehensive overhaul of the zoning and land use codes, can provide the catalyst needed to energize the area and spur private investment throughout the district. The following section explores the major spaces that help stitch the proposed developments together.

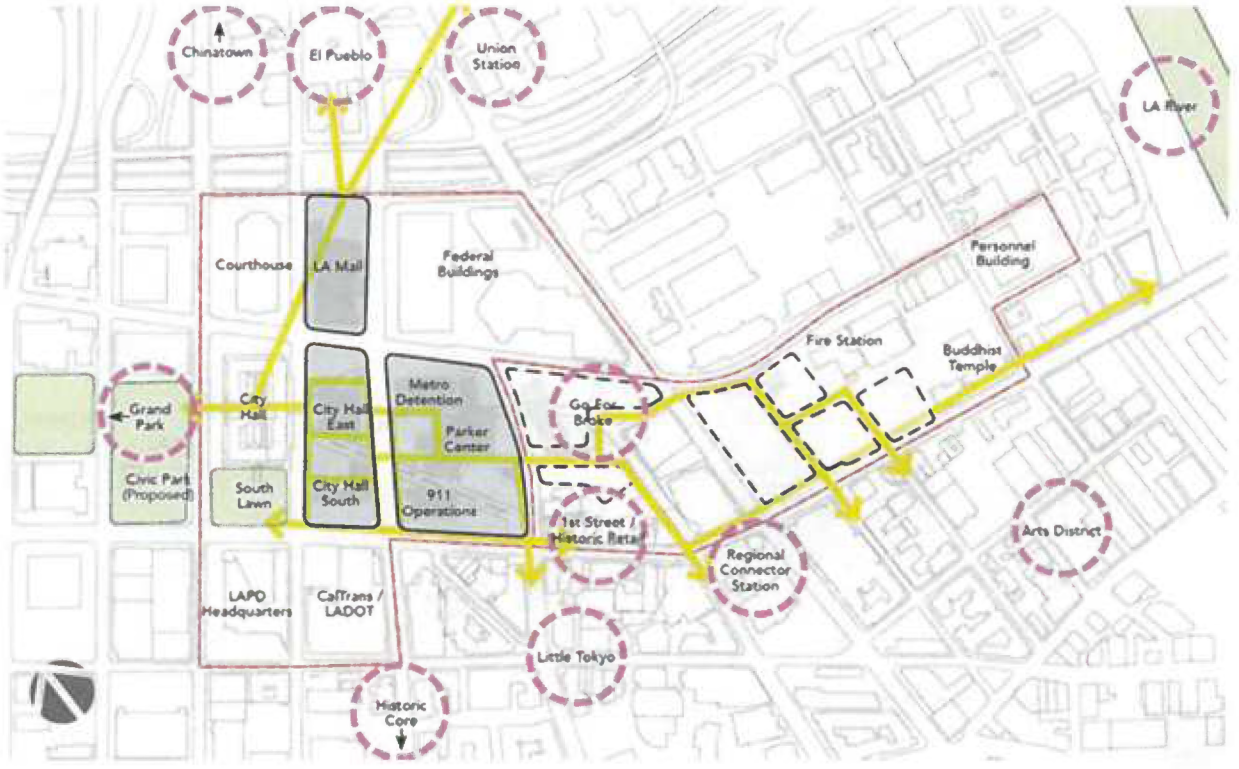
3.4 Alternatives

Grid Scheme: Preserve and Renovate City Hall East

The Grid Scheme maintains City Hall and City Hall East and works with in existing super block configuration. This allows for the keeping and renovating City Hall East and celebrates its central location as the center of a new public facilities campus. As the City becomes energy conscious, City Hall East will need to be upgraded to meet new standards. This would require its exterior facade to be reskinned. Reskinning the building will allow operations to continue, be modified for better efficiencies as required, while minimizing disruption from construction and giving it a new identity.

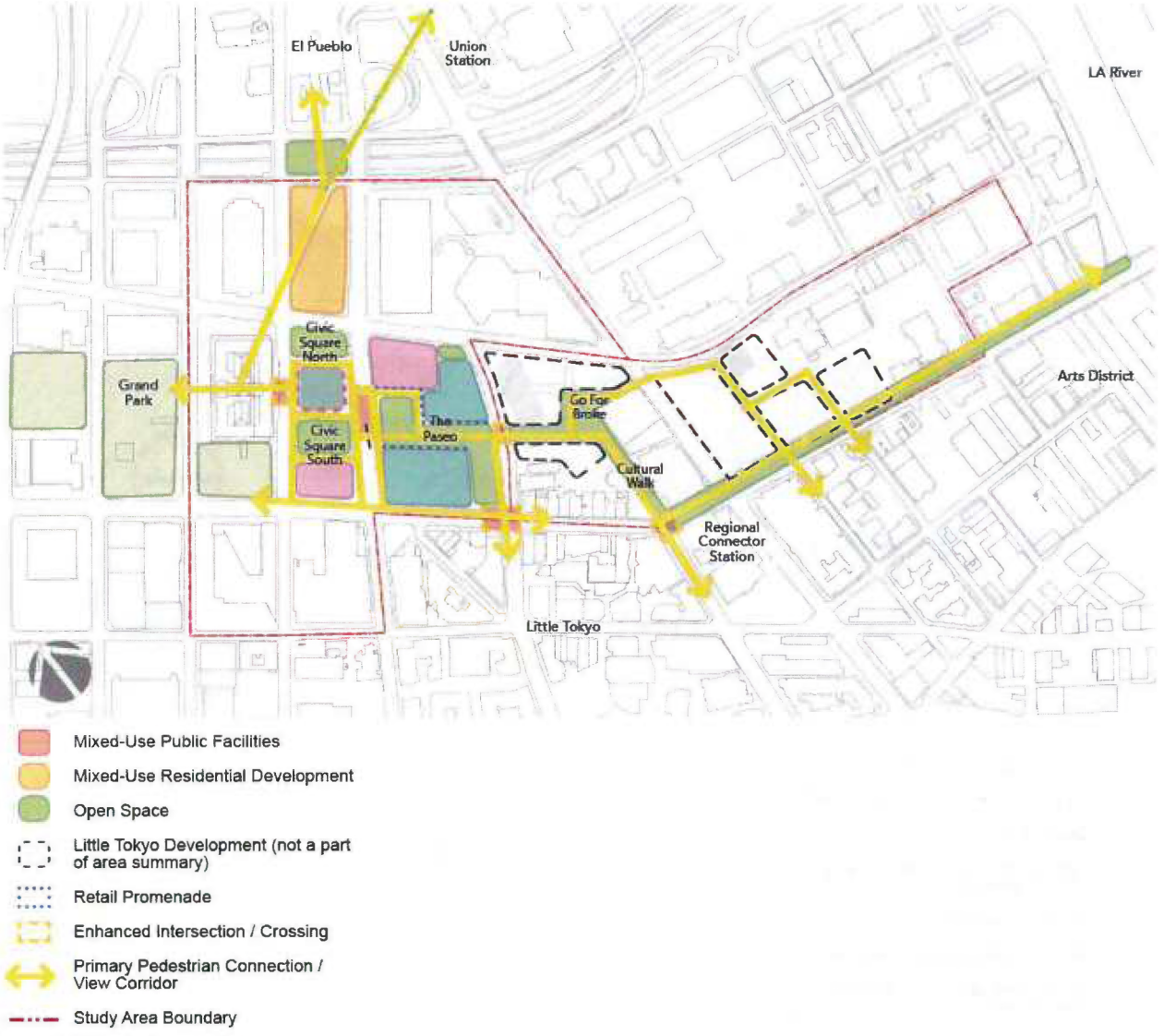
In addition to the City Hall East upgrade, new at-grade plazas and a network of smaller blocks encourage pedestrian activity by opening up new walkable connections in and around the project area within the existing infrastructure (Figure 3.2 and Figure 3.3). The new pedestrian paths provide more intersections, which in turn, are ideal for commercial activity. The end result is a more walkable district comprised of new shops, restaurants, intimate squares and other amenities needed to support new residential development transforming it into a "24/7 District."

Figure 3.2 - Grid Nodes and Connections



- Mixed-Use Public Facilities
- Mixed-Use Residential Development
- Open Space
- Little Tokyo Development (not a part of area summary)
- Retail Promenade
- Enhanced Intersection / Crossing
- Primary Pedestrian Connection / View Corridor
- Study Area Boundary

Figure 3.3 - Grid Framework Plan



Axis Scheme: Remove City Hall East and Create New Front Door

Historic City Hall is the crown jewel of the Civic Center core. It embodies civic presence and a symbol of governance. It is a fresh look at a holistic plan and vision for the future. The Axis Scheme focuses on City Hall and provides direct connectivity both visually and physically to targeted neighboring areas that were identified through stakeholders and community meetings. Radiating southeast to and from City Hall's public entrance, formal vistas and physical pedestrian linkages with clearly defined edges pass through a sequence of programmed public paseos, plazas and monuments.

The axis provides a coherent and organized framework for connecting existing and proposed buildings, open spaces and surrounding districts (Figure 3.4 and Figure 3.5). As it stands now, City Hall East stand directly in front of City Hall, blocking most views back towards what

has become the public entrance off of Main Street. The removal of City Hall East, while bold in concept and in scale, shows the importance re-prioritizing of the space in front of and around City Hall and creates and opportunity to open up and celebrate that relationship that has been blocked for so many years. See Section 3.6 (Preferred Concept Plan) for more information regarding the open space and public realm.

Figure 3.4 - Axis Nodes and Connections

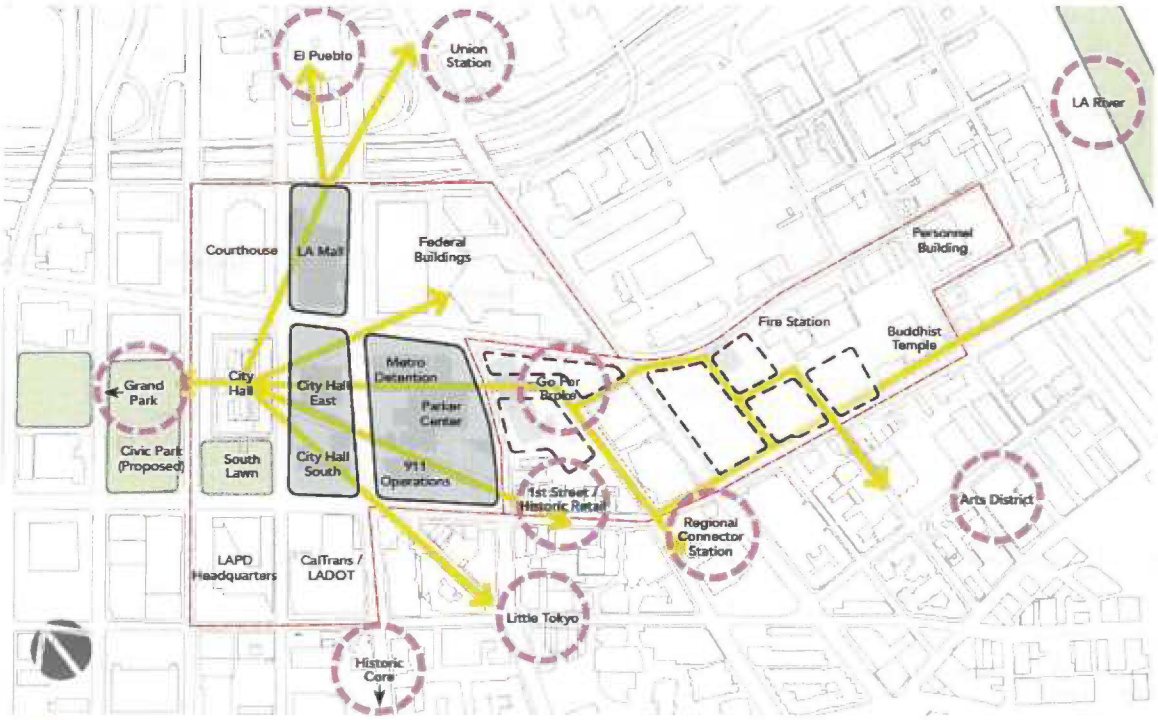
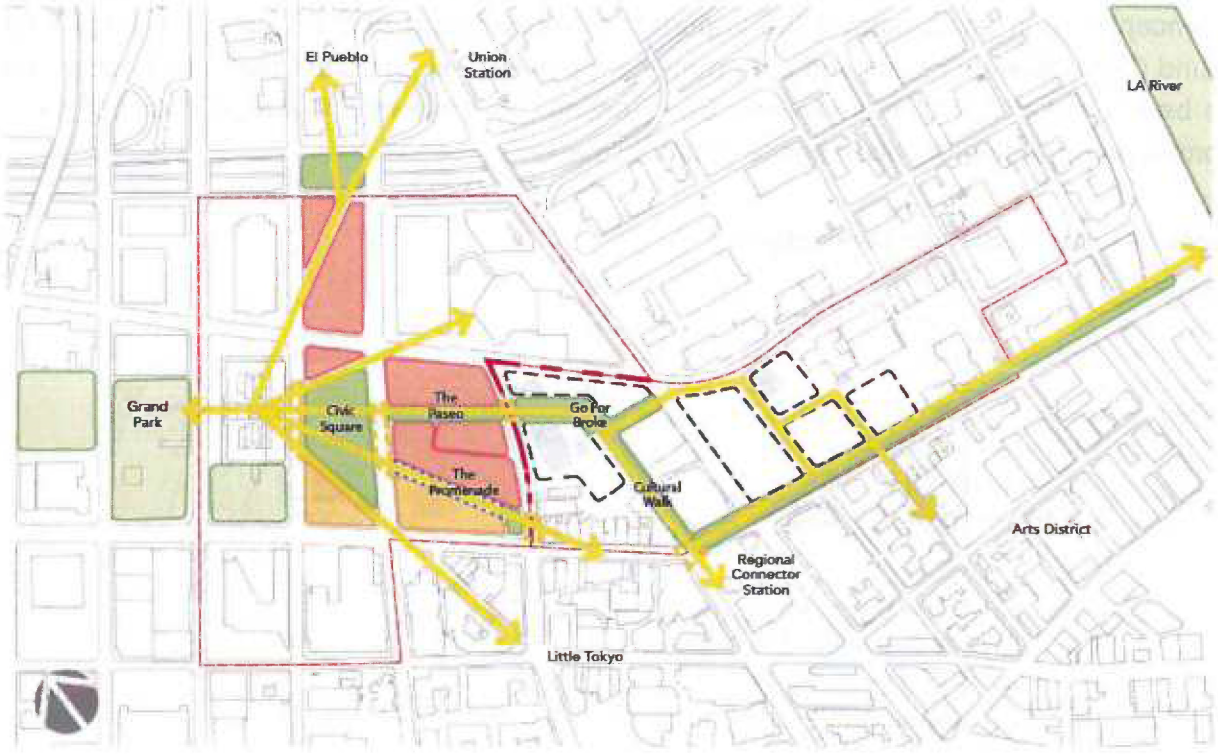


Figure 3.5 - Axis Framework Plan



3.5 Scheme Evaluation

The stakeholder and community engagement process has provided feedback and comments to both alternative schemes. Both were adjusted and modified to reflect their feedback. Through the process it was encouraged to look into the future and to develop a plan that reflects a long-term holistic vision to make Civic Center a world-class destination. Table 3 was developed to evaluate each scheme as they weigh in comparison to our key attributes, in order to justify the advancement of one scheme over the other.

Table 3.1 - Evaluation Matrix

Evaluation Criteria	Grid Scheme	Axis Scheme	Comment
Activation - Creating vibrant and inviting public spaces			
Provides ground floor retail, commercial and active uses	–	✓	Replacing incompatible existing buildings and land uses in Axis Scheme provides new opportunities for active ground-floor leases
Creates a variety of public open spaces	–	✓	Opening up City Hall East site in Axis Scheme provides opportunity to consolidate smaller, fragmented open spaces into larger move
Connectivity - Bridging together people and places			
Connects new buildings and open spaces together	✗	✓	Security requirements for incompatible building uses retained in Grid Scheme prevent public access around and through buildings. Relocation ensures building ingress and egress is integrated into overall site design
Connects Civic Center to adjacent districts and destinations	✗	✓	
Resiliency - Fostering an urban and environmental sustainability			
Reuses existing structures	✓	–	Renovating existing structures in Grid Scheme can save on embodied energy costs of construction materials and waste
Provides new technology and efficiencies	✗	✓	New structures in Axis Scheme can be built to present day environmental standards and utilize alternative energy solutions while reducing long-term operating costs
Viability - Creating a comprehensive implementation plan			
Creates a plan that is implementable, both logistically and financially	✓	✓	Both schemes can be phased incrementally to respond to market demand and city needs over time
Legacy - Designing flexible buildings that will last			
Creates an identifiable campus with distinct identity as destination	✗	✓	The Axis Scheme's comprehensive approach to building locations, massing, view corridors and framing of public spaces ensures a distinct identity and sense-of-place
Buildings can be adapted over time and retained	✓	✓	New buildings in both schemes are intended to be flexible in layout and can adapt in size and use depending on city needs, future market trends and consumer demand

✗ Does not meet objective – Meets objective ✓ Exceeds objective

While both schemes have a lot in common, there are significant key differences that, between the two, give the Axis scheme several advantages when viewed over the long term of the Plan's implementation.

Figure 3.6 - Grid Scheme Analysis

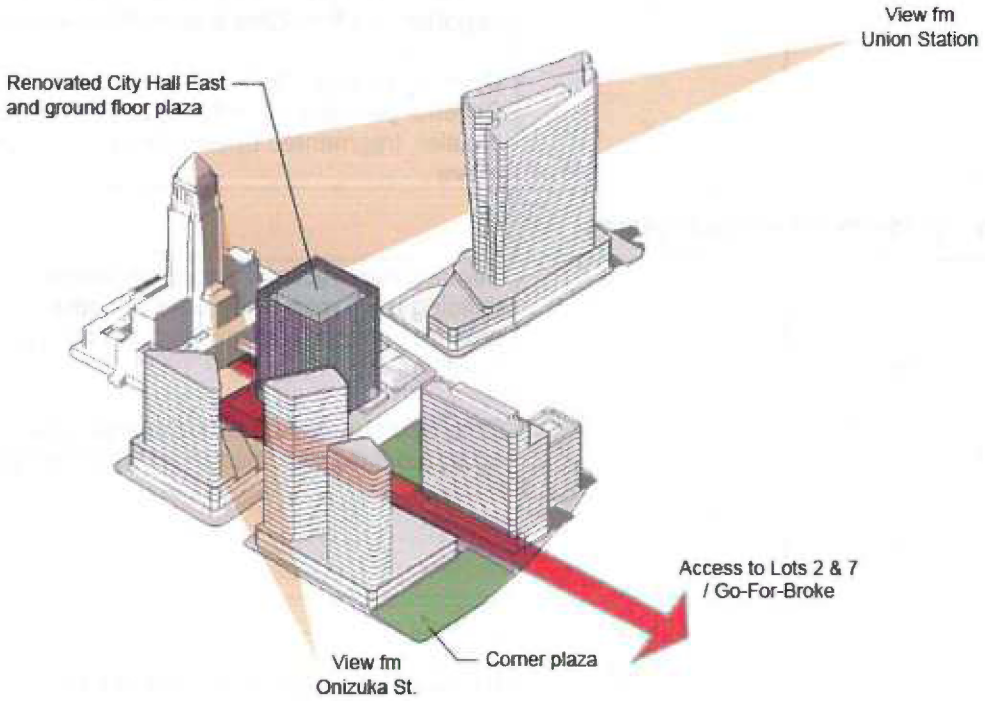


Figure 3.7 - Circulation and views blocked by City Hall East (Grid Scheme)

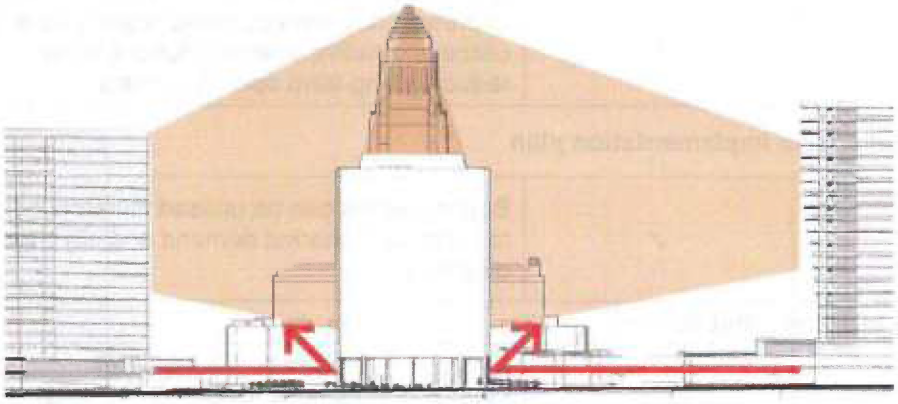


Figure 3.8 - Axis Scheme Analysis

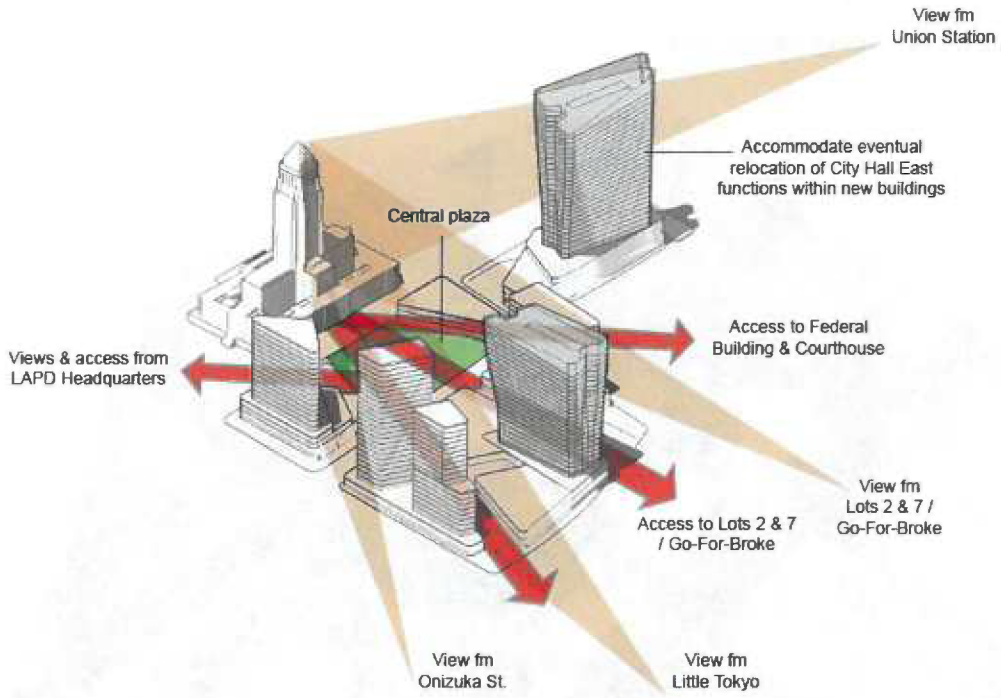
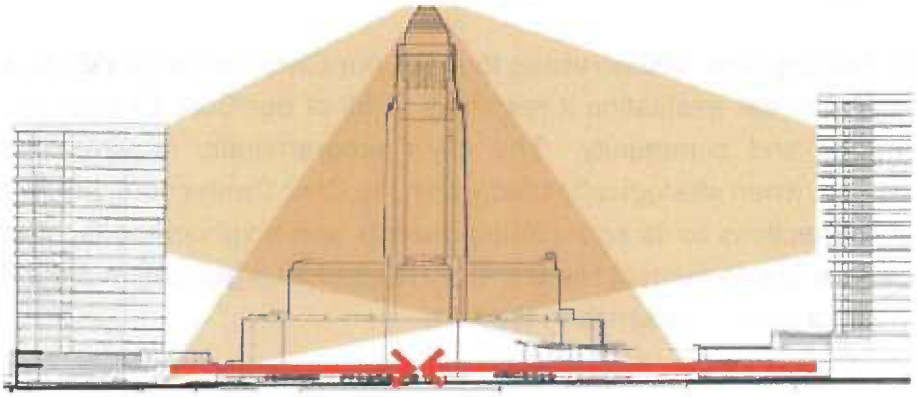


Figure 3.9 - Circulation and views open across square (Axis Scheme)



3.6 Preferred Concept Plan

Figure 3.10 – Full build out (facing northwest)



The Axis scheme provides the long term holistic vision to make our Civic Center world class (Figure 3.10). Based on the scheme evaluation it responds to all of our Core Drivers and Goals set by the stakeholder and community. The city's programmatic requirements generated building volumes that, when strategically sited within the Civic Center core, provide strong visual and physical connections to its surrounding districts and neighborhoods. The building volumes are conceptualized to respect Historic City Hall and its organization around an active Civic Plaza providing a strong presence to the core.

Figure 3.11 – Full build out (facing south)



The Axis scheme provides placemaking opportunities that will provide activation through the following public realm components:

- The Promenade – Gateway to Little Tokyo (Section 3.10.1)
- Civic Square – The Heart of the Civic Center (Section 3.10.2)
- Shared Streets – Creating Slower Safer and more Social Spaces (Section 3.10.3)
- The Paseo – Go-For-Broke, and Cultural Walk – Connecting Transit, Art & Culture (Section 3.10.4)

Figure 3.12 - Preferred Concept Illustrative Plan



3.7 Land Use

The existing land uses within the Civic Center study area are made up primarily of single use public facilities containing government buildings at federal, state and local level (Figure 3.12).

The proposed land uses are designated with a need for future flexibility along with economic activity and are consistent with the standards found in typical mixed-use commercial districts (Figure 3.13). Mixed-use districts serve to facilitate the development of high-density, mid-rise and high-rise housing integrated with ground floor commercial frontage containing retail uses along the primary streets. Moving away from incompatible land uses such as detention centers and towards community enriching uses such as residential and commercial will ensure a vibrant district with activity beyond working hours.

In addition to need to provide newly consolidated civic office space, the mixed-use district encourages retail, commercial and cultural arts activities. This will be achieved through a combination of compact, horizontal mixed-use whereby different activities and land uses locate in close proximity to each other and through vertical mixed-use, which will allow for more than one land use category within a single building – such as a residential apartment complex with retail uses on the ground floor.

The Civic Center Master Development Plan intends to realign its land use and development pattern to reflect the Civic Center's distinct history, adjacent neighborhoods, centralized location, and sense of community. Moving from single-use to mixed-use makes for three-dimensional, pedestrian-oriented places that layer compatible land uses, public amenities,

and public facilities together at various scales and intensities. This variety of uses allows for people to live, work, play and shop in one place, which then becomes a destination for people from other neighborhoods.

For the purpose of this report, the new mixed-use Public Facilities land use is referred to simply as Mixed Use (MU). The allowable uses for the mixed use parcels include retail/commercial, civic office, private office, cultural/community centers and med-high density residential.

For more information regarding specific building uses, see development phasing by parcel in Section 4: Phasing.

Figure 3.13 - Existing Land Use Plan



Figure 3.14 - Proposed Land Use Plan

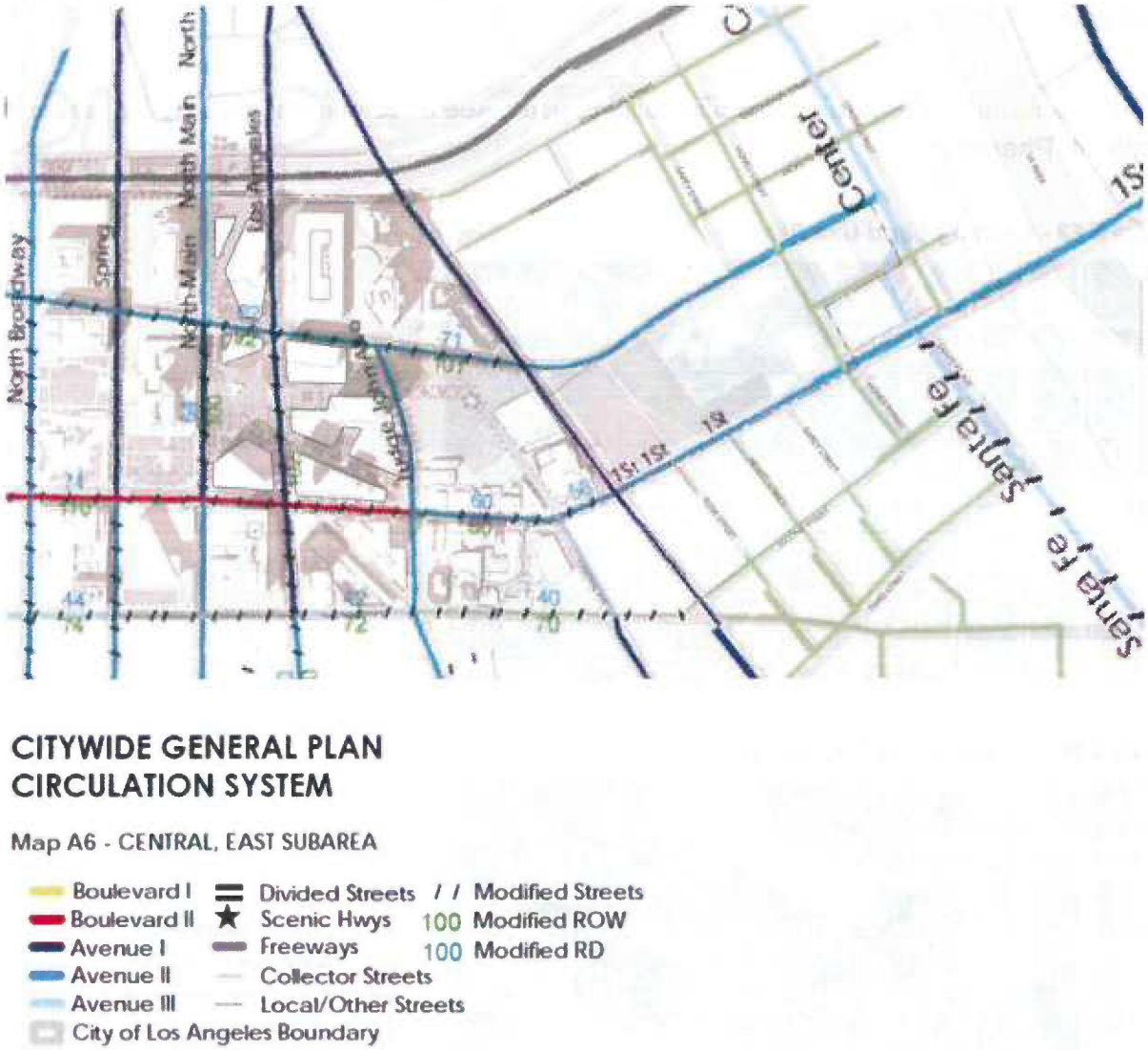


3.8 Circulation

The purpose of this report is to present concepts that may be incorporated into future parking, traffic and mobility management plans for the Civic Center. This report recognizes that the

primary circulation issues are maximizing the efficiency of existing and proposed transportation infrastructure through advanced transportation technology, reduction of vehicle trips, and focusing growth in proximity to public transit. The Circulation Element of the City's General Plan, also known as Mobility 2035, sets forth street designations and related standards, as shown in Figure 3.15.[4]

Figure 3.15 - Street designations per Mobility 2035



Other studies such as Connect US and the Metro TIGER VI Discretionary Grant support the ideas of esplanades (i.e. combined walking paths, bike paths, street trees and parkways), walk streets (i.e. streetscape enhancements that encourage walking such as street trees, ornamental roadway and pedestrian lighting, and street furniture), and greenways (i.e. travel lane removal, Class II bike lanes, and streetscape improvements). In conjunction with these studies and the standards established in Mobility 2035, a Circulation Plan has been detailed

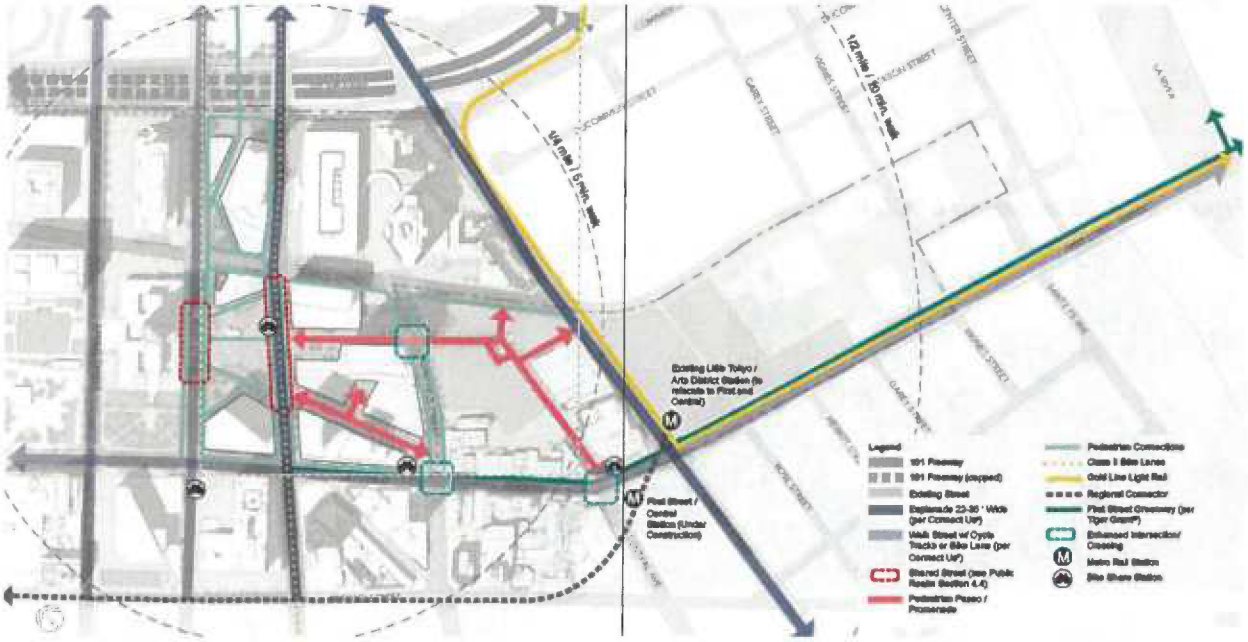
[4] For a complete listing of street types, descriptions and generalized cross sections for each designation, see the Complete Streets Manual (Chapter 9 of the City of Los Angeles Mobility Plan and the City of Los Angeles Complete Streets Design Guide).

to supplement the Axis Scheme (Figure 3.16). The Axis Scheme implements the concepts of Shared Streets (see Section 3.10.3) on Los Angeles and Main Streets to expand the Civic Square. When special occasions arise, these streets may be closed to thru traffic. Furthermore, the implementation of Park 101 will likely result in the modification or closure of on- and off-ramps to Highway 101, which could affect the traffic patterns surrounding the Civic Center.

The report recognizes the contribution of a proper juxtaposition of land uses to the reduction of vehicle trips. Locating uses that better serve the needs of the population closer to where they work and live reduces the number and distance of vehicle trips and decreases the amount of pollution from motor vehicles.

A traffic analysis will be required as a next step as the Plan moves forward.

Figure 3.16 - Circulation Plan



3.9 Open Space

The open spaces within the Civic Center can be seen as individual 'sites' such as plazas or squares, and looked at from this point of view they can take a wide variety of forms (Figure 3.16 through Figure 3.19). In a broader sense, however, open space can also be considered as something wider and more all-encompassing, namely as the continuous matrix of all un-built land within the district – public parks as well as private gardens; urban streets as well as city squares. In this way it both links together individual spaces and flows around and between every building and structure, forming the context and surroundings of each one and connecting the inner city to the surrounding landscape.

For detailed information regarding specific design and program of each open space, see Section 3.10, The Public Realm).

Figure 3.17 - Open Space Plan



Figure 3.18 - Rendering of Civic Plaza



Figure 3.19 - Rendering of Promenade



3.10 Public Realm

"Cultures and climates differ all over the world, but people are the same. They'll gather in public if you give them a good place to do it. - Jan Gehl

Life between Buildings

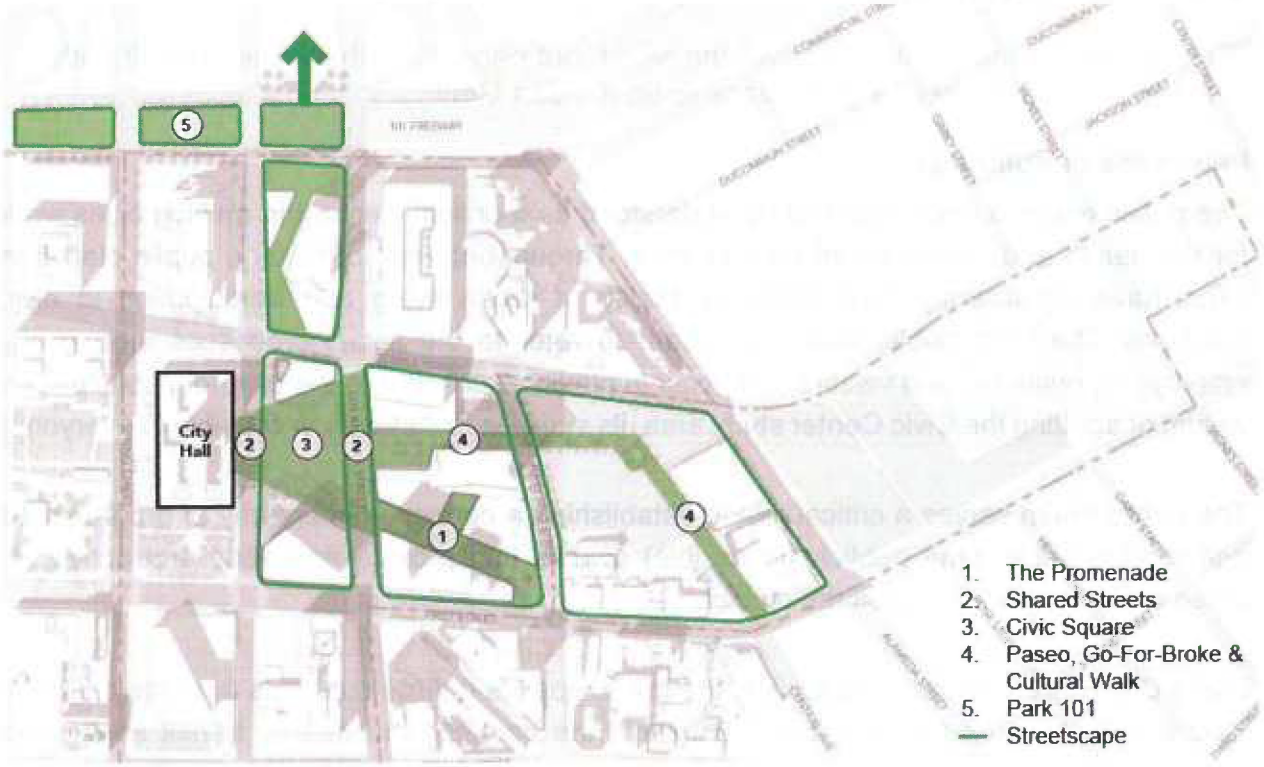
The public realm is once again being understood as a critical element in making cities work for the health and well-being of their citizens. Throughout most of history, public places in cities have significantly contributed to quality of urban living and participation in civic functions. The term public realm, is meant to refer to the social processes among city employees, residents and visitors that occur in public places. It is in the exterior public places within, or abutting the Civic Center study area, its squares and streets accessible to everyone.

The public realm serves a critical role in establishing a connected hierarchy of programmed and flexible public (and publicly-accessible) spaces that provide amenities and activity to those who live, work and visit the district.

Using City Hall as an orienting device, the public spaces radiate outwards from the center of civic activity towards the new buildings within the campus and nearby transit nodes and destinations. Over time, as new uses, such as residential, begin to diversify the Civic Center, the public spaces will become even more important, providing both breathing space from buildings and common social spaces that link the variety of users together.

In addition to social walkability benefits, there is also a growing awareness that the quality of the public realm is a critical element in quality economic development. People want to be in places where they can feel comfortable and enjoy. The following section explores the major spaces that help stitch the proposed Axis scheme together.

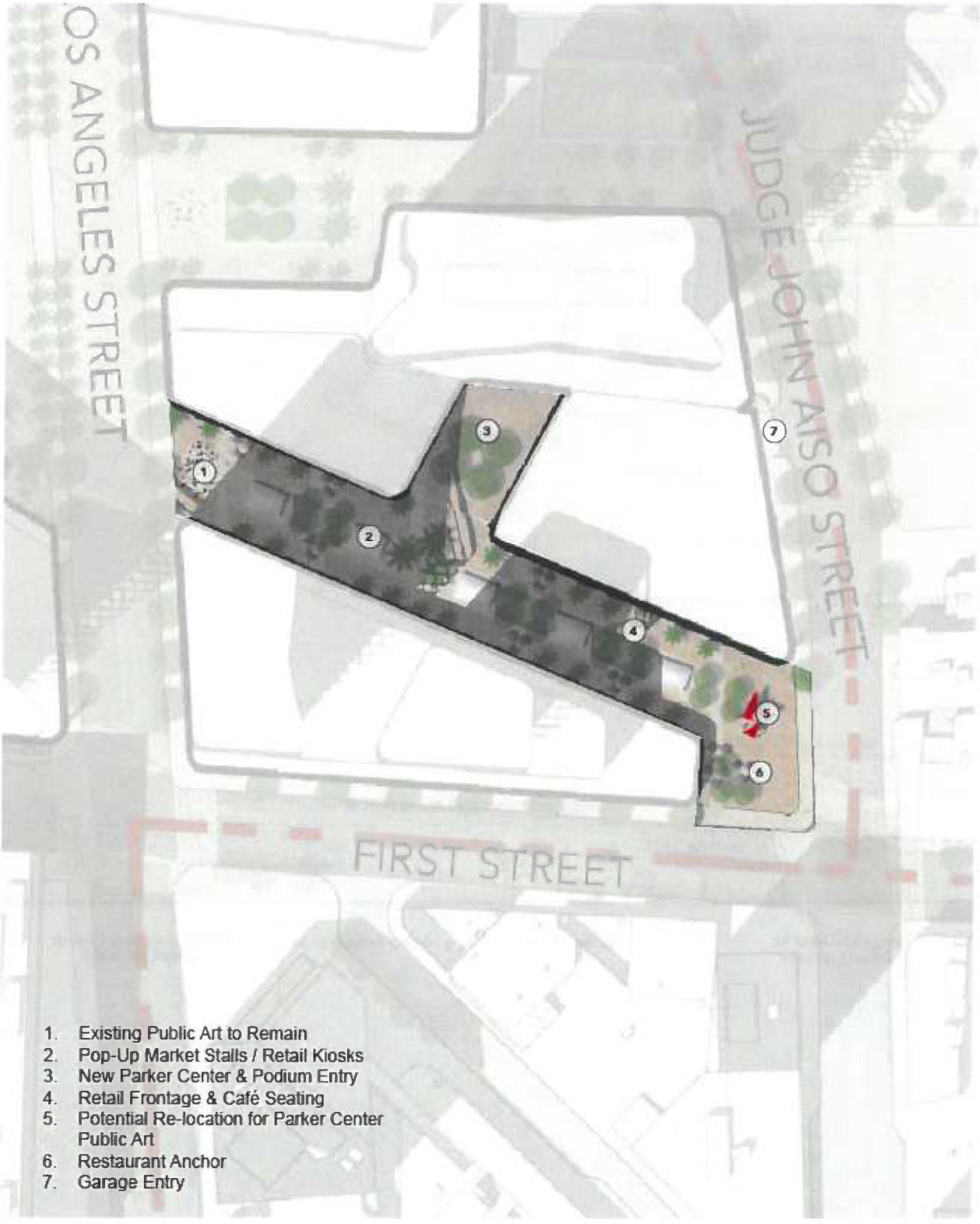
Figure 3.20 - Public Realm Key Map



3.10.1 The Promenade - Gateway to Little Tokyo

- Extension of historic retail along First Street
- Terminating vista on City Hall
- Direct pedestrian-only connection to Little Tokyo
- Active day and night
- Existing public art relocated throughout
- Linear space encourages movement and promotes walking between facilities
- Variety of retailers, focusing on emerging small and local businesses
- Mixing space for public employees and general public

Figure 3.21 - Promenade Enlargement Plan



1. Existing Public Art to Remain
2. Pop-Up Market Stalls / Retail Kiosks
3. New Parker Center & Podium Entry
4. Retail Frontage & Café Seating
5. Potential Re-location for Parker Center Public Art
6. Restaurant Anchor
7. Garage Entry

Figure 3.22 - Public Realm Key Map



Figure 3.23 – Elevation facing northeast

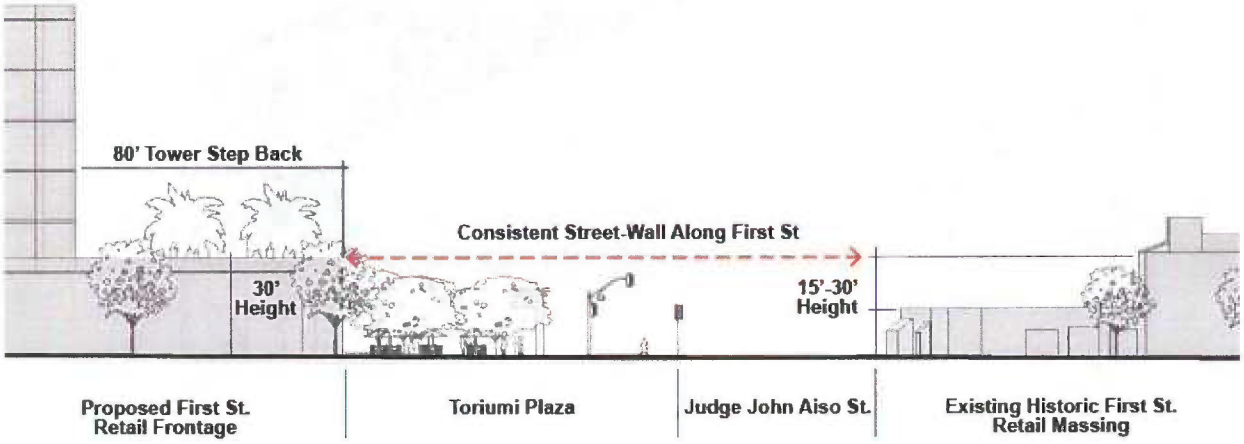


Figure 3.24 - Promenade design program (facing northwest)

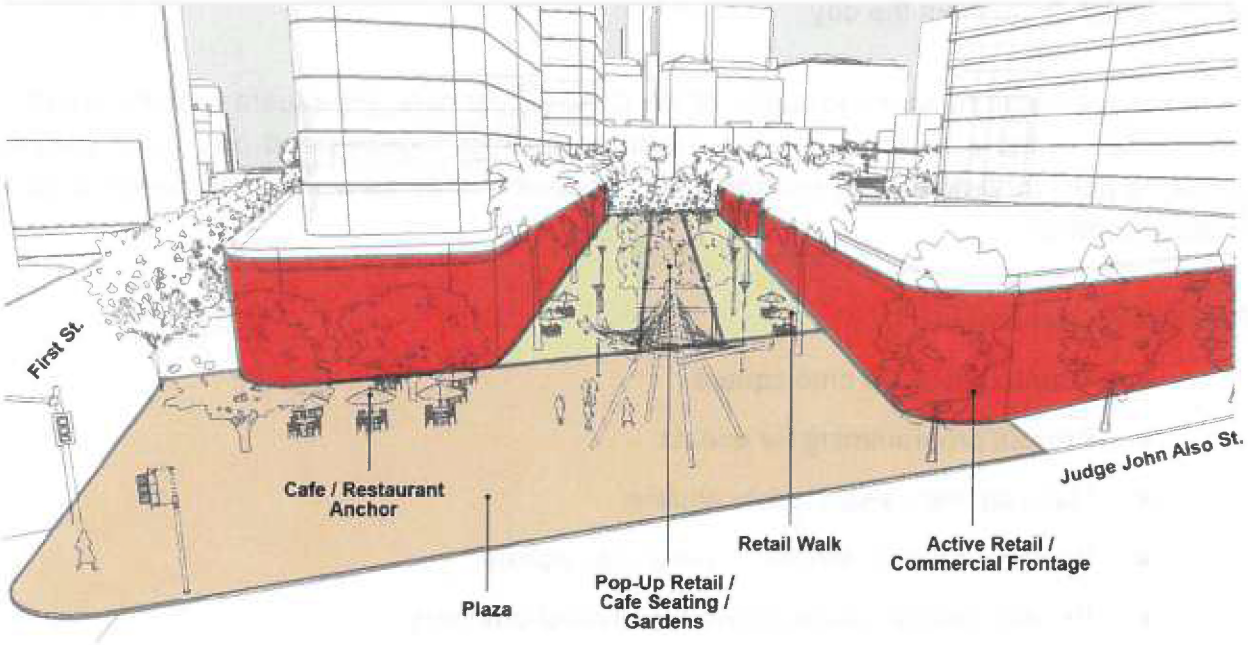
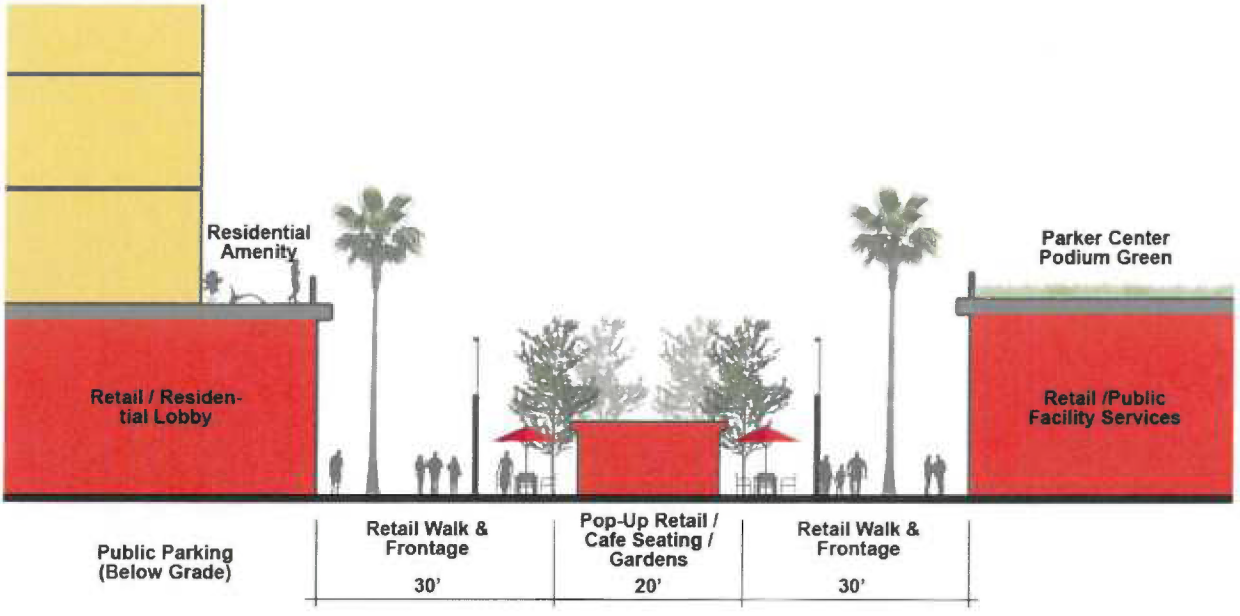


Figure 3.25 - Section facing northwest through promenade (not to scale)



3.10.2 Civic Square - The Heart of the Civic Center

Vision Statement

No world class Civic Center is complete without a world class square at its heart. The Civic Square provides a contemporary spin on the traditional European square, creating a new destination and activity hub. The square will become the place to: gather; socialize; interact

with imaginative art works; dine at a number of cafés that line its edges, or simply sit and people watch throughout the day.

As the physical and metaphoric center of the Civic Center core, the square will function in a role similar to that of a campus quad--stitching buildings together and creating a central gathering point for civic employees from different departments, as well as new residents and visitors together.

Policy Recommendations

- Front active uses onto square
- Provide programming for events
- Maintain open visibility into square
- Relocate existing farmer's market into square
- Provide flexible spaces to work and meet outdoors
- Provide alternative design and programming to Grand Park so as to complement, not compete for uses

Figure 3.26 - Civic Square Enlargement Plan

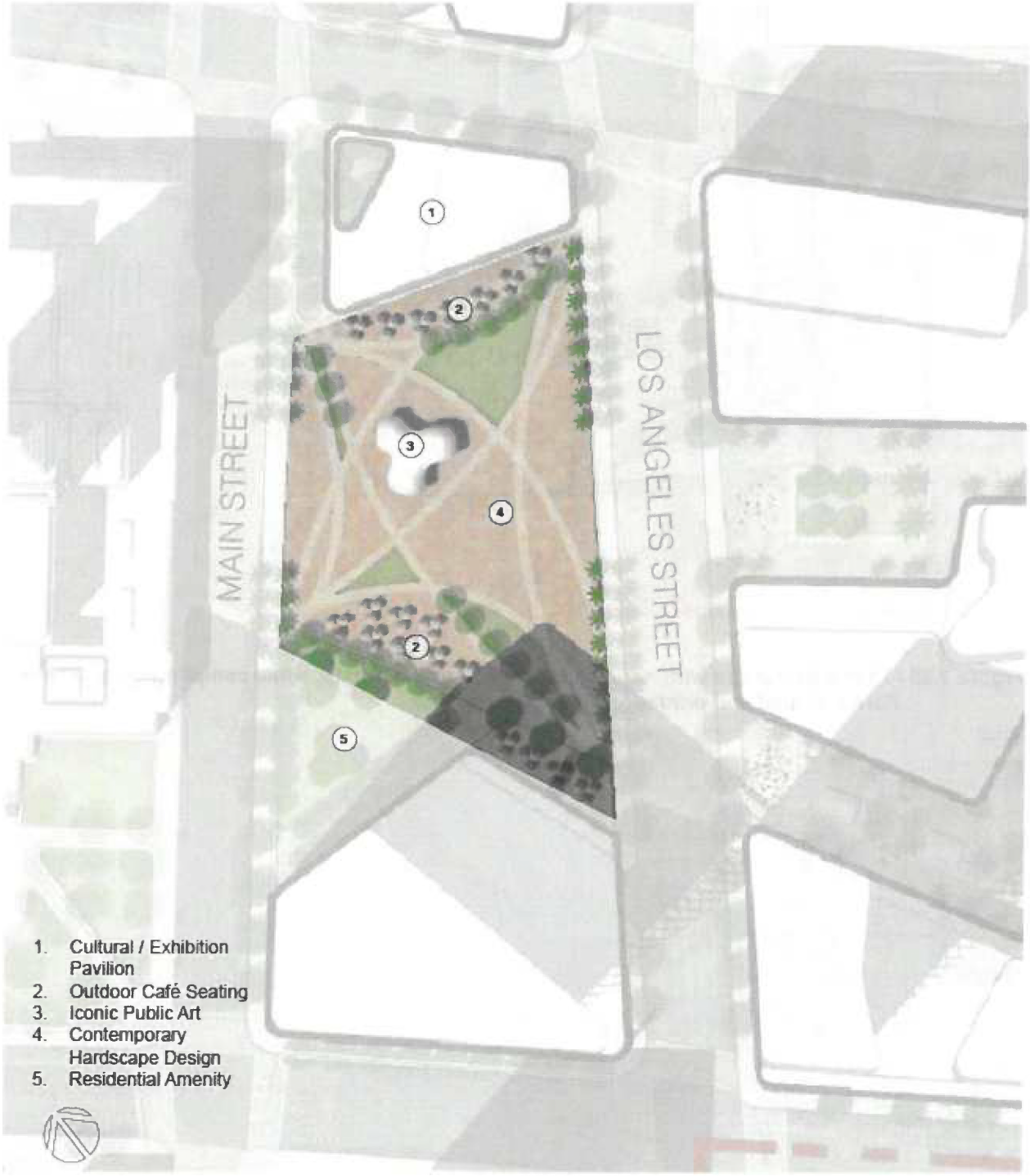


Figure 3.27 - Public Realm Key Map



Figure 3.28 - Primarily flat site with hardscape, the square contrasts, while complimenting Grand Park's sloped and primarily landscaped spaces

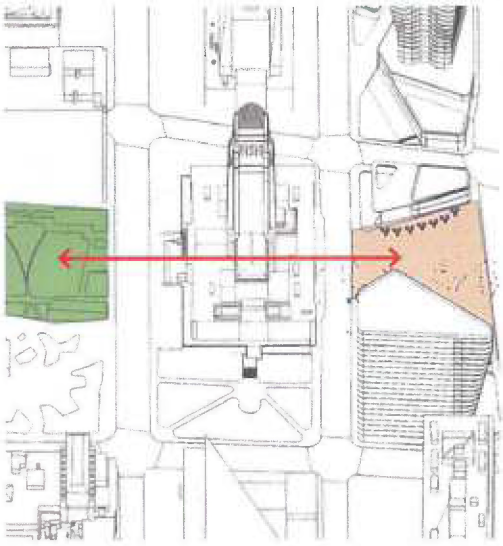
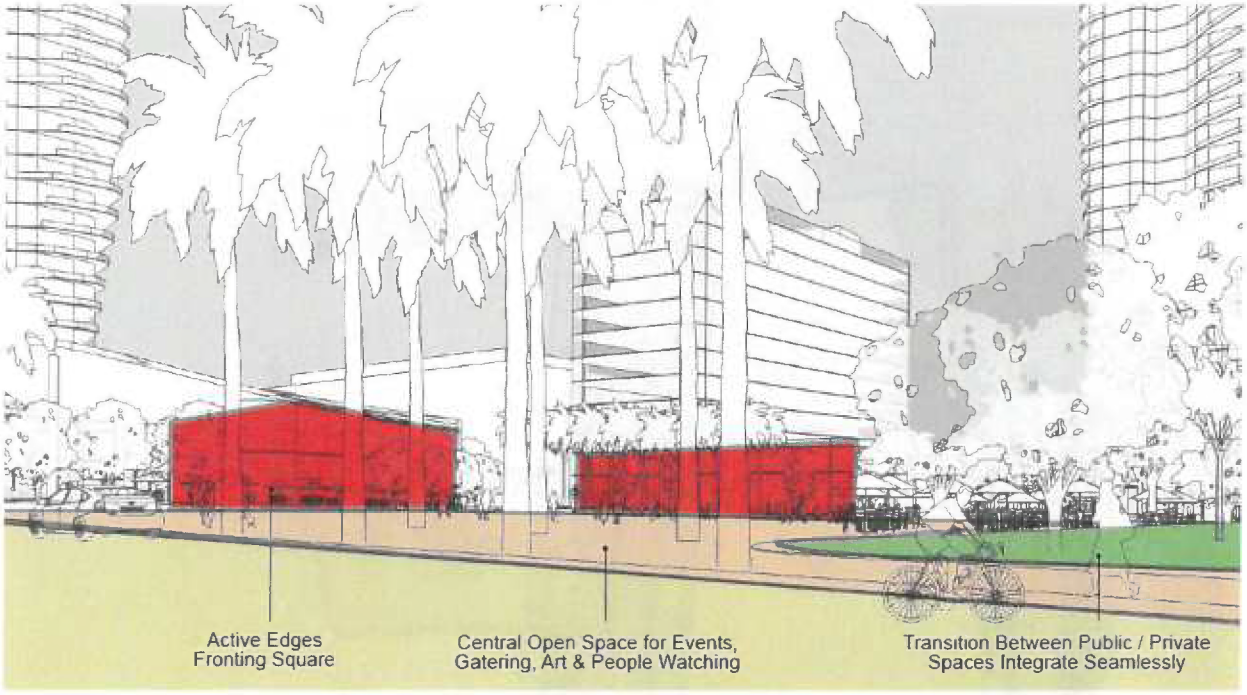


Figure 3.29 - Open view looking north into and across square promote safety, invite entry and provide clear sightlines to destinations



3.10.3 Shared Streets - Creating Slower, Safer and More Social Spaces

Vision Statement

The new Civic Square is bounded by two streets, Los Angeles and Main that, while continuing to serve vehicular traffic in the interim, over time can be transformed as an extension of the square in order to physically connect City Hall with the new public facilities bounding the square. A good example of a "streets as places" conversion is New York Cities Times Square. Conflicts between vehicles and pedestrians are down, traffic capacity is maintained (even with less road space), and retail sales are up, making Times Square one of the world's top retail destinations. Studies have shown that by creating a greater sense of uncertainty and making it unclear who has priority, drivers will reduce their speed, making it safe for pedestrians to cross without waiting for timed lights. With the remove of the City Hall-City Hall East Bridge, it will be important to create an environment at grade that encourages pedestrian activity and walking.

Policy Recommendations

- Accommodate vehicles without prioritizing
- Create system for blocking off streets for festivals and large events
- Extend paving across street, unifying uses on either side

Figure 3.30 - Shared Streets Enlargement Plan

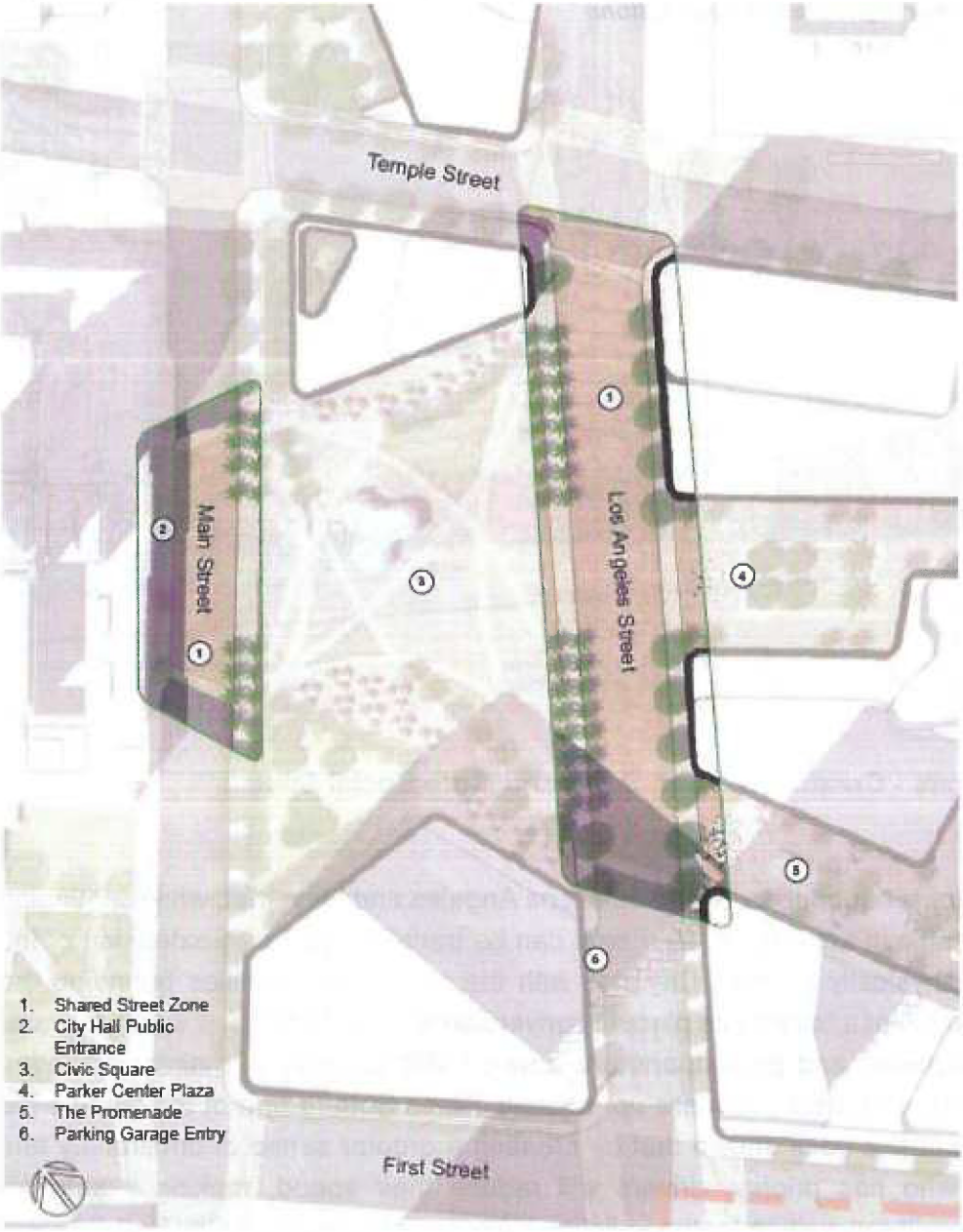


Figure 3.31 - Public Realm Key Map



Figure 3.32 - Curbing, crossings and signage are removed to blur the lines between sidewalks and motorized travel way

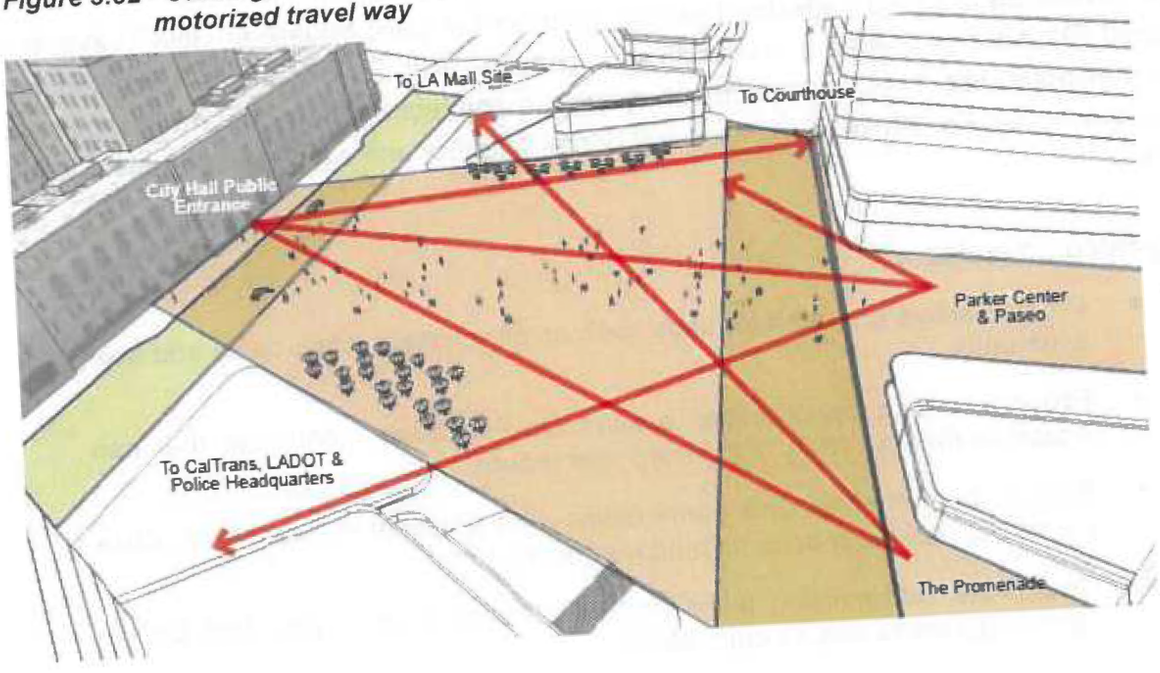
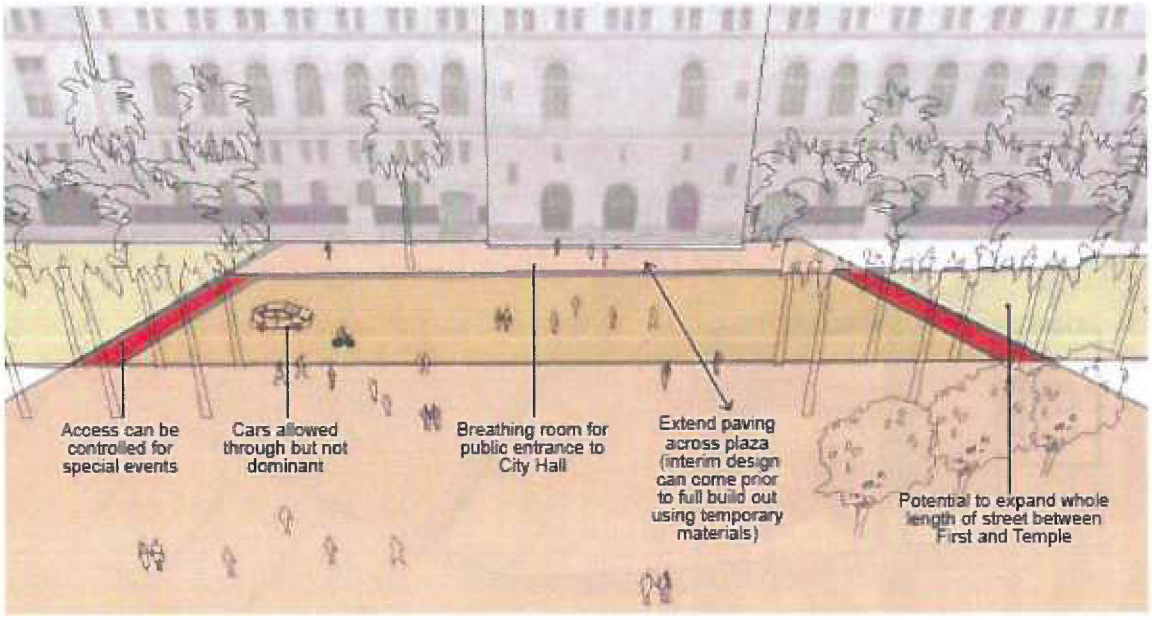


Figure 3.33 - Streets which are designed to give all users more freedom of movement are ultimately slower, safer and more social places



3.10.4 The Paseo, Go-For-Broke, and Cultural Walk - Connecting Transit, Arts & Culture

Vision Statement

A new networked of linked pedestrian paseos connect the Civic Square to Little Tokyo, the proposed Regional Connector and everything in between. The Paseo, and its extension into the Sustainable Little Tokyo development, provide a connection to, and frame an intimate square around Go-For-Broke monument that brings together and celebrates art, history and culture.

Policy Recommendations

- Provide active ground-floor uses such as small-scale retail, cafes and live-work units
- Provide seating opportunities around Go-For-Broke monument that can accommodate a variety of different size groups
- Explore opportunities and partnerships with adjacent museums to utilize plaza and paseos spaces as outdoor galleries
- Coordinate with existing plans and leases with area surrounding Geffen Contemporary to ensure compatibility

Figure 3.34 - Paseo Enlargement Plan

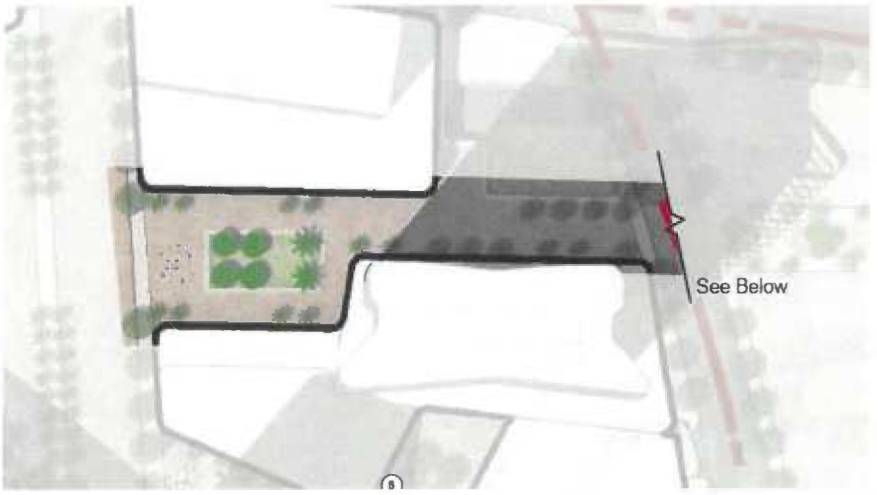


Figure 3.35 - Cultural Walk Enlargement Plan



Figure 3.36 - Public Realm Key Map



Figure 3.37 - Open views into and across square promote safety, invite entry and provide clear sight lines to destinations.

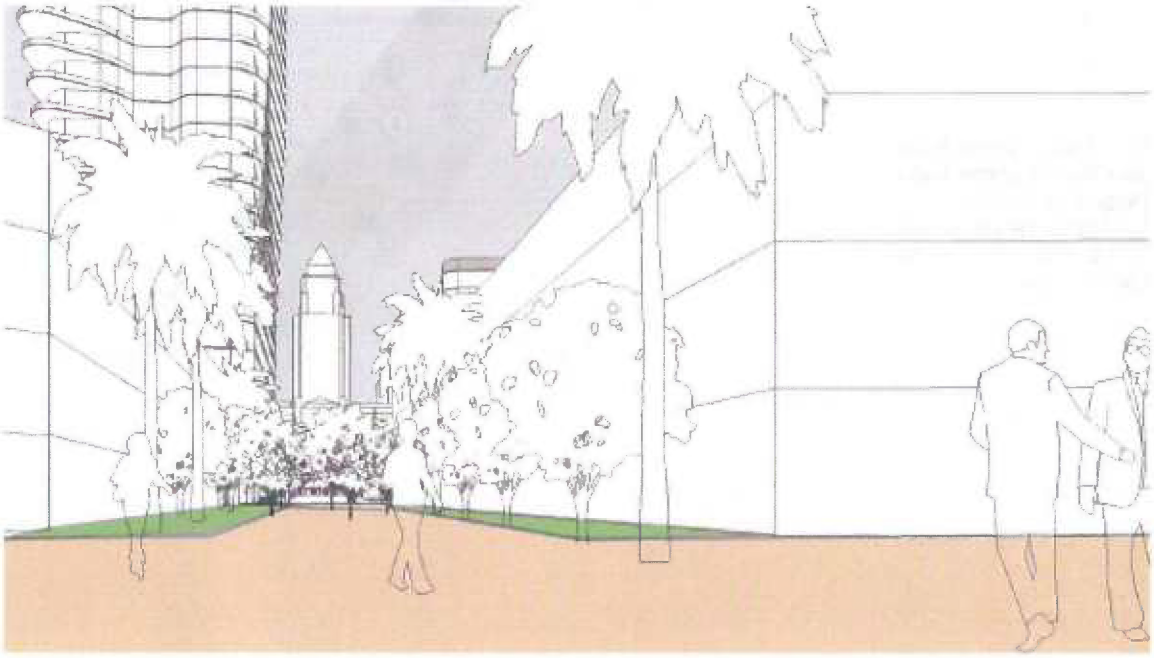
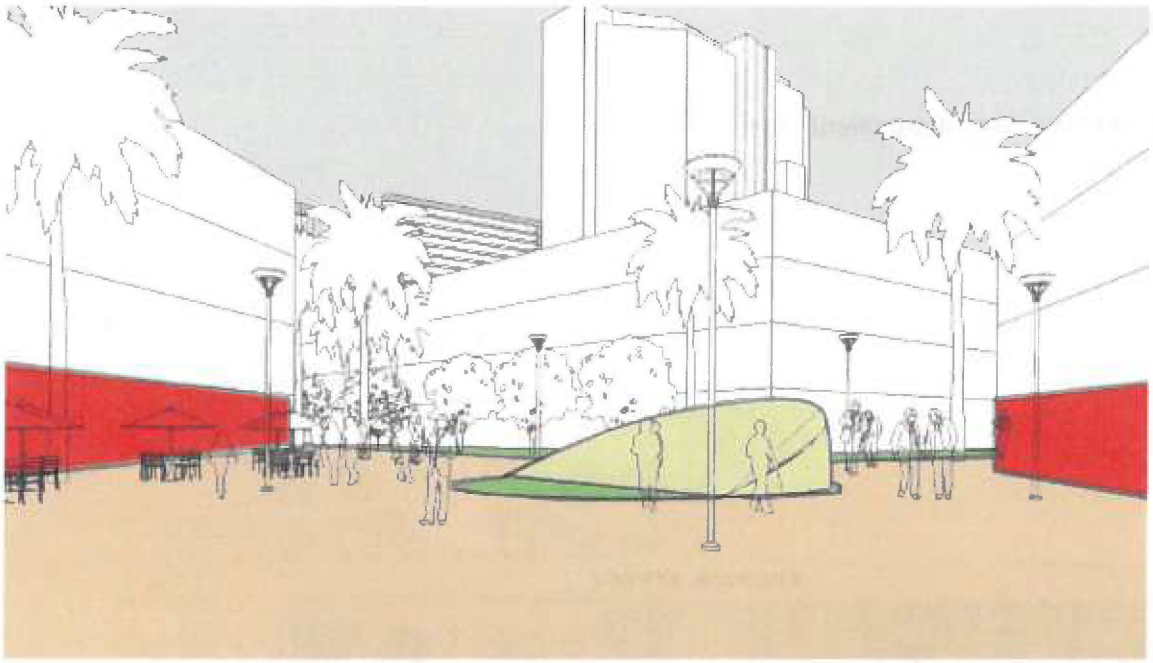


Figure 3.38 - Open views into and across square promote safety, invite entry and provide clear sight lines to destinations.



3.10.5 Park 101

Vision Statement

Park 101 is a key northern gateway into the downtown Civic Center area. It provides important connections to Union Station, El Pueblo and Chinatown. It improves the quality of life for the surrounding area by filtering noise and pollution from the 101 freeway. In addition, it defines new open spaces and provides development opportunities north of the 101 Freeway. Park 101 potentially can act as a catalyst for new development in this area.

Policy Recommendations

- Celebrate Park 101 by providing public art and or enhanced landscaping and programmed activities.
- Emphasize the connections to Union Station, El Pueblo and China town by creating a vocabulary of landscape, paving materials or forms with a pedestrian scale that lead users through the park to these other nodes.
- Protect and enhance elements within the Park that buffer noise and filter air pollution
- Encourage appropriate development around the park and along the 101 corridor that will add value to the area and reinforce the human scale.
- Increase sidewalk widths to enhance the pedestrian connections to other areas.

- Provide a clear wayfinding system that provides legibility to pedestrians and bicyclists.

Figure 3.39 - Park 101 Enlargement Plan



Figure 3.40 - Public Realm Key Map

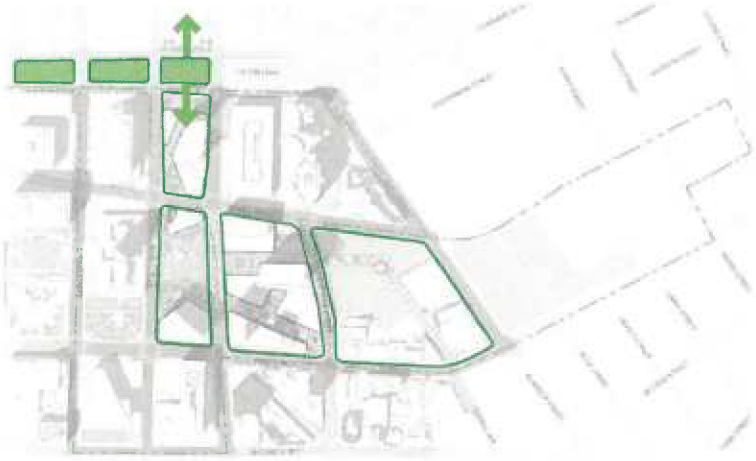


Figure 3.41 - View from Park 101 facing south towards LA Mall site and City Hall

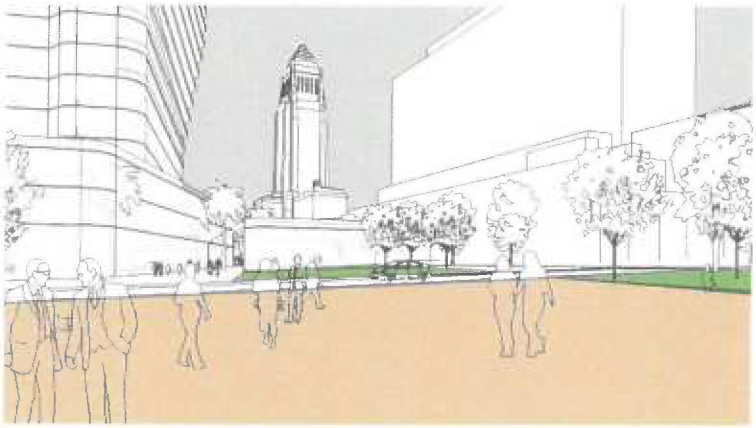
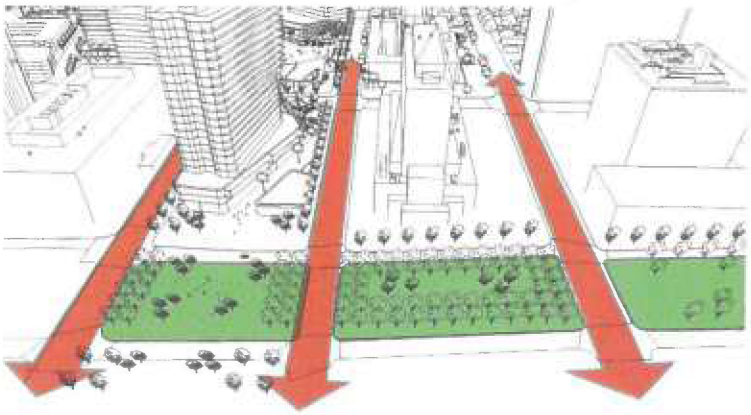


Figure 3.42 - New open space creates inviting links into Civic Center



Section 1-4 – Development Sequences

4 Development Sequences

Development sequencing looks at the possible phasing to implement a holistic plan. Development sequences have been evaluated by the collective members of the consultant team and city stakeholders and developed based on many influencing elements at the present time. These include:

- Real Estate Holding
- Financial Analyses
- Existing Lease Holding and Move Management

The Development Sequence can modify if the influencing elements change.

4.1 Master Development Plan Development Sequences

Figure 4.1 - Aerial View (Existing)

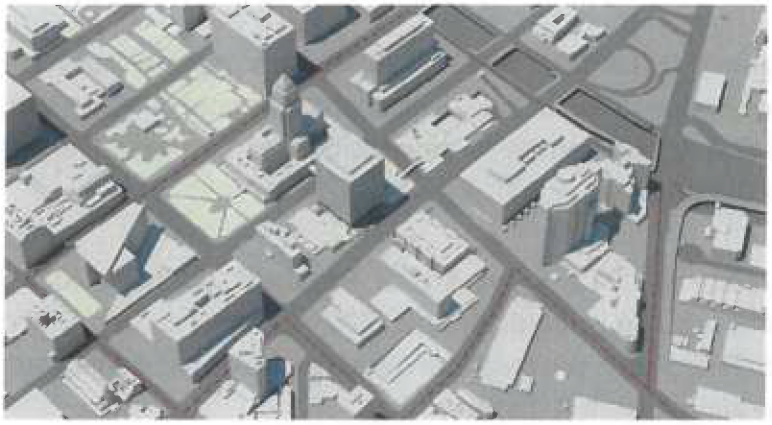
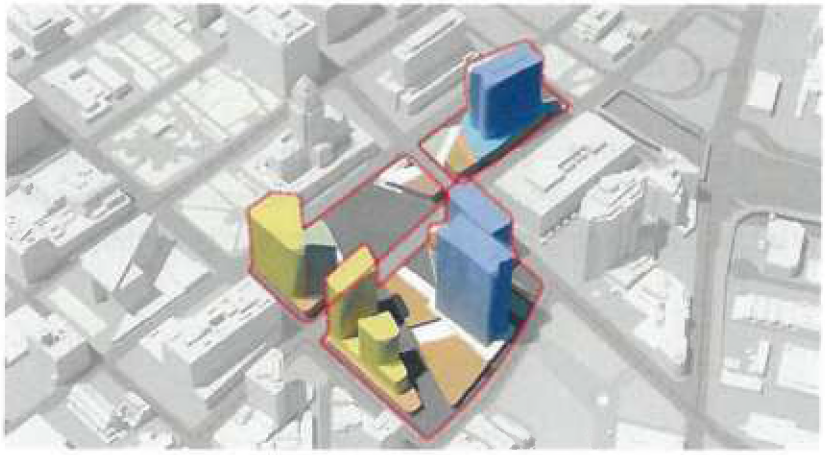


Figure 4.2 - Aerial view of Program Breakdown (full build out)



Preferred Scheme: Axis

The "Axis Scheme" as the preferred master development plan is broken down into distinct sequences. Each defined as a stand-alone development parcel. The proposed sequencing order, in coordination with the Financial Plan, has been designed to balance short-term needs for Civic Office space, life-expectancy of existing buildings, and financial benefits from early development of residential buildings and retail spaces. Although flexibility has been designed in the short-term to accommodate potential changes in the order in which they are developed, the established logic for their order is as follows:



Development Sequence A "Parker Center" (2017- 2020): EIR has already been started for this parcel, and it will provide over 50% of the total Civic Office space for the Master Development Plan.



Development Sequence B "City Hall South" (2019 – 2022): Condition of existing building is one of the worst in the study area, and it is to be replaced with housing and retail that provide financial incentives to the project and can help boost other private developments nearby.



Development Sequence C "LA Mall" (2021 – 2024): This phase will provide the rest of Civic Office space to reach the City's short-term goal of 1.2msf, as well as create a retail hub that can tie to development in La Plaza Cultura Village via the Park-101 proposal.



Development Sequence D "911 + 1st Street Parking" (2024 – 2027): Existing 911 operations building is relatively new (2001-3), and no Civic Office space is to be added. This phase will create another retail and residential hub that is essential to creating a vibrant district.

Development Sequence E "Metro Detention Center" (2027 – 2030): long-term phase that re-locates MDC to a location outside the Civic Center core area. It is replaced by a Civic Office tower that picks up the space needs of City Hall East.

Development Sequence F "City Hall East" (2030 – 2032): long-term phase that demolishes City Hall East but keeps the underground parking levels. This final Development Sequence creates the new Civic Square and a cultural building (i.e. museum, community center).

Table 4.1 - Area Breakdown (Full Build Out)

Total Build Out	All Development Sequences	Above-Grade New Const (sq ft)	Below-Grade New Const (sq ft)	Civic Office To Replace (sq ft)
	Civic Office	1,557,500		-350,000
	Housing	1,089,000		
	Retail (Net)	327,500		
	Flex (Education, Cultural, etc)	80,000		
	Cultural	32,000		
	Civic Plaza	45,000		
Total	*All areas are gross except for retail	3,131,000	1,641,000	-350,000
			Net Civic Office:	1,207,500

4.2 Development Sequence A: Parker Center (2017 – 2020)

Proposed Building

Development Sequence A builds out a new civic office tower to be occupied by several departments of the City of Los Angeles, currently located outside of the Civic Center core. The tower as defined by the "Preferred Alternative" in the Parker Center EIR will be a combined 750,000 gross square feet of office and retail space at or above grade (Table 4.2). Also included will be approximately 450,000 gross square feet of parking below grade. The limits of the buildable envelope are shown in red in Figure 4.5 to preserve development opportunities of future phases and implementation of the MDP. In the same figure, the approximate massing of the "Preferred Alternative" is depicted within the shaded red area.

Table 4.2 - Area Breakdown (Development Sequence A)

Development Sequence A: Parker Center	2017-2020	Above-Grade New Const (sq ft)	Below-Grade New Const (sq ft)	Civic Office To Replace (sq ft)
	Demolish Existing Parker Center			
Tower	Civic Office	660,000		
Podium	Civic Office	52,500		
Podium	Retail (Net)	37,500		
Underground	UG Parking + MEP (4 levels)		450,000	
Total	*All areas are gross except for retail	750,000	450,000	

Open Space and Site Circulation

A large public open space will occupy the area between the new civic building and Los Angeles Street (Figure 4.4). The MDP discourages moving buildings away from the public way as it disengages the building program and occupants from the activity of the streetscape. In this phase, backing the building away from the public way was necessary because of depth of the site in combination with the site's odd geometry. The large open space at Los Angeles Street will be linked to the entry of the civic building, as well as to Judge John Aiso Street via a pedestrian paseo that connects to Little Tokyo on the south side of the parcel that is equal to or greater than illustrated in the Parker Center EIR. In addition to functioning as the Civic Center's gateway to Little Tokyo, the pedestrian paseo will be activated with retail at the tower's first floor.

Figure 4.3- Aerial View (Development Sequence A)



Figure 4.4 - Plan (Development Sequence A)

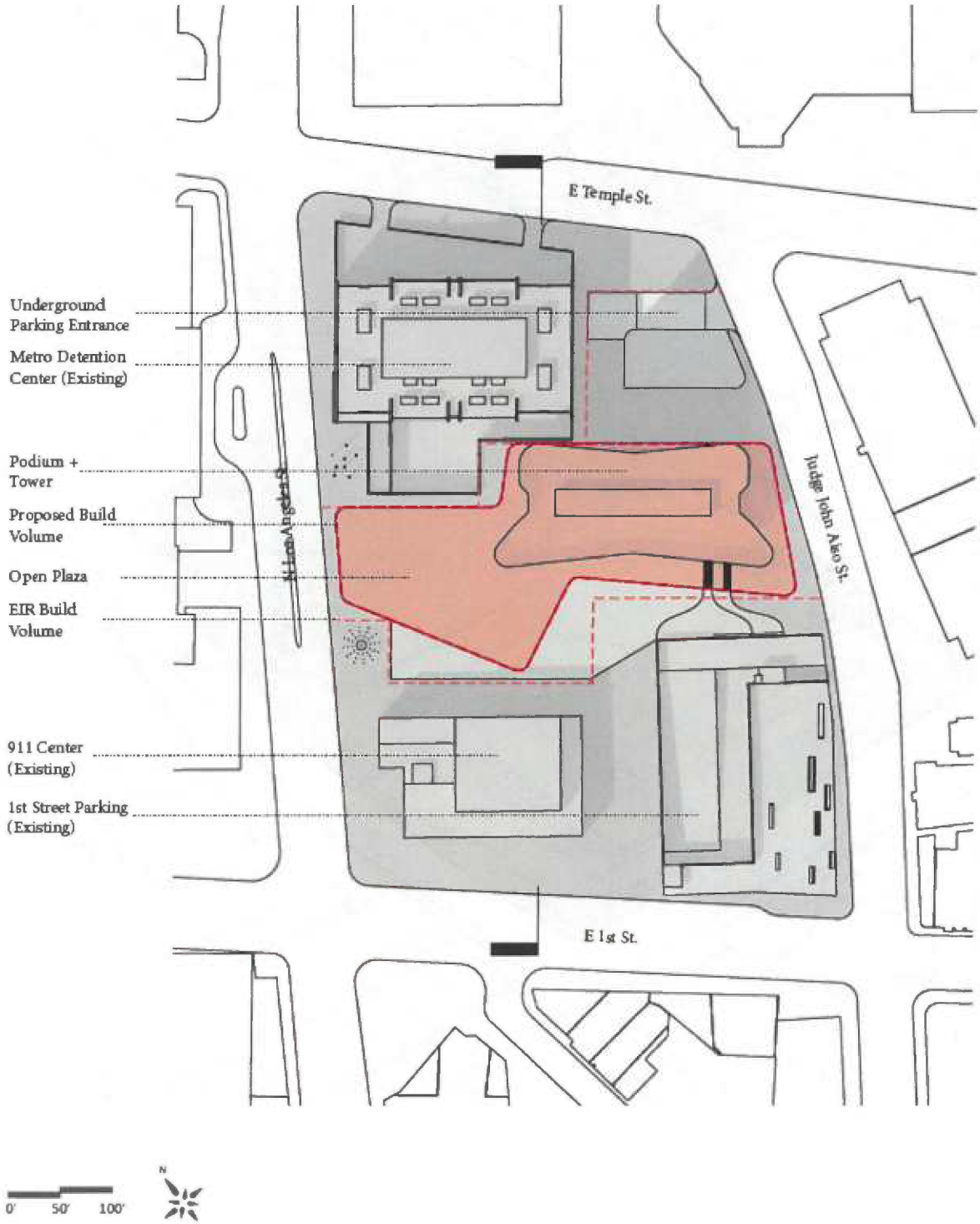


Figure 4.5 - EIR + Proposed Build Volume (Development Sequence A)

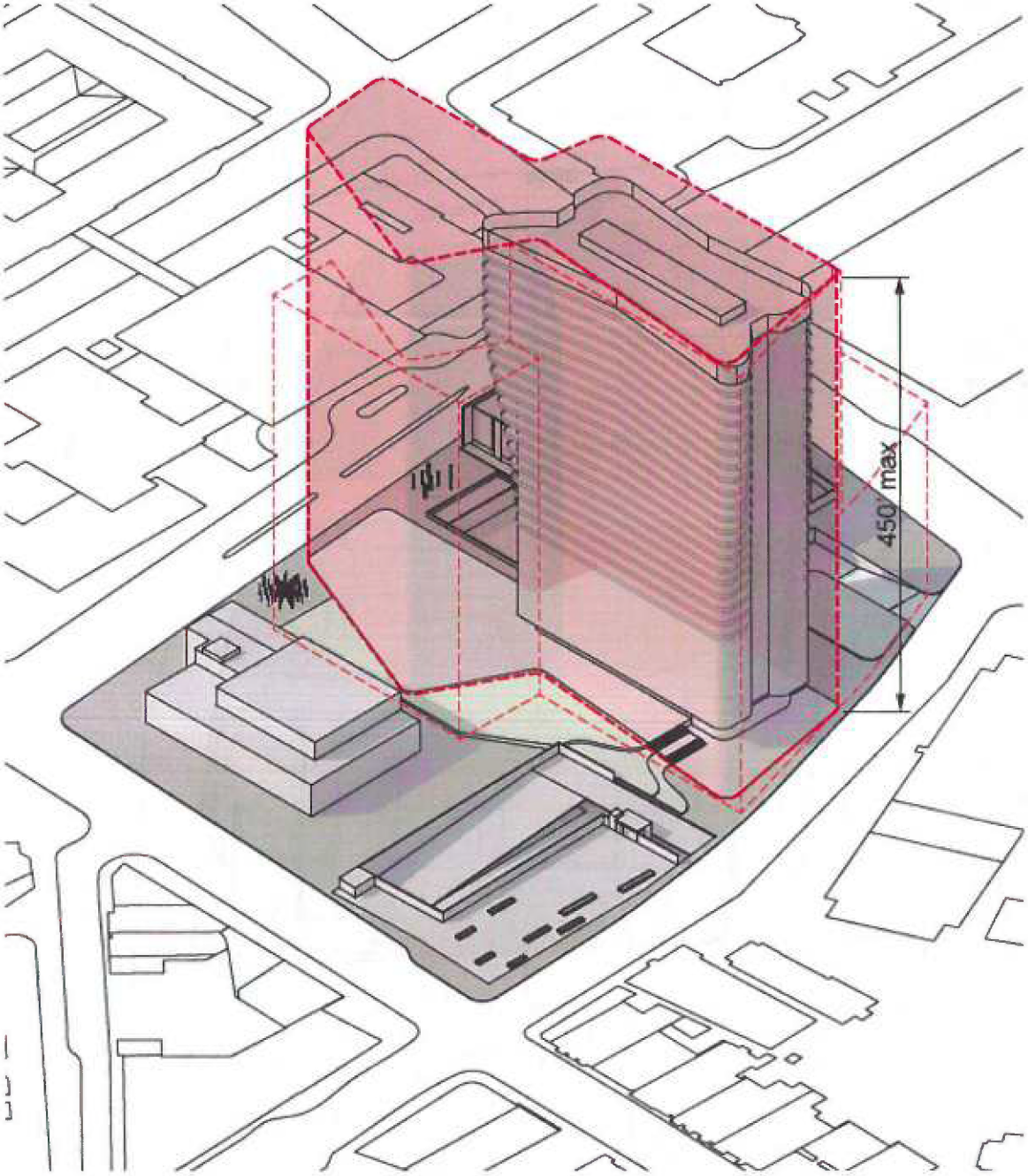


Figure 4.6 - N-S Section (Development Sequence A: Parker Center)

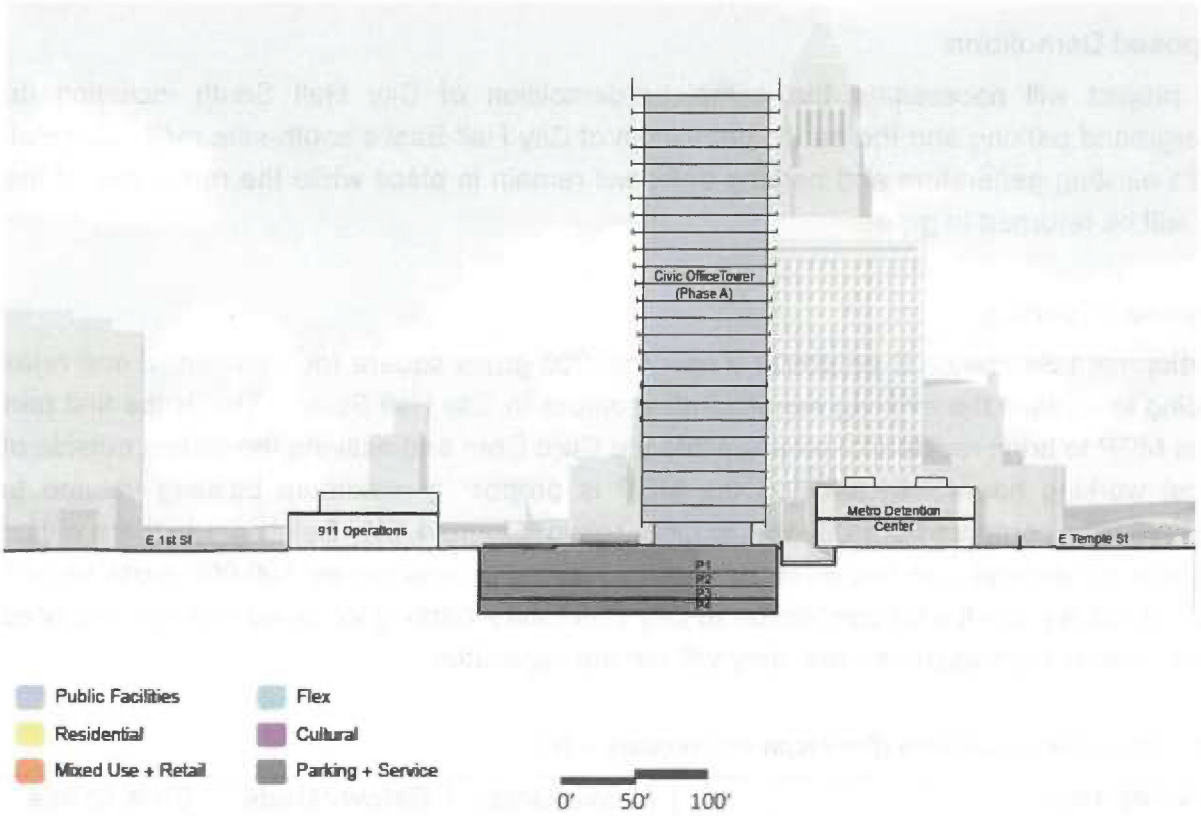


Figure 4.7 – Parker Center from Judge John Aiso Street



4.3 Development Sequence B: City Hall South (2019 – 2022)

Proposed Demolition

The project will necessitate the complete demolition of City Hall South including its underground parking and the partial demolition of City Hall East's south-side mall. City Hall East's existing generators and parking entry will remain in place while the remainder of the mall will be returned to grade.

Proposed Building

Development Sequence B proposes a new 659,000 gross square foot residential and retail building to replace the existing administrative offices in City Hall South. This is the first part of the MDP to bring residential program into the Civic Core and activate the district outside of typical working hours. In addition the MDP is proposing maximum building volume to preserve view corridors from City Hall to Little Tokyo (Figure 4.11). Below grade there will be one level of services and two levels of parking totaling approximately 300,000 gross square feet. There is potential for connection to City Hall East's parking lot though for the purposes of this exercise it is assumed that they will remain separated.

Table 4.3 - Area Breakdown (Development Sequence B)

Development Sequence B: CH-South	**2019-2022**	**Above-Grade New Const** (sq ft)	**Below-Grade New Const** (sq ft)	**Civic Office To Replace** (sq ft)
	Demolish Existing City Hall South			-40,000
Tower	Housing	546,000		
Podium	Housing	23,000		
Podium	Retail (Net)	90,000		
Underground	UG Parking + MEP (3 levels)		300,000	
Total	*All areas are gross except for retail	659,000	300,000	-40,000

Open Space and Site Circulation

There will be a dedicated open space on Main Street to serve the residential building and provide a buffer to City Hall East. This space will connect to Los Angeles Street through new pedestrian access.

Figure 4.8 - Aerial (Development Sequence B)

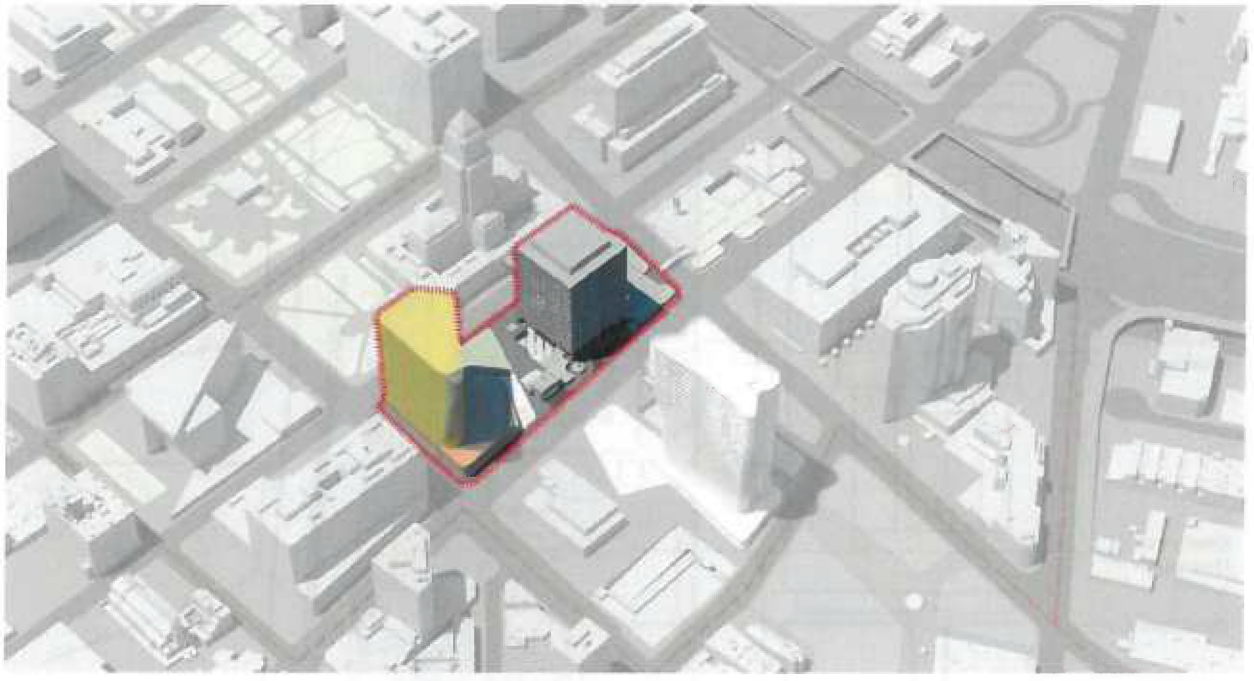


Figure 4.9 - Plan (Development Sequence B)

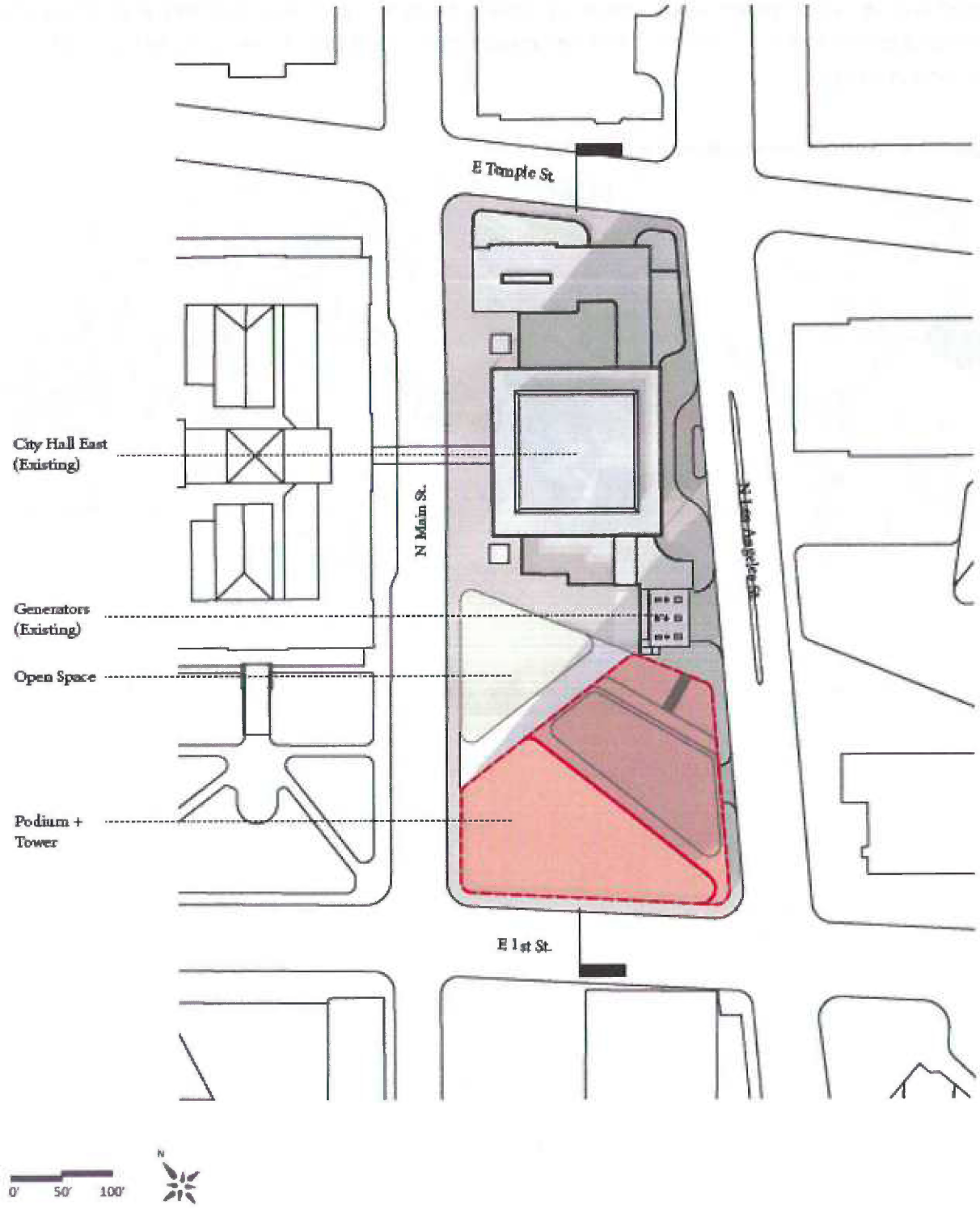


Figure 4.10 - Proposed Build Volume (Development Sequence B)



Figure 4.11 - N-S Section (Existing)

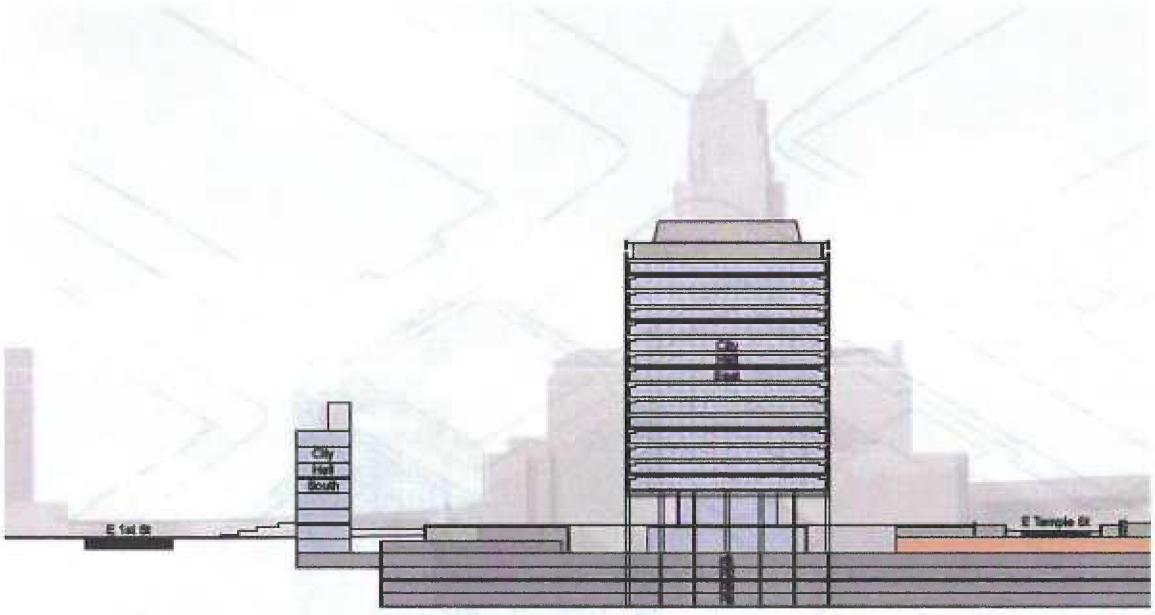


Figure 4.12 - N-S Section (Development Sequence B)

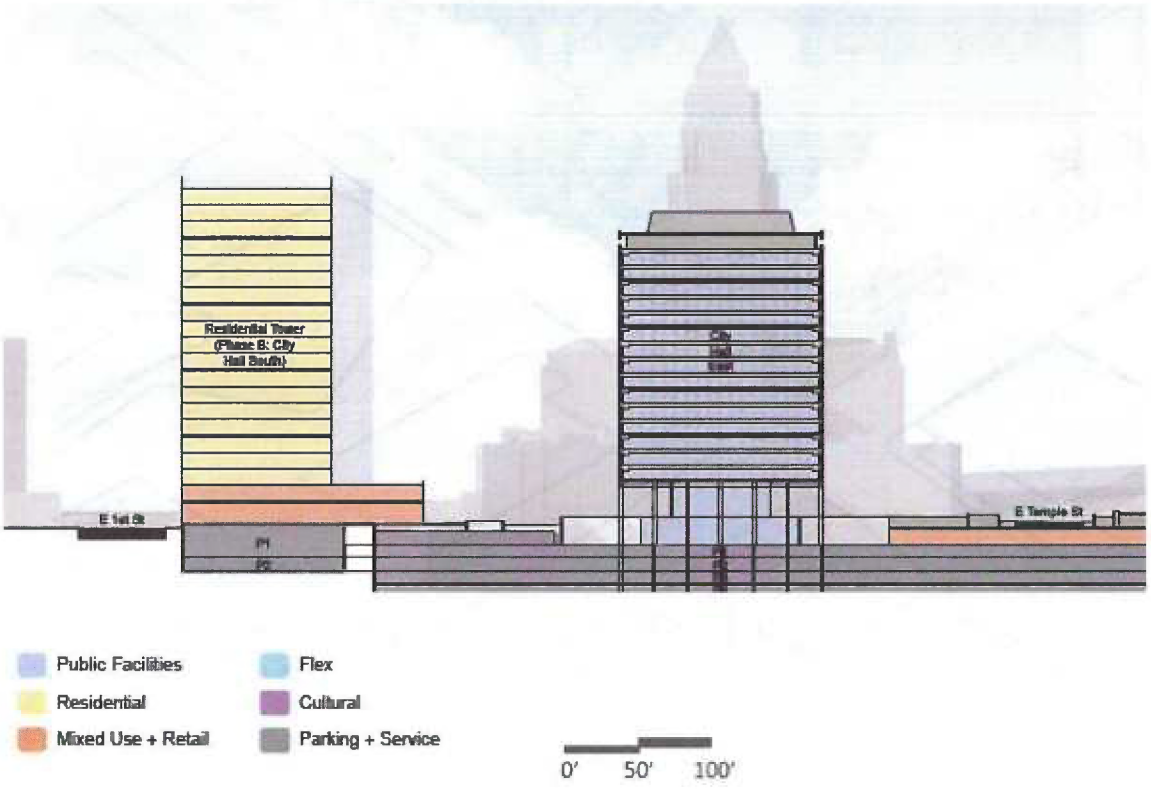


Figure 4.13 – View from Judge John Aiso Street



4.4 Development Sequence C: L.A. Mall (2021 – 2024)

Proposed Building

Development Sequence C proposes two buildings with 675,000 gross square feet of civic, flex and retail program above grade (Table 4.4). The first mass is a tower and podium comprised of a podium with first floor retail and second floor flex spaces with an office tower that is not to exceed three hundred ninety feet above grade. The second mass is an accessory building intended to contain retail, while framing and activating the pedestrian paseo. Both buildings have maximum build volume to preserve the view corridor from City Hall to Union Station (Figure 4.17). The two buildings will sit atop five levels of underground parking totaling 515,000 gross square feet.

Table 4.4 - Area Breakdown (Development Sequence C)

Development Sequence C: LA Mall	2021-2024	Above-Grade New Const (sq ft)	Below-Grade New Const (sq ft)	Civic Office To Replace (sq ft)
	Demolish Existing LA Mall + UG Parking			-10,000
Tower	Civic Office	515,000		
Podium	Civic Office	30,000		
Podium	Flex (Education, Cultural, etc)	80,000		
Podium	Retail (Net)	50,000		
Underground	New UG Parking (5 Levels)		515,000	
Total	*All areas are gross except for retail	675,000	515,000	-10,000

Open Space and Site Circulation

The importance of public transportation to the future function of the Civic Center makes this parcel's site circulation a critical connection point between the Civic Center and Union Station. The MDP assumes Park 101 will be completed and will serve as the bridge between Development Sequence C project and Union Station. The connection begins with a mid-block crossing of Aliso Street to a pedestrian paseo framed by a gallery of ground floor retail programing and terminating at a large open plaza on the corner of Temple Street and Main Street. The bridge connecting City Hall East and the L.A. Mall will also be removed in Development Sequence C.

Figure 4.14 - Aerial (Development Sequence C)

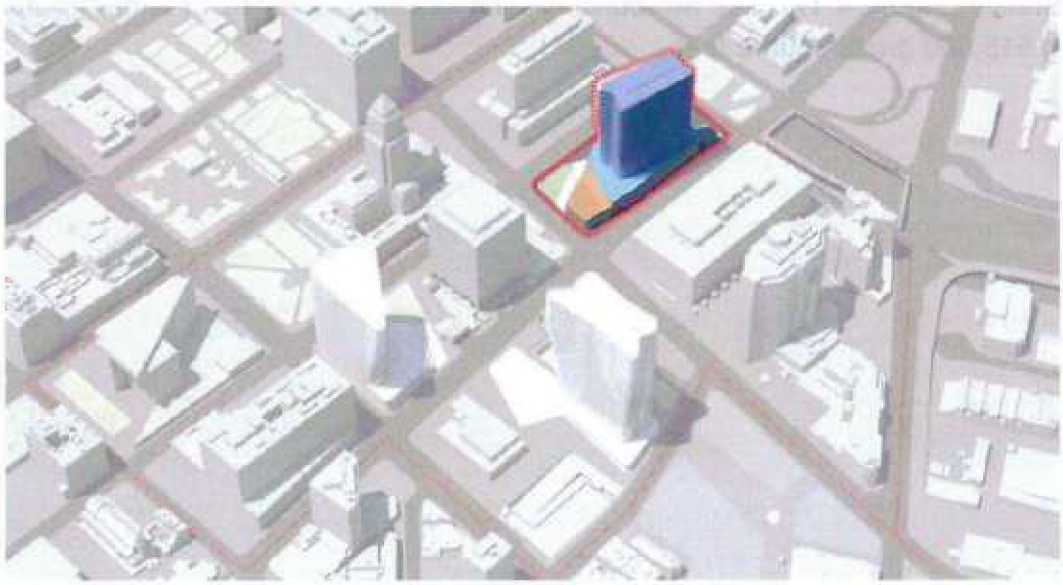


Figure 4.15 - Plan (Development Sequence C)

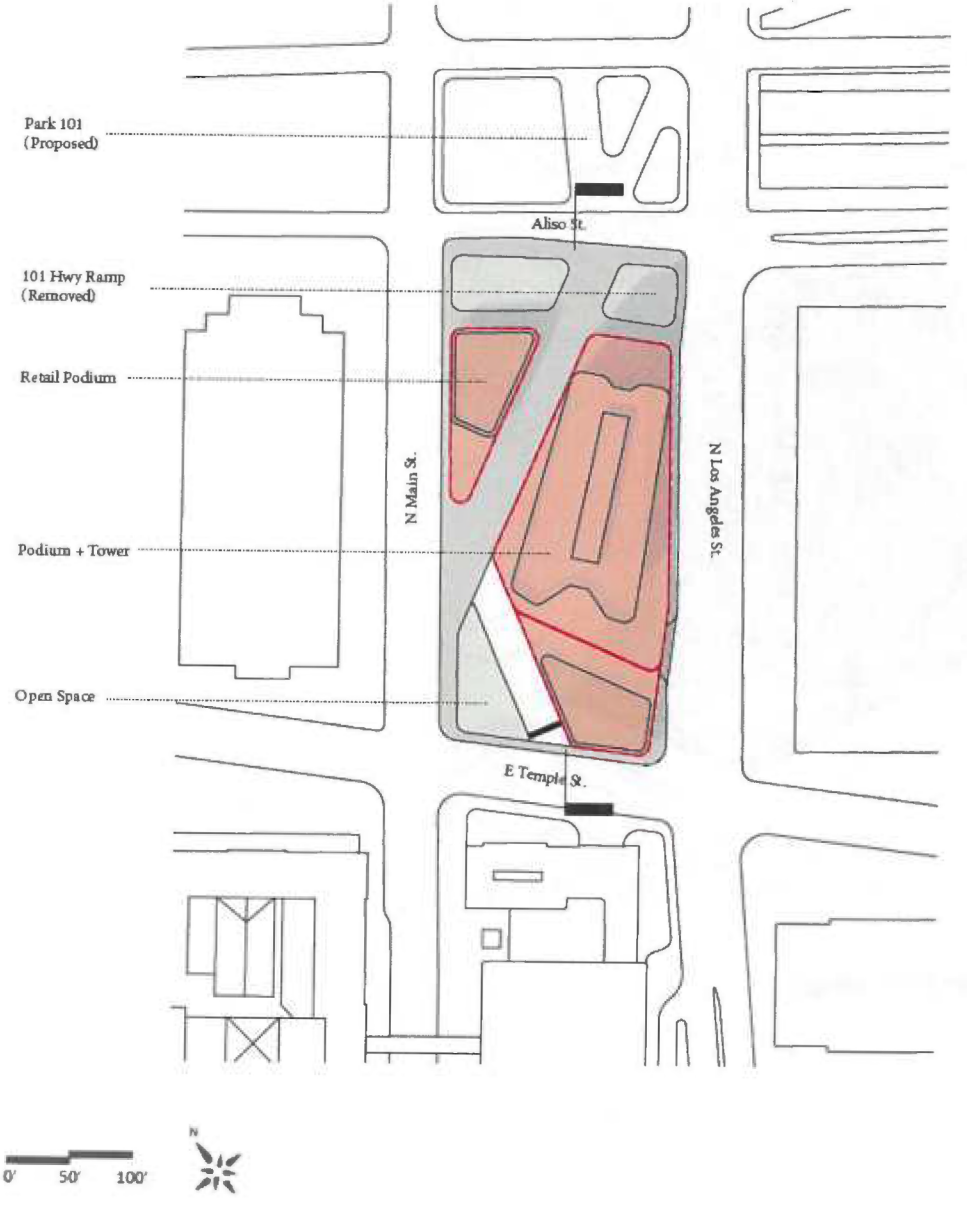


Figure 4.16 - Proposed Build Volume (Development Sequence C)

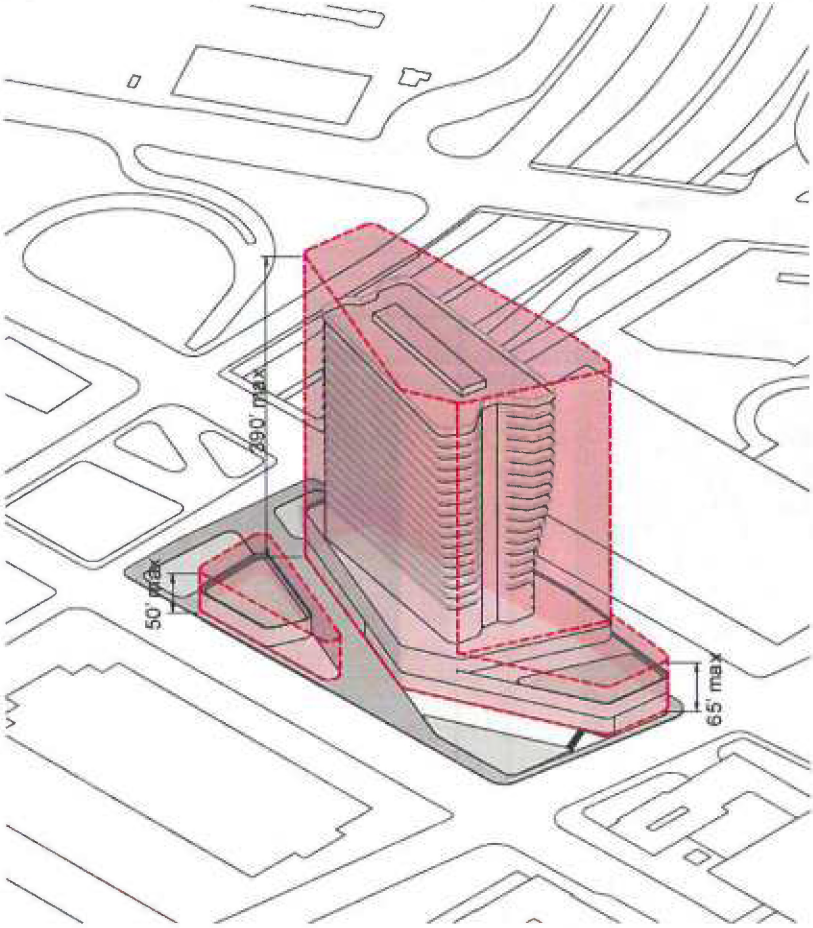


Figure 4.17 - N-S Section (Existing)

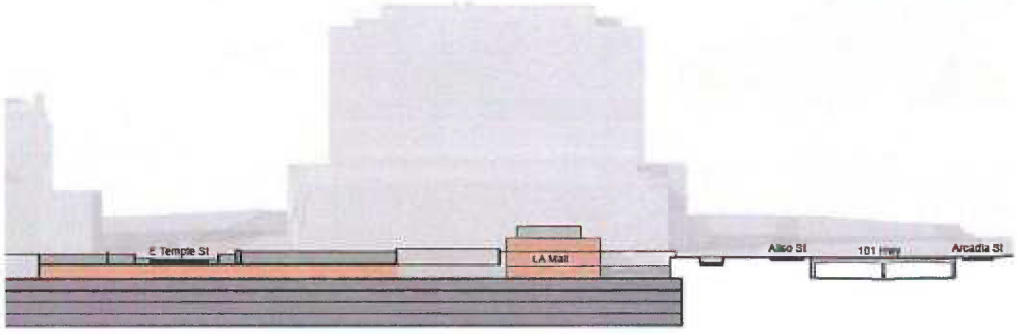


Figure 4.18 - N-S Section (Development Sequence C)

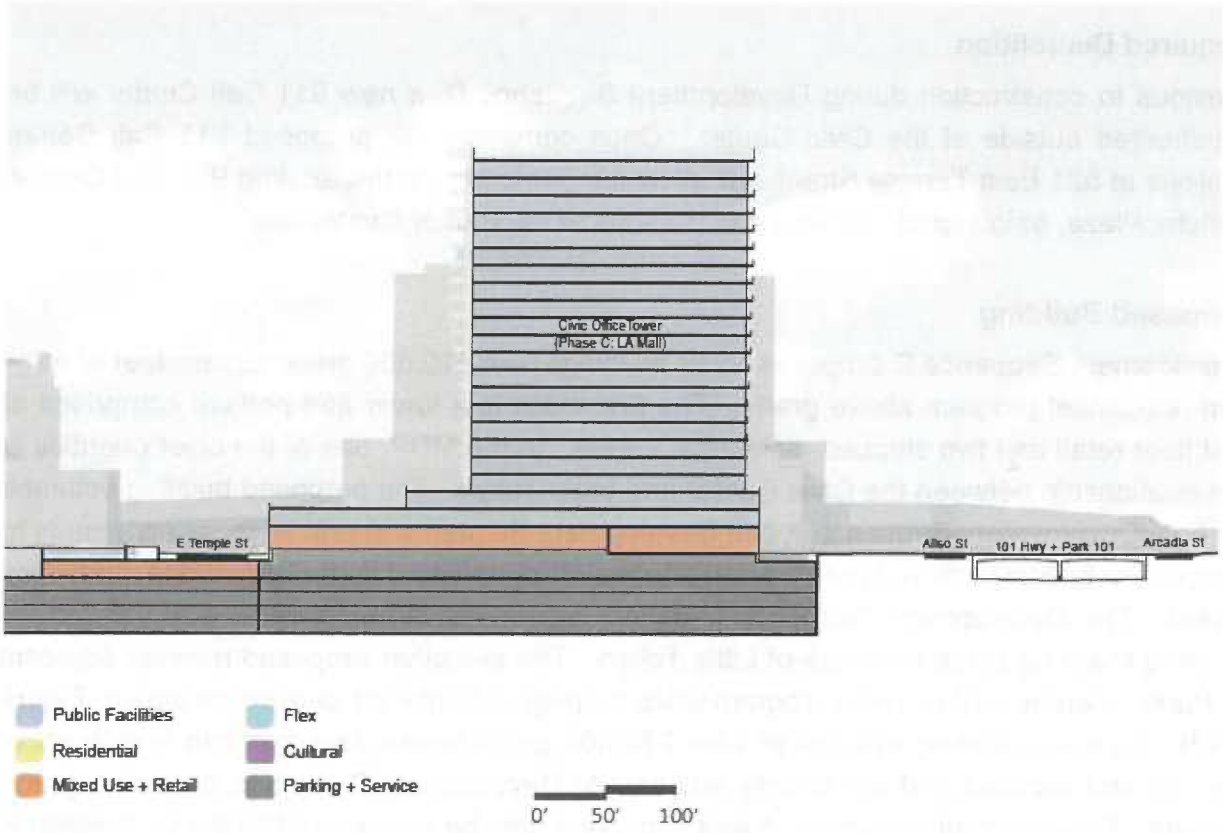


Figure 4.19 - View from Parker Center



4.5 Development Sequence D: 9-1-1 Call Center (2024 – 2027)

Required Demolition

Previous to construction during Development Sequence D, a new 911 Call Center will be constructed outside of the Civic Center. Once complete, the proposed 911 Call Center facilities at 521 East Temple Street, will allow the demolition of the existing 911 Call Center, Toriumi Plaza, below grade parking and portions of the Parker Center Site.

Proposed Building

Development Sequence D proposes three buildings with 610,000 gross square feet of retail and residential program above grade. The first mass is a tower and podium comprised of first floor retail and two stepped residential towers. In the MDP, one of the chief priorities is the relationship between the Civic Center and Little Tokyo. The proposed building volumes for both Development Sequence A and Development Sequence D restrict massing heights to ensure the buildings do not create a continuous massive street wall along Judge John Aiso Street. The Development Sequence D towers also steps in height in an effort to reduce building massing along the edge of Little Tokyo. The two other proposed masses adjacent to Parker Center contain retail program while helping to frame the pedestrian paseo (Figure 4.23). All three building masses sit atop 276,000 gross square feet split into two levels of parking and services that are directly adjacent to Development Sequence A's below grade parking. Development Sequence A and D parking may be connected but the connection is not a requirement of the MDP.

Table 4.5 - Area Breakdown (Development Sequence D)

Development Sequence D: 9-1-1 Call Center	2024-2027	Above-Grade New Const (sq ft)	Below-Grade New Const (sq ft)	Civic Office To Replace (sq ft)
	Demolish Existing 9-1-1 Call Center + Parking Structure			
2 Towers	Housing	490,000		
Podium, 911	Housing	30,000		
Podium, PC	Retail (Net)	60,000		
Podium, 911	Retail (Net)	30,000		
Underground	UG Parking + MEP (2 levels)		276,000	
Total	*All areas are gross except for retail	610,000	276,000	

Open Space and Site Circulation

The Promenade re-establishes the physical and visual connection between the Civic Center and Little Tokyo. Beginning at Los Angeles Street and finishing at a public square on the

corner of First Street and Judge John Aiso Street, this pedestrian paseo will be one of the most public and active areas in the MDP. It is central mixing space of residential units, retail development, consolidated City Administrative offices, Little Tokyo, and the new Little Tokyo Metro Station. Other proposed but non-budgeted open spaces include private outdoor space for the residential tower as well as private open spaces for the office and retail program of the Parker Center podium.

Figure 4.20 - Aerial (Development Sequence D)



Figure 4.21 - Plan (Development Sequence D)

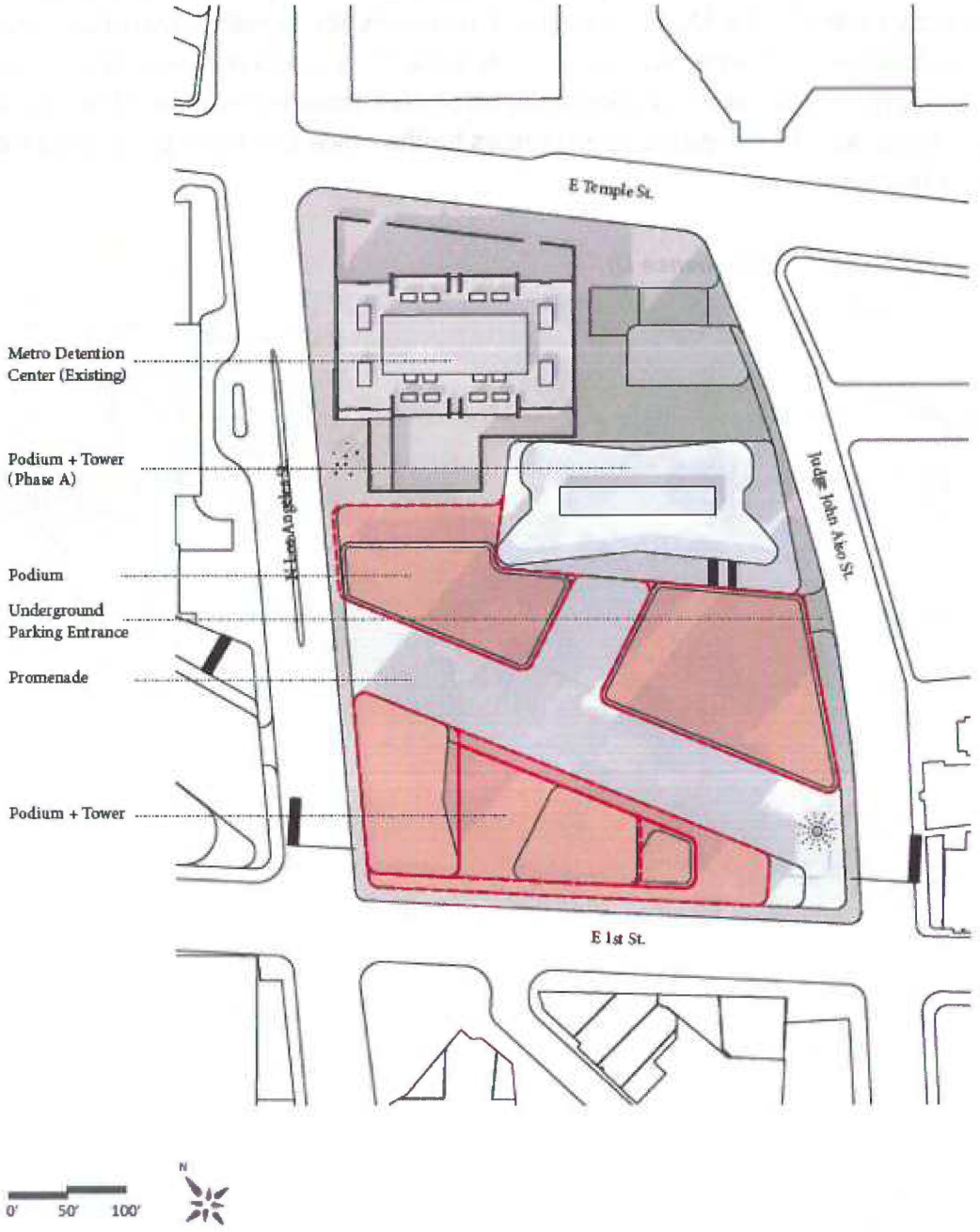


Figure 4.22 - Proposed Build Volume (Development Sequence D)

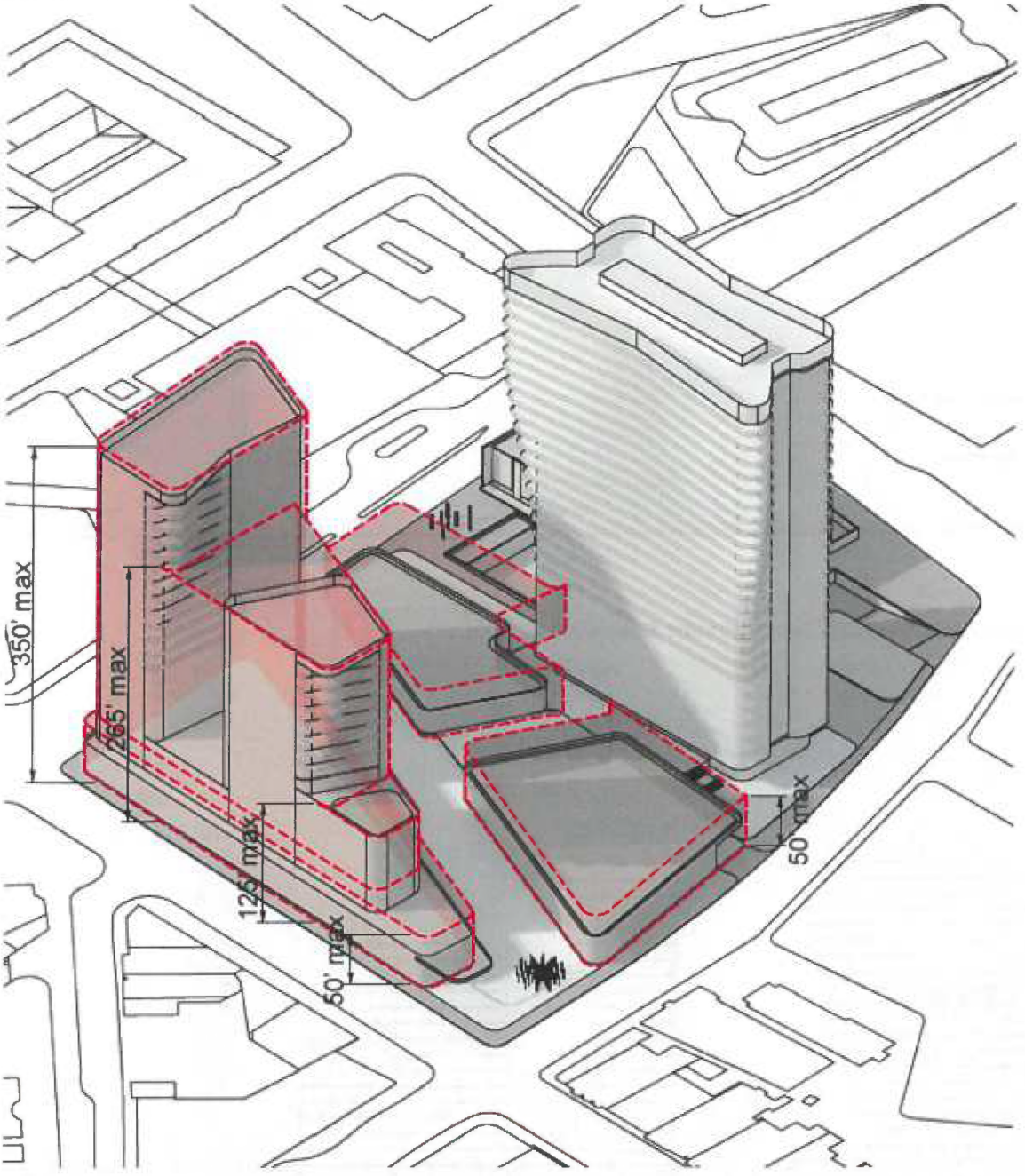


Figure 4.23 - N-S Section (Existing)

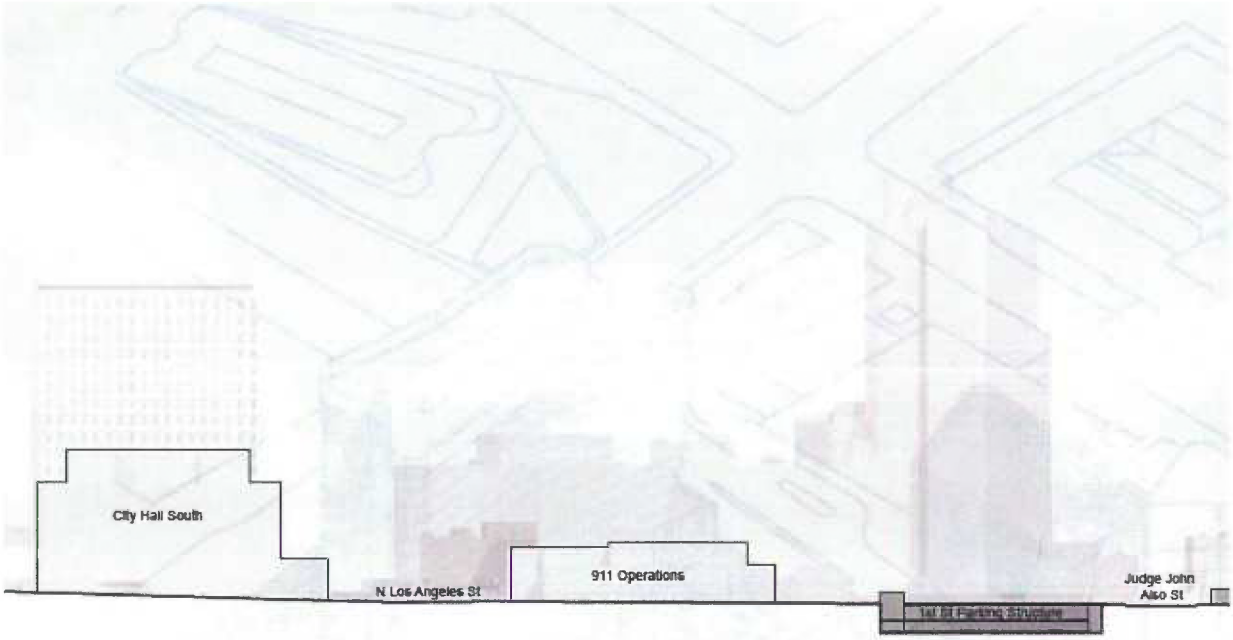


Figure 4.24 - N-S Section (Development Sequence D)

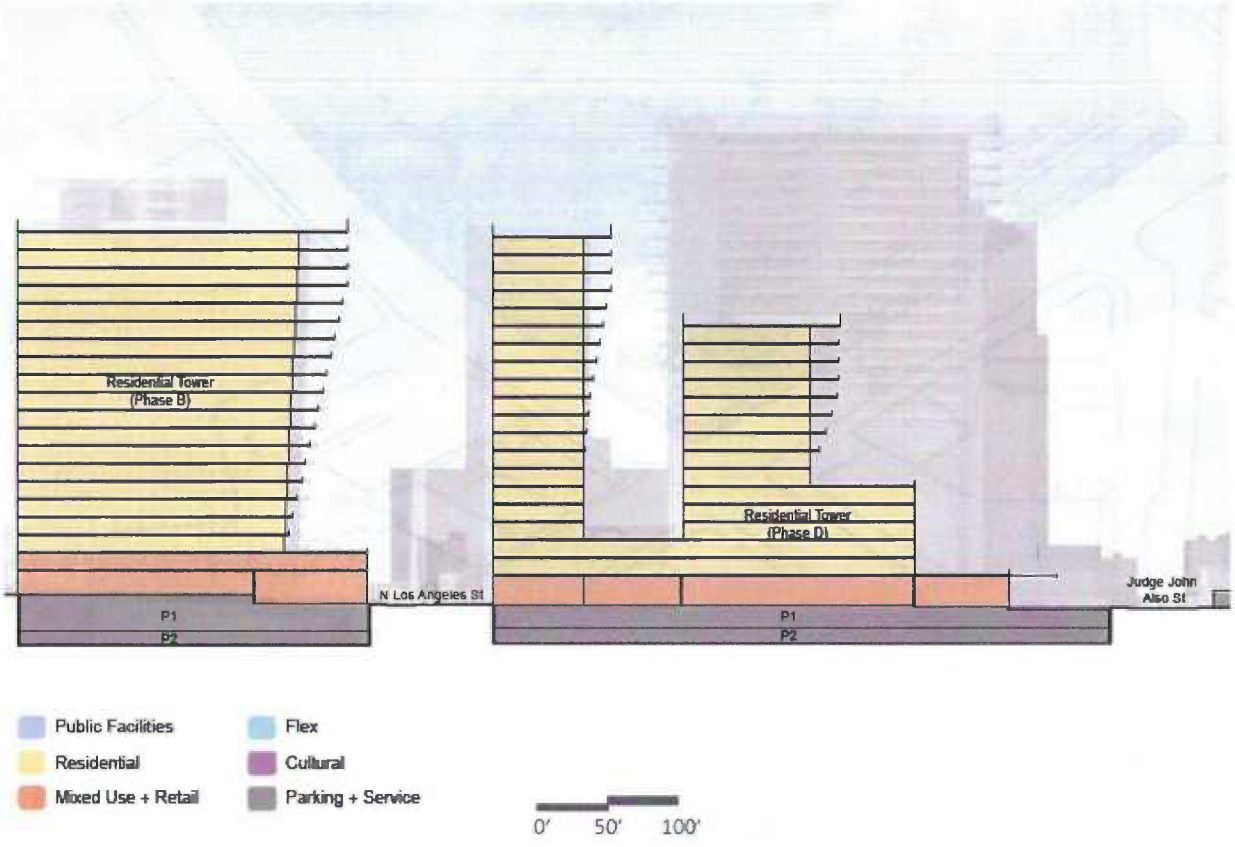


Figure 4.25 – View of Promenade from Judge John Aiso Street



4.6 Development Sequence E: Metro Detention Center (2027 – 2030)

Required Demolition

Demolition of the LAPD Metropolitan Detention Center will be required for the completion of Development Sequence E. While the demolition of the building is within the scope of the MDP, the report did not relocate this required facility.

Proposed Building

Development Sequence E constructs a single podium and tower composed of 360,000 gross square feet of civic office and retail space with a maximum height of 330 feet. This mass will sit atop of 100,000 gross square feet of underground parking and service space split into two levels (Figure 4.29).

Table 4.6 - Area Breakdown (Development Sequence E)

Development Sequence E: MDC	2027-2030	Above-Grade New Const (sq ft)	Below-Grade New Const (sq ft)	Civic Office To Replace (sq ft)
	Demolish Existing Metropolitan Detention Center			
Tower	Civic Office	250,000		
Podium	Civic Office	50,000		
Podium	Retail	60,000		
Underground	UG Parking + MEP (2 levels)		100,000	
Total	*All areas are gross except for retail	360,000	100,000	

Open Space and Site Circulation

The Paseo nested between the Development Sequence E and Development Sequence A developments is the Civic Center's linkage to Little Tokyo's planned development of the Go-For-Broke Monument and the Cultural Walk. The public plaza on Los Angeles Street funnels between the two buildings and connects to the Go-For-Broke monument with an expanded mid-block crossing (see 3.10.3 Shared Street).

Figure 4.26 - Aerial (Development Sequence E)

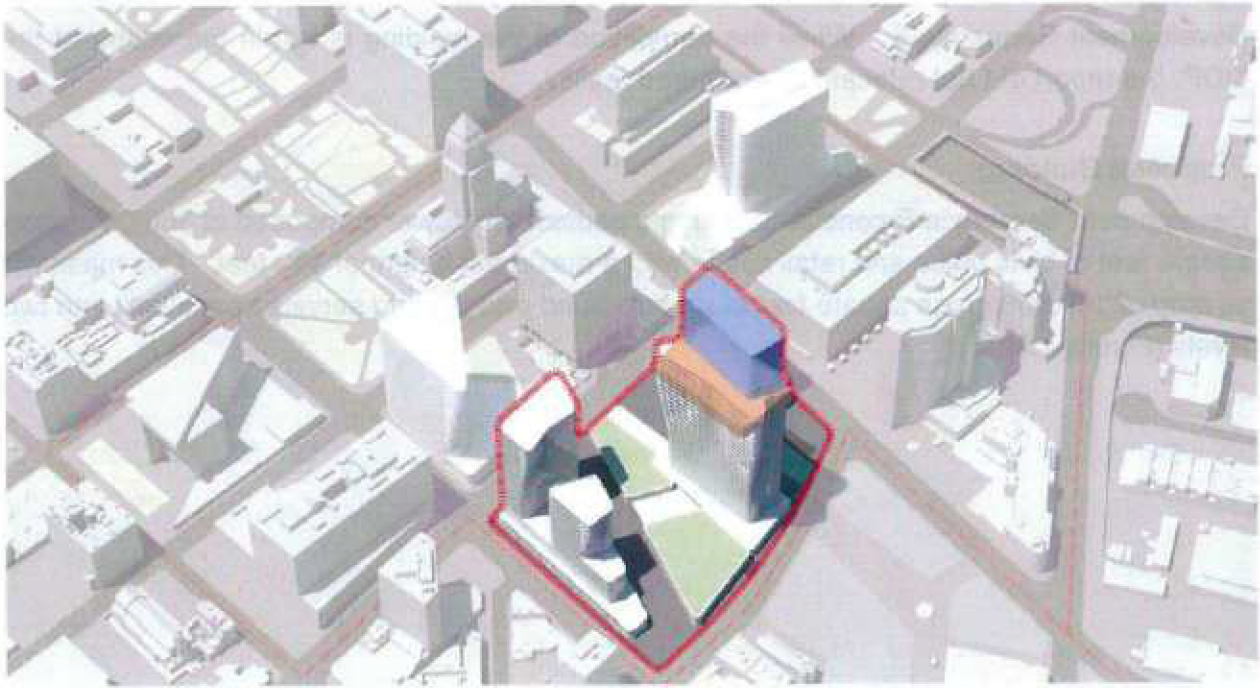


Figure 4.27 - Plan (Development Sequence E)

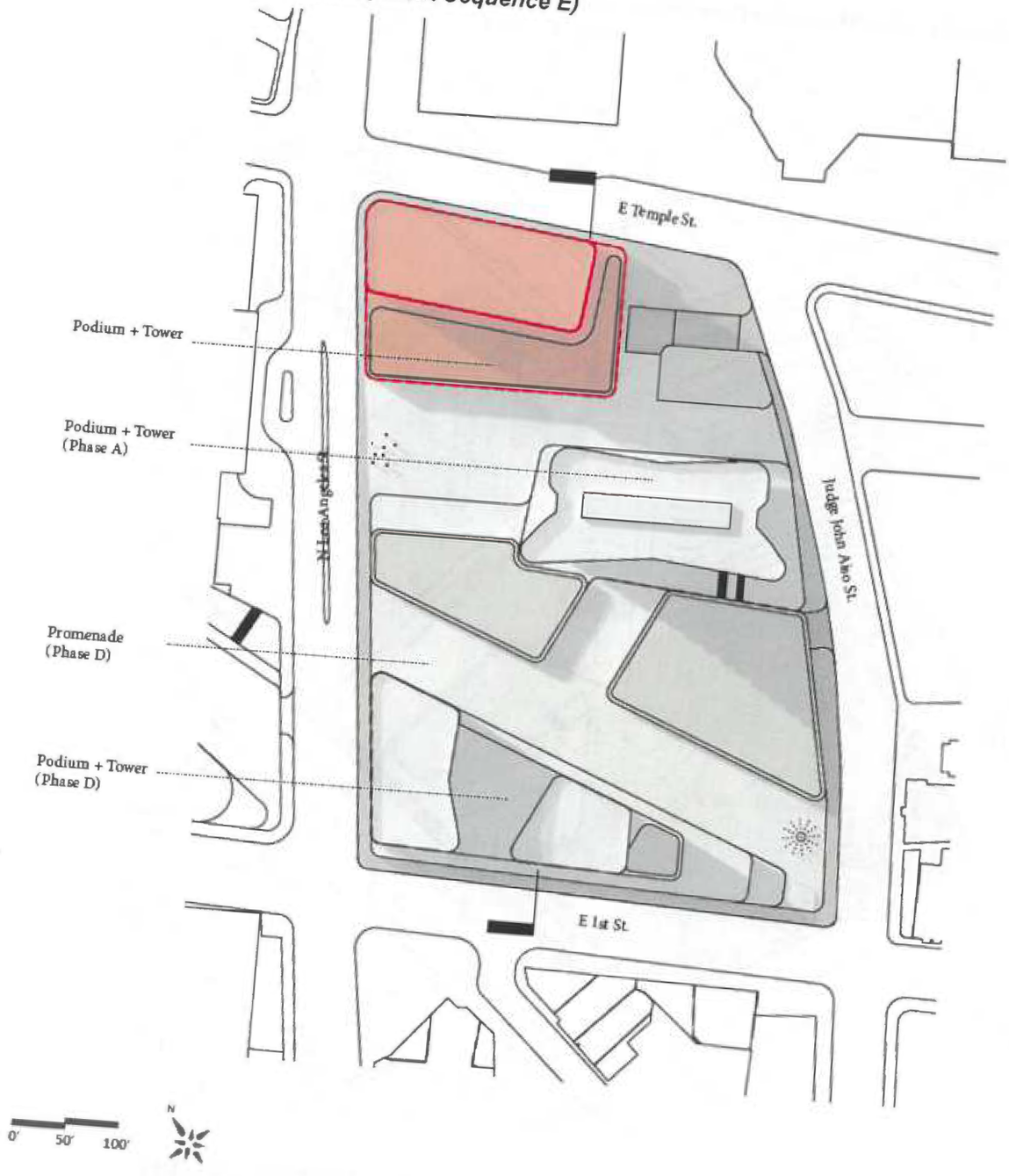
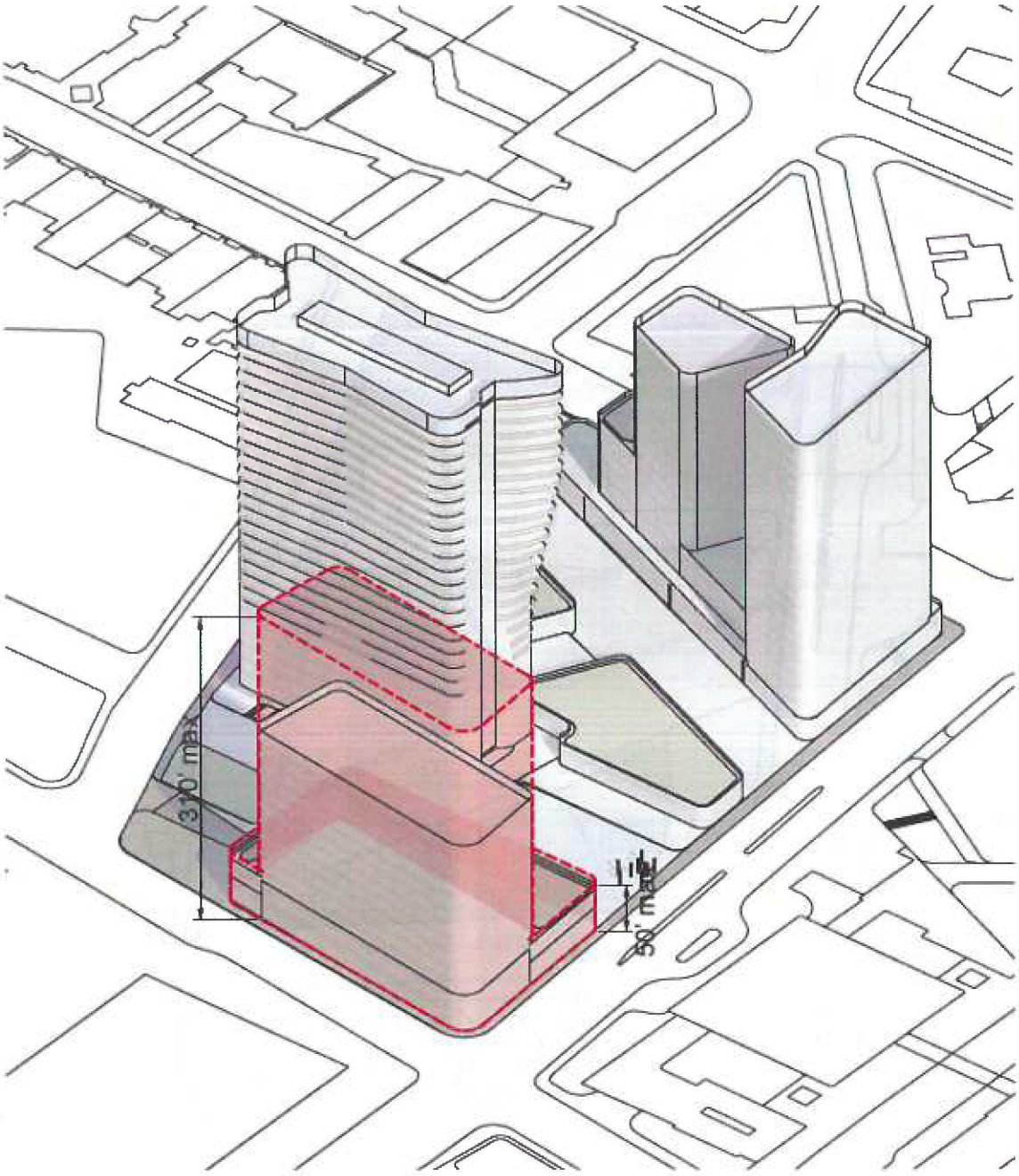


Figure 4.28 - Proposed Build Volume (Development Sequence E)



4.7 Development Sequence F: City Hall East (2030 – 2032)

Required Demolition

The final Development Sequence calls for the demolition of City Hall East. The demolition will be limited to the structure above grade. The four floors below grade composed of approximately 658,000 gross square feet of parking will remain in place. Necessary egress and access required for maintaining facilities located in the parking levels will need to be maintained by incorporating them into the new sequence.

Table 4.7- Area Breakdown (Development Sequence F)

Development Sequence F: CH-East	2030-2032	Above-Grade New Const (sq ft)	Below-Grade New Const (sq ft)	Civic Office To Replace (sq ft)
	Demolish Existing CH-East			-300,000
Podium	Cultural	32,000		
Open Space	Civic Plaza	45,000		
Underground	UG Parking + MEP (Existing to Remain)			
Total	*All areas are gross except for retail	77,000		-300,000

Open Space and Amenity Building

The MDP proposes a new civic square built on the underground structure of City Hall East. This open space is the central connection to all the buildings, plazas, and pedestrian paseos. It will be the signature open space of the City of Los Angeles and include a 32,000 gross square foot cultural building used for ceremonies, press conferences, or cultural events hosted by the City of Los Angeles.

Figure 4.29 - Aerial (Development Sequence F)

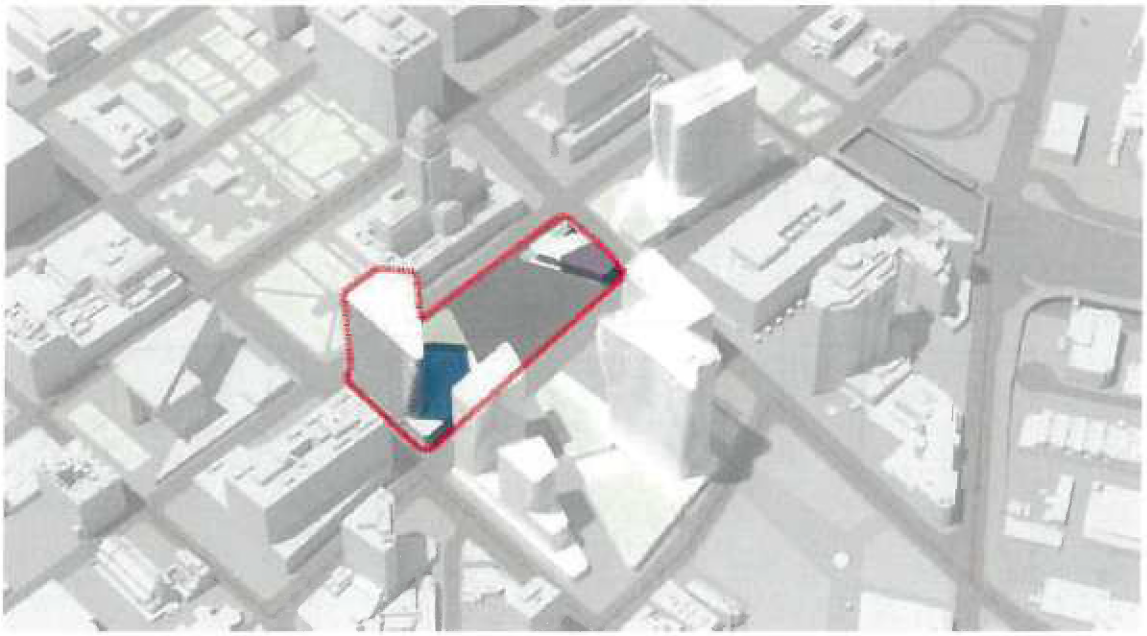


Figure 4.30 - Plan (Development Sequence F)

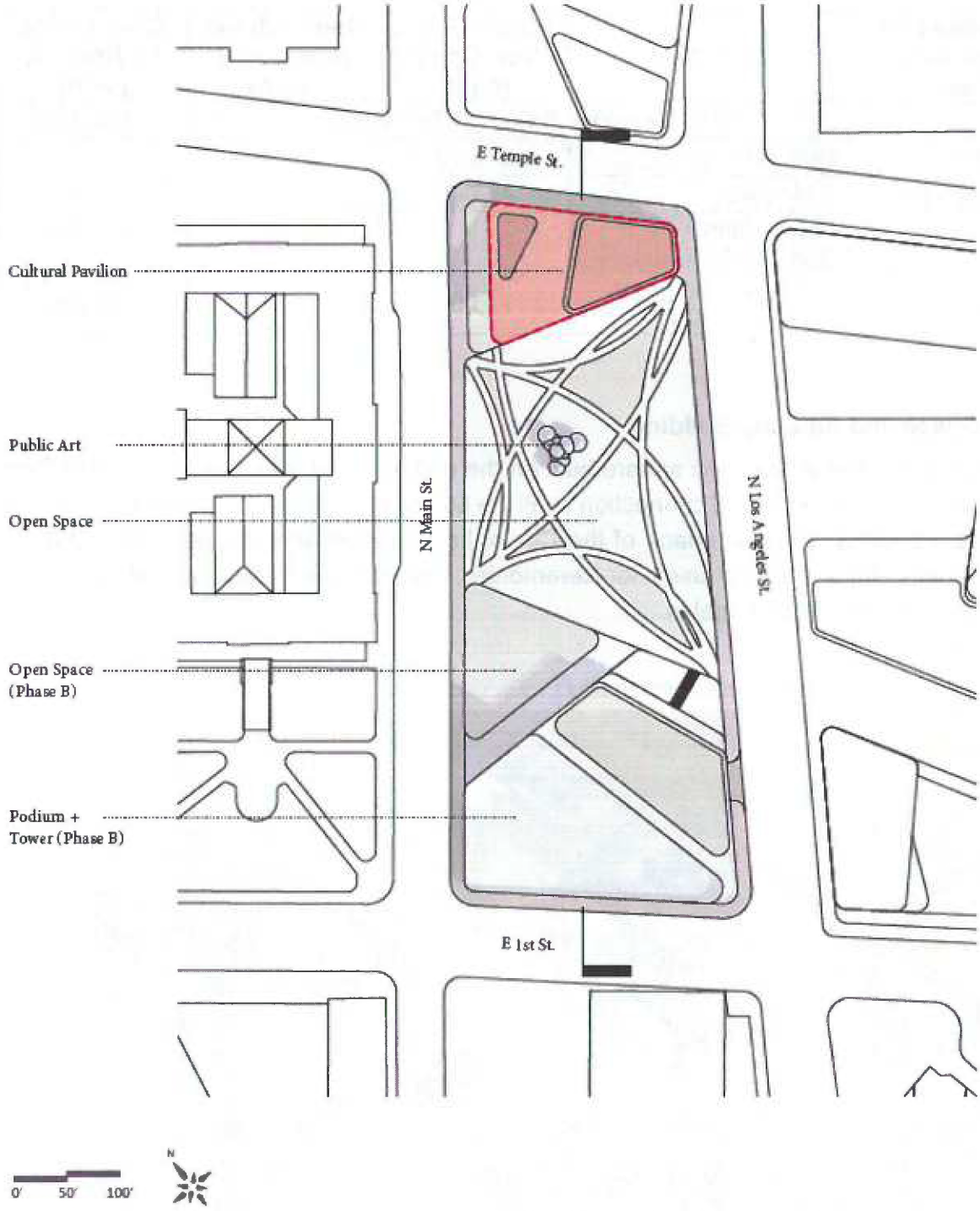


Figure 4.31 - Proposed Build Volume (Development Sequence F)

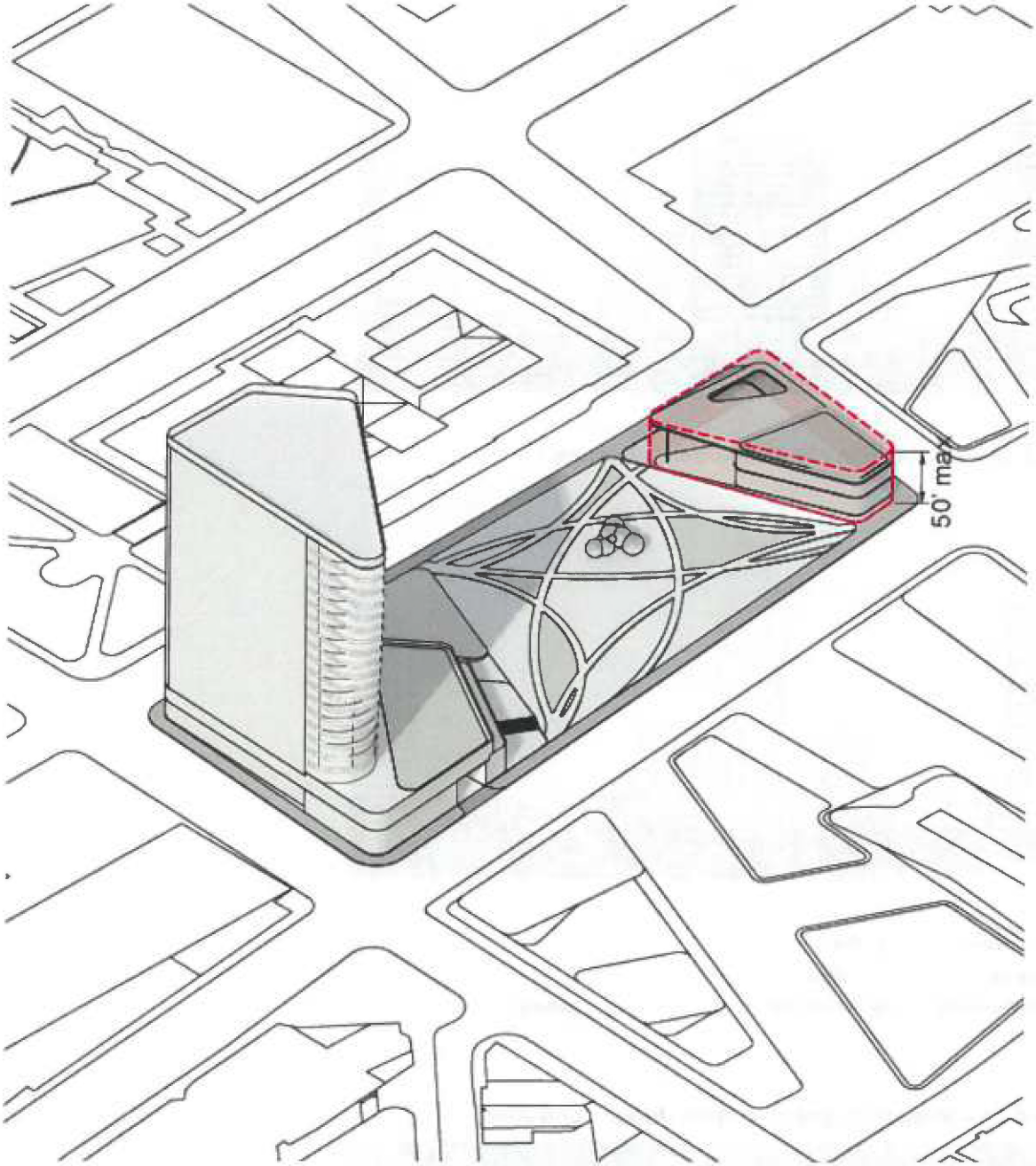


Figure 4.32 - N-S Section (Existing)

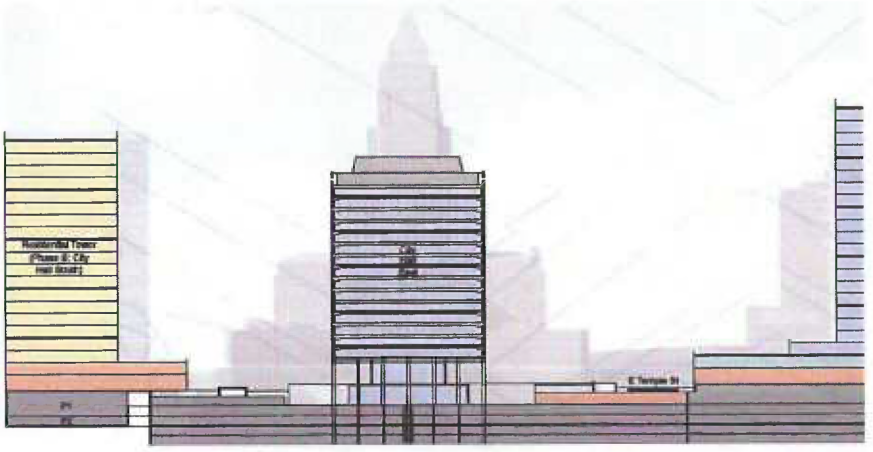


Figure 4.33 - N-S Section (Development Sequence F)

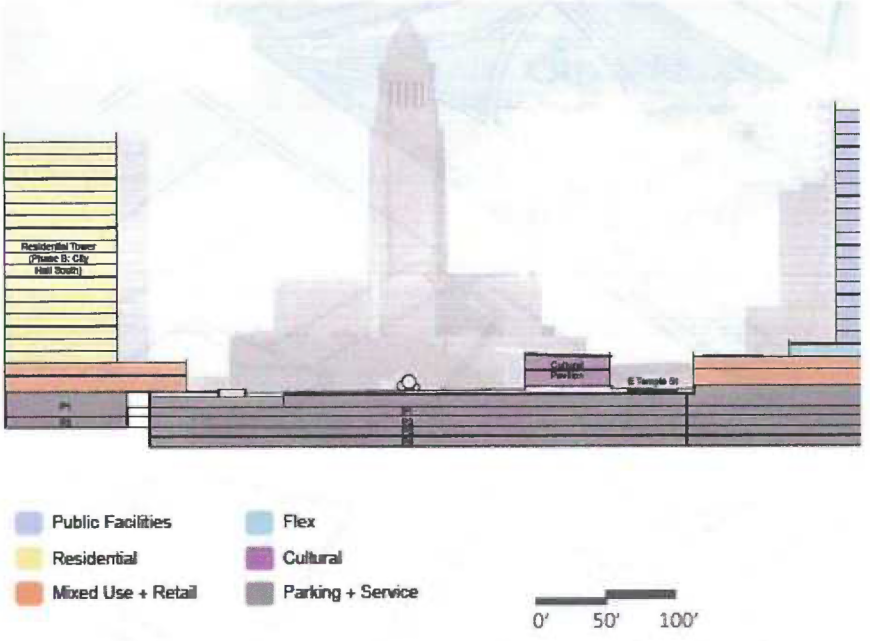


Figure 4.34 – View of Promenade from Judge John Aiso



Section 1-5 – Urban Design Guidelines

5 Urban Design Guidelines

5.1 Introduction and Overview
5.2 Livable and Sustainable Downtown
5.3 Sidewalks and Setbacks
5.4 Ground Floor Treatment
5.5 Parking and Access
5.6 Massing and Street Wall
5.7 On-site Open Space and Landscaping
5.8 Architectural Detail
5.9 Streetscape Improvements
5.10 Signage
5.11 Public Art
5.12 Civic and Cultural Life
5.13 Safety and Security
5.14 Design Excellence
5.15 Green Infrastructure

5.1 Overview

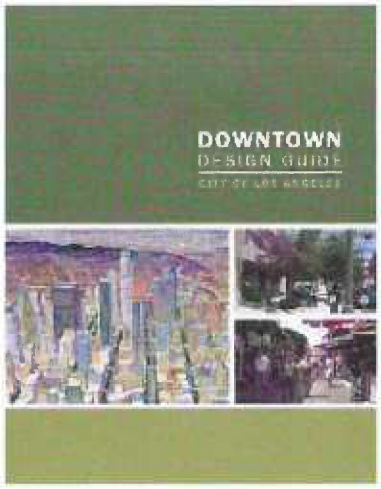
Purpose

A number of the buildings within the Master Development Plan Study Area were built one at a time, over different periods of time, in order to satisfy the immediate and department-specific needs within the framework of single-use public facilities zoning. This single-use, one-building-at-a-time approach has resulted in a fragmented identity that lacks the pedestrian-friendliness and connectivity required for placemaking, while at the same time, and reduces flexibility for the city to transform and evolve their space needs now and into the future.

The proposed Master Development Plan has been designed to create a new, cohesive, connected and dynamic mix-use campus that leverages the full benefits that of the site's proximity to high quality public transit and access to nearby downtown's cultural and entertainment opportunities.

These guidelines, taking in combination with the Framework plan form a cohesive long-term vision and strategy for implementation that will guide development in a way that is consistent with the long term strategies identified in the Central City Plan and re:code LA.

Relationship to Downtown Design Guide



Using the existing City of Los Angeles Downtown Design Guide as a base that will be amended by this document to ensure the Master Development Plan is implemented as planned, the intent of the Civic Center Urban Design Guidelines is clarify, strengthen and/or amend, where necessary, the standards and guidelines already established in ways that are specific to the Civic Center Study Area and its immediate surroundings.

Section 4: Phasing - Provides additional information and requirements that are part of the Urban Design Guidelines. It provides information for specific parcels related to:

- Maximum Heights
- Building footprint
- View Corridors

Guiding Urban Design Principles



Figure 5.1 - Mixed-Use, Public-Facing Buildings

Built Form – Carefully located to structure the neighborhood and orient City Hall.

Mix Land Uses – Create an active destination into the evening and weekends.

Mixed-Use Buildings – Promote activity and reinforce diversity of complimentary activities (Figure 5.1).

The Spaces Between – The public realm between buildings needs to be designed for the people that will live and work in the Civic Center community.



Figure 5.2 - Walkable Retail Destinations

Public Facing Buildings – Related to and animate the public realm.

Retail Destinations – New shops and restaurants reinforce the Civic Center as a destination. Walkability and Connectivity – Places pedestrians of all ages integrated throughout the community (Figure 5.2).



Figure 5.3 - Active and Programmed Open Space

Bike-Friendly District – Connected and safe streets reduce automobile dependency and congestion.

Integrated Parking and Movement – Parking and traffic needs to be designed for all times of day but, can be re-programmed for off-peak use.

Programmed Open Space – Public space needs to be entertaining and programmed to encourage use and reinforce activity level (Figure 5.3).

Integrate Transit – Transit is and will continue to be a key driver to getting people around.

5.2 Livable and Sustainable Downtown

Similar to the definition of transit-oriented development, the Civic Center's "livableness" is dependent on the degree in which its residents, workers and visitors can live, work, play, shop and learn in a pedestrian and cycle-friendly environment, in close proximity to rapid public transit, where the private automobile is an option, but not a necessity. All aspects of the district will need to be re-configured in accordance with this philosophy in order to achieve maximum benefits.

The Civic Center Master Development Plan aims to achieve the following:

- Create new employment opportunities by consolidating City facilities and introducing new private/creative office space;
- Introduce housing, both market-rate and affordable that will add both eyes and bodies on the streets;
- Reduce automobile dependence for City employees and residents by leveraging its centralized location within a transit-oriented district by improving access to existing and proposed transit lines;
- Provide 'at-grade' shops and services to support both new residents and employees within the district;
- Re-imagine and adapt streets to become shared experiences, transitioning the Civic Center from a "through" destination to a "to" destination (Figure 5.4 - CicLAvia shared street event);
- Create new open space opportunities that are accessible, visible, active and flexible to accommodate different programmatic uses and needs;
- Connect to the adjacent neighborhoods and the larger open space network of Grand Park and the future restored LA River;



Figure 5.4 - CicLAvia shared street event

- Preserve existing cultural amenities and public art while at the same time, adding new art installations and cultural attractions that celebrate the area's rich heritage;
- Integrate stormwater collection and filtration strategies of different scales within streets and open spaces;
- Meet new building design standards such as LEED Platinum and the City's Low Impact Development;

- Increase pedestrian and bike safety throughout the district in ways consistent with Mobility Plan 2035, Complete Streets Manual, and Vision Zero goals.

5.3 Sidewalks and Setbacks

Sidewalks

The health of any great city can be measured by its sidewalk activity. In addition to the parkway and walkway zones, the frontage zone plays an important role in providing active spaces, such as sidewalk cafes, that add energy to the area and further reinforces the districts walkability.



Figure 5.5 - Cafe seating for sidewalk activity

The sidewalks within the Civic Center will help contribute to its identity and character by providing new space for consistent landscape treatment along the parkway and furnishings zones. Sidewalks along retail streets are especially important as they require more space for activities such as sidewalk cafes, signage, and so on. Figure 5.7 below shows the existing and proposed extension of retail streets downtown, filling in the gaps that occur now and further energizing the area.

Setbacks

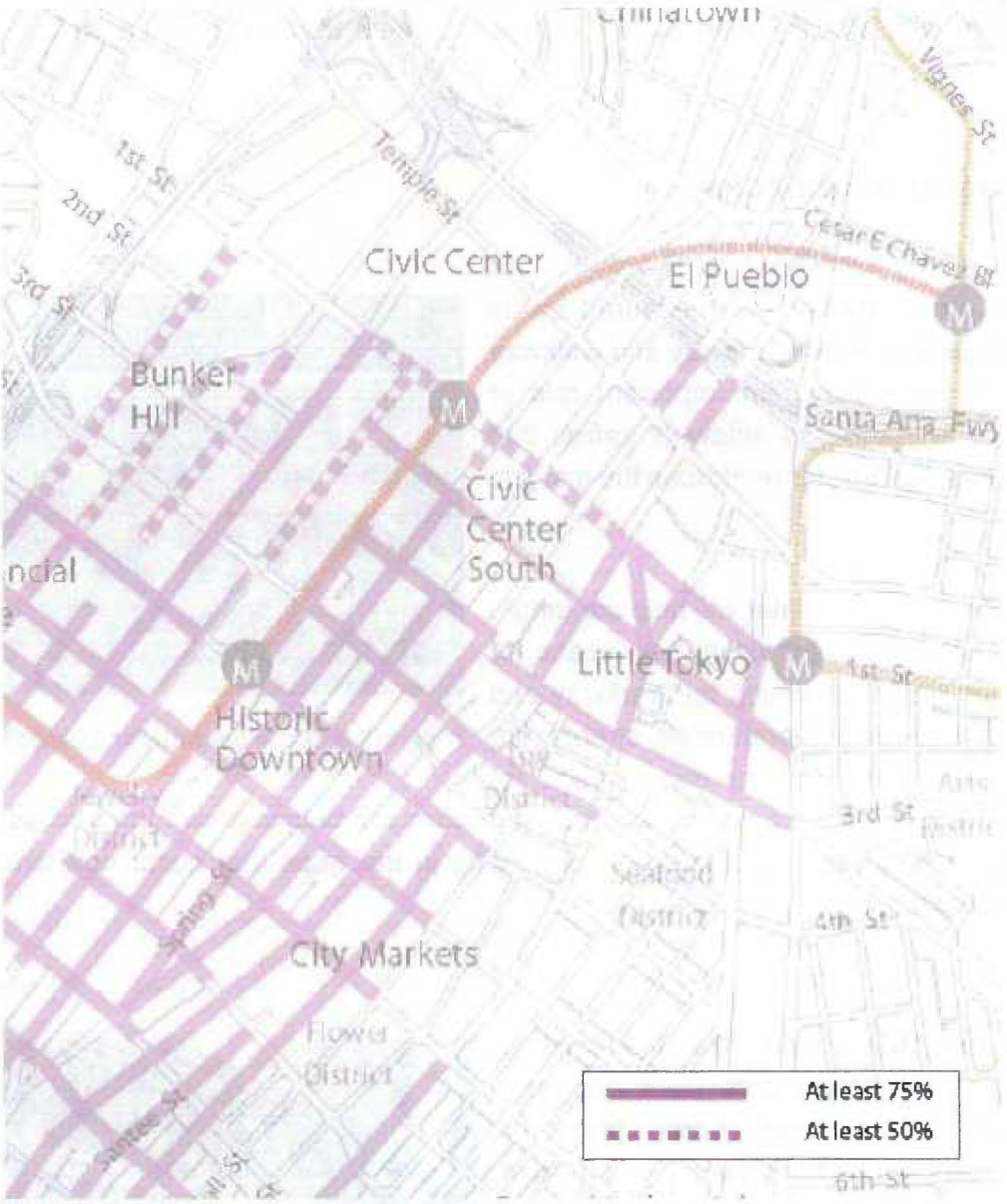
Being building in the 1960's and 70's, the existing buildings within the Civic Center core were designed with defensive setbacks in mind. Large plaza or landscaped areas create a barrier visual or physical barrier between the building and public realm. A combination of mixed ground floor uses and passive security measures should be incorporated into building design in order to reduce setbacks and create a strong street wall (for more information regarding integrating security into design, see Section 5.13 of this report).



Figure 5.6 - Retail setbacks for entry

See Section 3 of the Downtown Design Guide for specific setback requirements. Parcels within the study area shall be in accordance with those standards.

Figure 5.7 - Connecting Retail Streets



5.4 Ground Floor Treatment

One of the overarching goals of this Civic Center Master Development Plan is to create an active and pedestrian friendly atmosphere. The ground floor treatment of all buildings within the district will create environments that are scaled to pedestrians while allowing for a variety of uses and activities.

Through different interventions, the pedestrian zone will be activated by merging building program with streetscapes. The programmatic mix for frontages will include retail, commercial, residential and cultural.

Street Level Entries

All street level spaces shall have their main entry on the public street or a planned pedestrian space connected to a public street. For tower lobbies, an entry must be provided on each adjacent street frontage.

Facade Transparency

Wall openings, such as storefront windows and doors, shall comprise at least 75% of a building's street level façade (Figure 5.8). Dark tinted, reflective or opaque glazing is not permitted for any required wall opening along street level facades. Moveable walls and other features that intermingle pedestrian space with building spaces at the ground floor.



Figure 5.8 - Glazing and transparency

Architectural Features

Architecture which promotes the integration of the street activities into the building envelope are encouraged. This includes but is not limited to canopies, awnings and overhangs.

Program & Space Types

All ground floor spaces will be dedicated to either retail, commercial, residential, cultural or public facing government counters. For residential programs, the ground floor should be reserved for "active" spaces such as recreation rooms or lobbies. There will be no residential living units on the ground floor.

"Back of House" Uses

No ground level MEP equipment within the pedestrian zones with exception of FLS equipment. All FLS equipment shall be hidden or well incorporated into the site/building design.

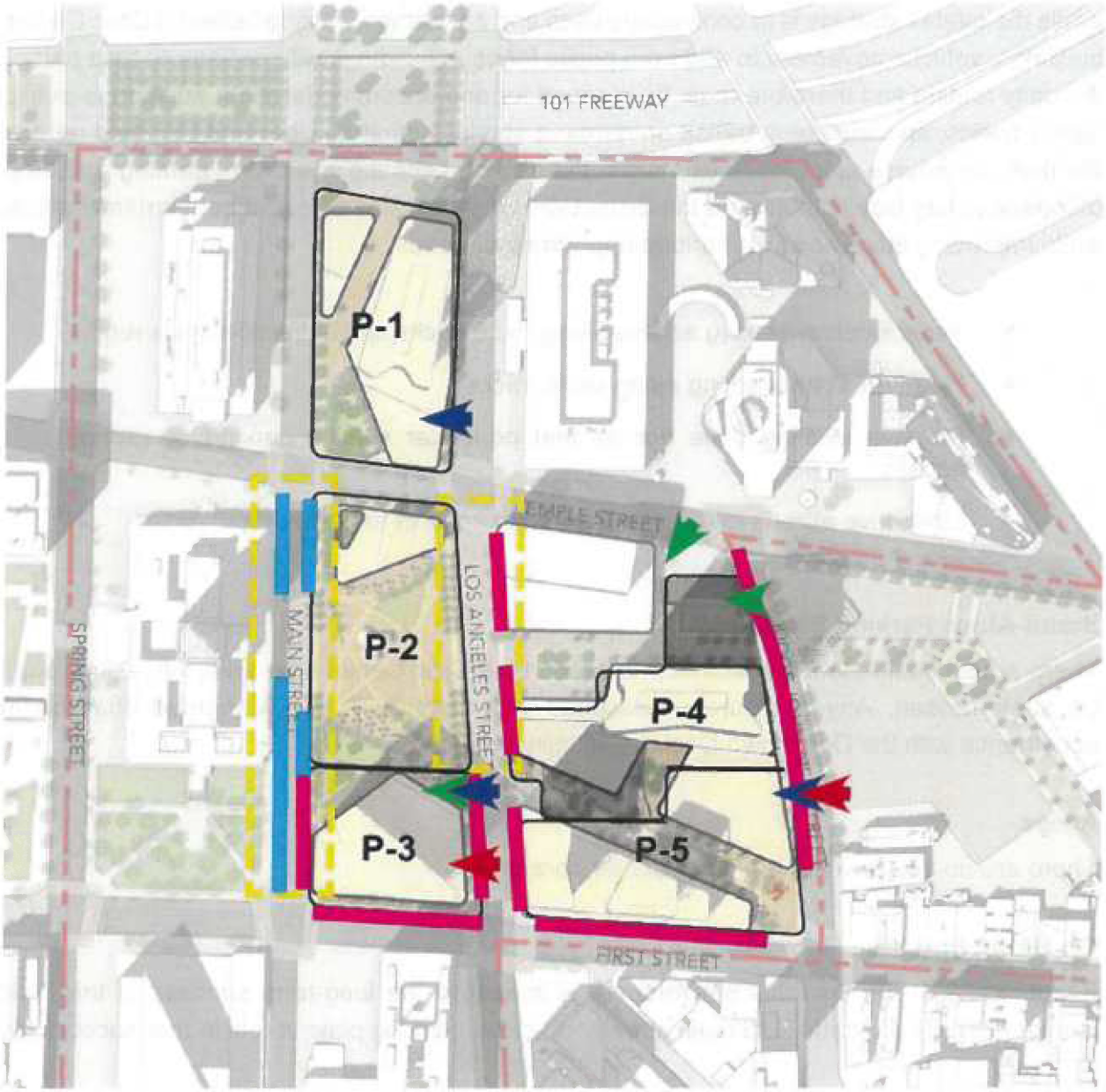
5.5 Parking and Access

Given the transit-rich environment of the Civic Center, along with the need for affordable housing, adopting parking standards that reflect the greater likelihood that residents will use transit is important in achieving the goals established by Vision Plan and successful TOD projects. These TOD goals include enhancing livability, broadening housing choices, improving safety, reducing parking requirements, improving intermodal integration, and increasing pedestrian-friendly development. Parking affects and or contributes to the success of all of these concepts and must be regulated and designed in ways that achieve the maximum benefits for all uses.

In addition to physical design requirements, this section aims to strengthen policies that are consistent with the Downtown Urban Design Guide and Mobility Plan 2035. For example, the Civic Center shall "unbundle" parking (i.e. sell or rent parking spaces separate from housing units), which reduces demand while lowering costs for developers. In addition to unbundling parking, shared parking strategies allow for the most efficient use of facilities with demand that fluctuates based on time of day. For example, employee parking that empties at 5:00pm and a restaurant's dinner service or theater which picks up at that time can share the same lot. Eliminating minimum parking requirements while establishing maximum parking requirements will help reduce pressure for developers to over-supply parking more parking than necessary.

A Parking Management Plan for the Civic Center should be considered in order to ensure efficient use of existing and proposed facilities and provide a structure for changes and flexibility that may be required over time. In addition to the Parking Management Plan, the Civic Center should consider establishing a Parking Benefit District (PBD), in which all or a portion of the revenues generated through metered parking are used to fund improvements for maintenance, streetscape beautification, security, transit, and wayfinding. Figure 5.9 highlights future parking and vehicle access locations in accordance with this Master Development Plan.

Figure 5.9 - Parking and access diagram



Vehicle Access

While the overall strategy is to consolidate uses and encourage walking between Civic Center buildings, vehicle movement to and from public facilities buildings will continue to be a part of the daily routine and therefore must be planned for and accommodated. In addition to public facility needs, an increase in transit on-demand services such as Uber and Lyft help reduce the need for private automobile use within the district. Locating short-term parking and drop off space in key locations around the district will help minimize bike and pedestrian conflicts while improving efficiencies for various departmental needs.

- Avoid locating parking access along cycle tracks and buffered bicycle routes
- Float" on-street parking along cycle tracks
- Remove existing drive aprons that no-longer service parking or service access
- Limit drive aprons to within the parkway zone of the sidewalk

Stand-Alone Parking Structures

There are no stand-alone structures proposed in the Civic Center core area. All parking shall be subterranean. Any structures associated with Lots 2, 7 and Mangrove shall be in accordance with the Downtown Design Guideline standards.

Alleys

There are no alleys within the Civic Center core area.

On-Street Parking

Encouraging a thriving retail environment is crucial to the long-term success of the Civic Center district. Like traditional main streets, on-street parking plays a role in that success by:

- Increasing efficiency and turnover by allowing quick stop-and-go purchases;
- Better land use by reducing need for or structured surface lots;
- Increased safety by creating a barrier between the pedestrian on the sidewalk and moving vehicular traffic;
- Better pedestrian environment by integrating on-street parking deign to overall streetscape improvements such as curb extensions (bulb outs) that further enhance walkability and placemaking.

On-Street Parking Types:

- Parallel parking
- Diagonal parking
- Floating parking

Car Share

Local car-share organizations will have access to both on-street and off-street parking in order to provide car-share vehicles throughout the Project site. Car-share services are intended to reduce the overall parking demand by reducing the need for private vehicle ownership. Car-share vehicles are owned and maintained by the car-share service, where members access vehicles when needed, paying based on how much they drive.

Service and Loading

Service access for office, commercial and residential land uses shall be shared with employee and residential parking areas and should be designed and detailed in a way compatible with both uses. If at-grade or open air service areas are required or subterranean not be feasible for any reason, all service areas are to be screened from pedestrian view subject. Screening devices such as landscape or architectural materials should act as an extension of the overall building design and materials and is subject to approval from design review.

Safety and Security Access

Public health professionals, planners, engineers, residents, and other stakeholders seek ways to reduce speeding and motor vehicle crashes. Emergency responders seek to reduce emergency response time. Both have legitimate aims, and fortunately, with coordination and cooperation, achieving these goals does not need to be an either-or proposition. Street design and emergency equipment should be brought together in order to address the needs of driver and pedestrian safety and emergency access throughout the Civic Center and downtown.

5.6 Massing & Street Walls

This section simultaneously addresses the macro and micro forces a new building will have on its urban environment. As a macro contribution to the downtown and Civic Center skyline, the buildings in this Master Development Plan will reorder the new centralized civic core and redefine the international representation of Los Angeles. On the street level, how the buildings' mass and programs interacts with the streetscape will dictate how well the built environment fosters the interaction of people and the creation of place.

Massing Studies

Building massing should be modeled within its current context. The context should include the buildings, streets and highways in the Civic Center, Little Tokyo and any other relevant areas adjacent to the site. This study is to determine:

- Building scale, volume and generalized form in context of the current Civic Center.
- Building shadows on the surrounding neighborhoods and buildings.
- Building massing which fosters physical connection (walkable path) to City Hall and the Civic Center or at a minimum, maintaining a visual connection to City Hall and the Civic Center.

Street Wall Studies

Building street walls and ground floor treatments should be rendered to illustrate the following:

- Pedestrian scale at sidewalk level.
- Building relationship to relevant setbacks, pedestrian path of travel, parkways, landscape features, curbside parking and vehicular path of travel. These illustrations should explain how these elements in combination create a sense of place.

Podium and Tower

A podium and tower conditions will be allowed for all towers in the Master Development Plan.

Setbacks

Projects with multiple towers will be regulated by code minimums. All other building setbacks are contained in Section 6.3: Sidewalks and Setbacks.

Street Wall Massing

The minimum of 90% of street walls will be a minimum of 35 feet above finished grade or two stories, whichever is greater. Per the Downtown Design Guide, this is the same street wall heights of both the Little Tokyo and Bunker Hill areas. Also, any building facades that step back above the first floor less than 15 feet will be considered street walls (see Figure 6-35).

Any building façade which meets the ground and is over 300 feet in length should be broken into multiple pieces. This is not meant as a physical separation of masses. It is meant to encourage variation in façade and discourage construction of a uniform "superblock."

Massing Adjacent to Little Tokyo

Massing heights along Judge John Aiso between First Street and Temple Street will be limited to 35 feet above grade (two stories) 25 feet from the back of the current curb. This encourages more direct visual and physical connections between the Civic Center and Little Tokyo.

Figure 5.10 - Allowable setbacks in street wall



Figure 5.11 - Massing restrictions adjacent to Little Tokyo

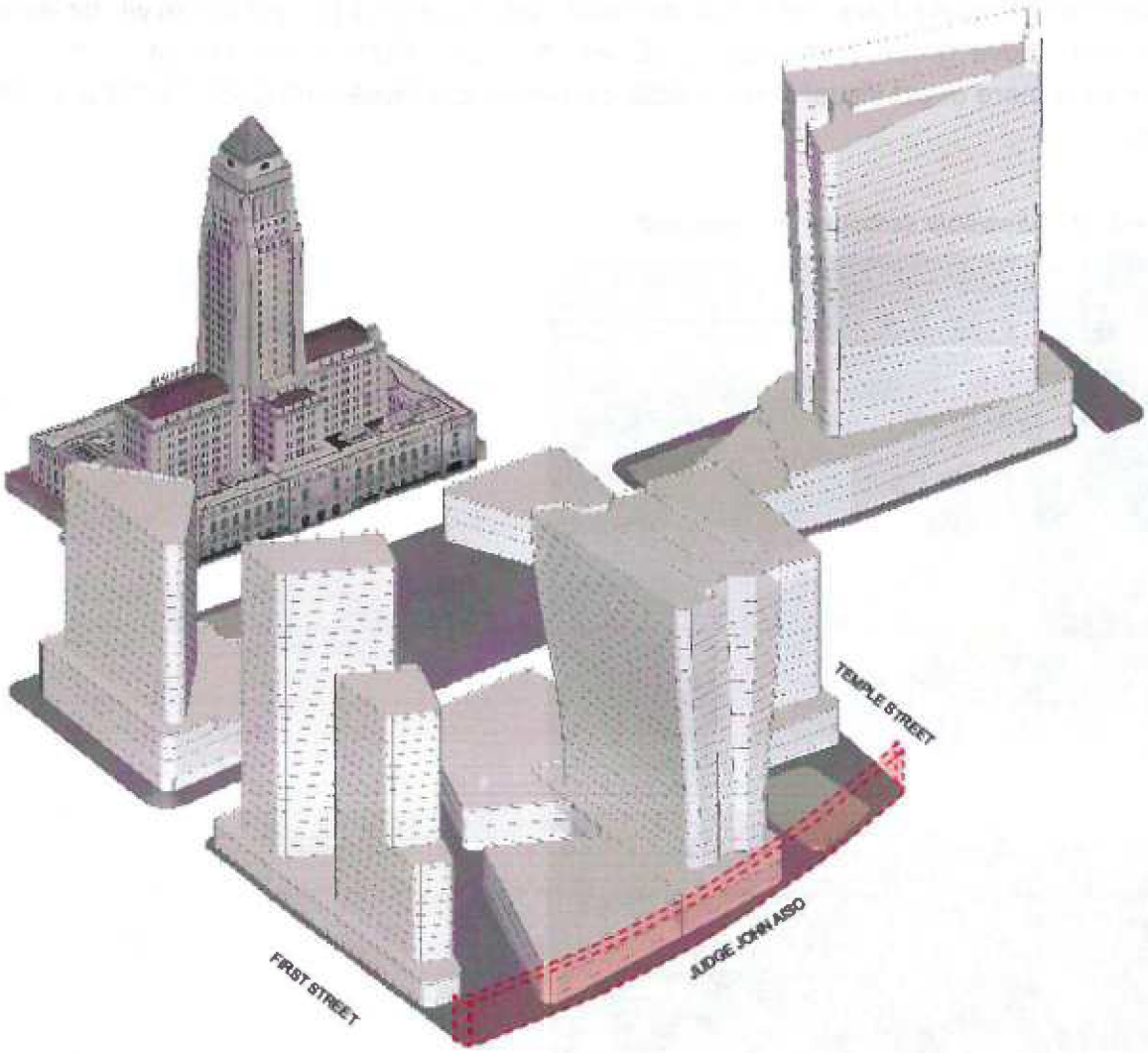


Figure 5.12 - Historic street wall at First Street



5.7 On-Site Open Space and Landscaping

Consolidating public facility buildings and employees into the Civic Center core area will create efficiencies in collaboration and communication. Similar to how the new buildings will operate, re-designing and consolidating the existing fragmented open spaces into fewer, connected spaces will ensure efficiencies in operation and maintenance as well as increased safety and activation.



Figure 5.13 - Broadway streetscape intervention

Open Space Network

The intent of the open space network is to link existing, proposed and future open spaces within the Civic Center area. These links run east-west from Grand Park to the L.A. River and north-south from Little Tokyo to El Pueblo/Olvera Street. The open space network is supportive of strategies set forth in the 10-min Diamond Plan and the Civic Crossroads Project by creating a new civic heart in the center of the Civic Core that connects major destinations surrounding it. Like arteries and veins, these green links scale in size and change use as they spread outward from the civic heart towards residential and industrial zones.

Temporary Open Space

Where open space may be constrained or underestimated over time as downtown's population continues to grow, it is important to establish interventions that allow for impromptu open space to evolve naturally and compliment the larger planned network. Also referred to as tactical urbanism, open streets, or guerilla gardening, these temporary and or repurposed spaces illustrate how artists and community members can become a part of the planning and

design process and advocate for specific needs to be met. Examples include alley galleries, parklets, and street plazas such as the installation along Broadway Street in Downtown Los Angeles (Figure 5.13). One key advantage of temporary spaces is that they can expedite the planning process while minimizing upfront costs, allowing data to be gathered about the project's success and therefor need and support for permanent installation.

Private open space

Buildings have two distinct open spaces:

- Private above grade balconies and rooftop decks.
- Common (shared) open spaces.

Private above-grade outdoor open spaces should be designed to a high standard and be carefully programmed and located to ensure usability. Private open spaces include terraces, patios, balconies, and possibly rooftop space, and are intended for the use of individual residents within a unit. Common open spaces are intended for the use of all residents or employees within a building or building cluster, and include rooftop spaces and internal courtyards.

5.8 Architectural Detail

This Master Development Plan's proposed building masses will be icons added to the already monumental architecture of the Civic Center's City Hall, Caltrans Building, LAPD Headquarters and Los Angeles Times Building. The new buildings are to reinforce the high standards of architecture and design of the Civic Center. Though building programs may vary, in terms of quality of finish and detailing, all should be considered as civic buildings that are a reflection of the governmental and cultural institutions of Los Angeles. All the detailed components of the architectural design should reinforce the image of iconic enduring civic buildings.



Figure 5.14 - Exterior wall variation

Exterior Wall Variation

The treatment and composition of the exterior walls will be one of the largest contributors to creating a dynamic building. This can be achieved with formal, spatial or material variation (Figure 5.14). In a successful design, each of these will contribute to a rich depth of field. Choice of material, fenestration, shading, screening and lighting are all components of a façades depth of field and will be covered in the following sections. To ensure dynamic architectural facades, blank walls will be prohibited. The only exception to this will be for permanent public art installations.

Materials

Finish material will be specific to each building's design but the goals for material selection should remain consistent. The manner in which the selection and use of materials will be judged will be its contribution to the overall design statement, quality, longevity and sustainability. Because of the previous reasons and typical applications, the use of stucco will be prohibited on all exterior walls.

Openings

In most facades, windows and doors are responsible for the majority of the variation and depth of field. The size, placement and style should reinforce the overall design statement. Where applicable, designs should encourage openness and permeability between interior and exterior space. In terms of sustainability, the use of operable windows is encouraged.

Glazing

Use of glazing is encouraged at all exterior walls. Dark tinted, reflective or opaque glazing is not permitted for any required wall opening along street level facades (Figure 5.15). The minimum level of reflectivity, coloration, or frit to achieve energy requirements is to be used at all other glazed openings.



Figure 5.15 - Glazed facade

Security Grills / Doors

Security Grills are prohibited with the exception of garage and loading docks. At garage and loading docks, security gates should be well incorporated into the design (see section 6.13, Safety and Security).

Lighting

Architectural and security lighting are to be coordinated and visually integrated with all aspects of the building, landscape and streetscape design. To the extent feasible, building facades should be lit to provide nighttime presence for the Civic Center.

Mechanical, Electrical, and Plumbing Equipment

All mechanical, plumbing, electrical and communications equipment or openings should not be visible.

5.9 Streetscape Improvements

"Streets have been the places where children first learned about the world, where neighbors met, the social centers of towns and cities, the rallying points for revolts, the scenes of repression."
– Donald Appleyard, Prof. of Urban Design, UC Berkeley

Streets as Places

In an age when people are more mobile than ever, and cities and businesses compete to attract talent, great streets are essential to boosting economic development and tourism. Streets typically represent the largest area of public space a community has. In Los Angeles, for example, streets make up 86.5 square miles[5] land area (28% of City's total developed land), which equals 7,500 linear miles.

Streetscapes and the Private Sector

The goal is to ensure that new streetscape or private development projects support the quality and character of the vision spelled out in the Civic Center Master Development Plan. The standards and guidelines provide a framework for property owners, developers, and architects to follow when developing projects in the Civic Center. These guidelines will also be used by City staff and the Planning Department to review development proposals and renovation projects.



Figure 5.16 - Pedestrian-friendly sidewalk

Developers of new buildings and major rehabilitation projects are required to include improvements in the public way (usually the sidewalks immediately adjacent to the property being developed, see Figure 5.16) as part of the project. This is an example of public/private cooperation that improves the livability and beauty of the district for everyone.

The following standards focus on the design of the public right-of-way, including sidewalk areas and street landscaping. They are intended to facilitate a pedestrian-oriented and active street environment. The standards in this section should be adjusted to accommodate special conditions in future detailed streetscape planning processes.

Standards are provided for the following streets and public open space types:

- Main and Los Angeles Streets between First and Temple

[5] From Mobility Plan 2035.

- First Street
- Judge John Aiso Street
- Temple Street

Sidewalk and Street Design

In accordance with Mobility Plan 2035, streets should be designed to prioritize safety for all users.

- Bulb-outs can be added where necessary to shorten crossing distance and provide more room for landscape and furnishings.
- Mid-block crossings with special paving should be provided at points where paseos cross the street.
- Main and Los Angeles Streets should be treated with special landscaping materials to respond to increased pedestrian activity from the civic buildings existing at this location.
- All intersections shall be constructed so that there are two ADA ramps per corner, one for each direction of travel, allowing for the shortest crossing distance of the street.
- All work within the public right of way should be designed to capture stormwater runoff for reuse on site or off site.

Street Trees

- Trees should be selected from the Urban Foresty Division's approved list. For trees adjacent to Little Tokyo, close coordination should be made to ensure consistency with the Street Tree Plan funded by Metro's TIGER Grant.
- Climate-appropriate street trees should be provided along Civic Center streets to provide shade for pedestrians, assist in stormwater management, buffer pedestrians from vehicular traffic, and provide visual interest on the street.
- All trees should be planted to the maximum size possible for the given sidewalk width. A 36" inch box tree will be the minimum.

Street and Pedestrian Lights

- Street lighting should be provided for pedestrians and vehicles in accordance with approved standards.
- Pedestrian lights should be provided in areas where street activity occurs.

- Unique Pedestrian lighting, such as contemporary pole lights, may be used in internal pedestrian streets, parks and paseos to provide a sense of identity to the district and differentiate public right-of-way from private development and open space.
- Street lamps should be oriented toward the ground and designed with "dark sky" technology to help preserve views of the night sky.

Street Furniture

- Pedestrian amenities should be provided all streets, including trash receptacles, benches, public art (see Section 6.11) and other similar elements. These amenities are particularly important around existing and proposed transit stops (refer to Metro Design Standards for details and furnishings at stations).
- Pedestrian amenities should be strategically placed to ensure ADA compliance and a clear path of travel for pedestrians, and should not distract or interfere with vehicular circulation (see section 6.3, Sidewalks and Setbacks for information regarding sidewalk zones).
- Furnishing style should be contemporary in design while classic in proportion in order to create a timeless quality to the district. Actual furnishings should be selected in accordance with holistic district branding and identity guidelines to ensure consistency between developers, city departments and development phases over time.

Bicycle Amenities

- Bicycle parking facilities should be provided in key locations throughout the district to augment bicycle parking provided as a part of community buildings, office and other private development. Parking facilities should be provided with racks. Larger racks should be provided within bulb outs where there is additional public space. Smaller racks should be placed near the curb on sidewalks where necessary and feasible. In some cases, a bike manifold may be used in lieu of an on-street parking space where sufficient activity would justify clustering multiple racks.
- Ensure racks are placed in areas with good visibility from retail and/or office frontage to help deter potential theft and abandoned bikes.

5.10 Signage & Identity

A signage and graphic identity package should be established for the Civic Center through the formation of a business development district. Clear and consistent signage will clarify district boundaries, invite and orient visitors, strengthen neighborhood pride and reinforce the Civic Center's brand as a destination. Success may be measured by improved recognition of district's assets, consistent design throughout the district, new destination businesses and jobs, and decreased vacancy rates.



Figure 5.17 - Creative signage

Place Branding

The development of a district signage program is an overlay of city wide signage such as street, bus, metro and roadway safety signs. Similar to temporary exhibitions like the Olympic Games, the new signage will overlay existing signage while demarcating the Civic Center, highlighting its parts and presenting new ways to navigate it.

Signs that could be included in a District Branding and Identity overlay include:

- Gateway markers (neighborhood or district entry elements)
- Neighborhood orientation signs
- Interpretive signs
- Directional/wayfinding signs (see Figure 5.17)
- Standard street and transit signs

Building Signage

Any new construction or major renovation to a building or open space within the Civic Center District will be required to have a master signage plan that goes through planning department approval before submission to the building department for construction permitting. This is to ensure that signage is well incorporated into the design of building facades and streetscapes. Reference the Downtown Design Guideline and zoning code for master signage plan requirements and further signage criteria and restrictions.

5.11 Public Art

Art within the Civic Center will play a crucial role in reinforcing its distinct identity as a place for the public to gather and interact. Public art, unlike galleries and museums, have no admission costs and therefore are intended for everyone to experience and enjoy. Similar to special events programming, dynamic street life and a mix of uses, public art plays a crucial role in attracting and retaining visitors to the district.

Preserve and Re-Incorporate Existing Public Art

The Civic Center today includes several pieces of public art, whose value is important and can be increased by relocation or public realm improvements that provide better access and engagement opportunities. While some larger pieces may not be practically be moved, elements or parts may be reimagined in new locations or as parts of new installations, reducing the need for new raw materials and preserving history at the same time. A comprehensive Public Art District Plan should be developed in order to identify pieces to be preserved, opportunities for integration into future buildings and public spaces and storage during transition and construction phases.

Digital and Interactive Art

New public art within the Civic Center should invite interaction and participation in order to activate public spaces. The location of art pieces is also important to ensure proper use and safety for both the art and public. In addition, the scale of art should be appropriate for its particular location. The Civic Square for example has been designed to include a prominent central piece that will create a statement and landmark for the area. Smaller, more intimate venues, such as building entry courts and corner plazas should be designed with its specific location and context in mind.

As mobile phone technologies and accessibility have increased in recent years, so has the possibility to merge user experience with technology in the form of public art. Art can be a backdrop and a stage for image-making and memory capturing to occur. New technologies provide an opportunity to seamlessly merge user and art together. For example, the 'Mega-Selfie" in Times Square and "Open Air" in Philadelphia installations, both temporary, used social media and technology to customize and personalize art installations for the public.

Effectively integrating public participation, technology and social media into public art planning and operation can add an additional level of activation to public spaces and help create a dynamic district.

Temporary Exhibitions

On-going arts programing and partnerships will be essential to the long-term viability of the district. New temporary installations will infuse variety into the arts scene and help build opportunity for new and up and coming artists local to Los Angeles.

Art Synergies

Unlike gallery art, public art is often located outside, where people gather and linger, providing an opportunity to combine uses with other needs. For example, blurring the line between art and seating, or art and play equipment invites users to use the art and artists to consider end user needs.

5.12 Civic and Cultural Life

Civic Center's Contribution to Downtown's Civic and Cultural Life

All the sections of these guidelines, taken cumulatively, contribute to the vitality and ongoing popularity of the civic and cultural spaces and events in this part of downtown. This plan, with its City-owned land in particular, needs to ensure that the public life that accompanies the proposed takes center stage.

Connection to Existing Cultural Elements

One of the Civic Center's key goals is better 'connectivity,' both externally to surrounding neighborhoods and internally to existing buildings and public spaces. A network of proposed pedestrian paseos and plazas help maximize connectivity to existing cultural and civic developments.

As it stands today, the Civic Center sits in between key historic and cultural destinations, lacking the connections necessary to move between them. Some of the connections the Master Development Plan aims to achieve are:

- Link to Civic Center and Regional Connector to LA river via first street greenway, connecting Temple along the way;
- Extend Little Tokyo retail and residential land uses NW along 1st to Los Angeles Street;
- Cap and program phase 1 of Park 101 between Los Angeles and Main Streets, connecting Civic Center with Pico House, Olvera Street and Villa Adobe;
- Level or "daylight" grade separations and sunken retail court of LA Mall and City Hall East which will increase visibility, accessibility and safety of retail and plaza spaces;
- Frame and upgrade space surrounding Go for Broke memorial, creating active and comfortable space for reflection.

5.13 Safety and Security

Site Security

Given the heightened security measures post 9-11 and the nature of public facility buildings as potential targets, it is important to carefully consider security needs and issues in order to address them in an integrated manner and in ways compatible with the goals of the district, specifically creating an active pedestrian-friendly environment.

As it stands today, the 911 Call Center and Metro Detention buildings both have specific uses which require both active and passive security strategies. While many of these measures are internal to the building, some have external ramifications which conflict with good urban design principles and establishment of a sense of place.

With these examples in mind any anticipated safety and security needs should be well integrated into the streetscape, landscape, hardscape, public art and building design. These security interventions on site should be seamless and not be experienced as a prescriptive afterthought or fortifications of public facilities.

Landscape

Similar to all the other elements of site creation, landscape has the ability to shape the function and character of outdoor spaces of all different scales. From civic park to paseo, landscape features can ensure the safety and security of its various user groups.

Public Art

As an alternative means of increasing site security, placement and type of public art installations can mitigate potential security threats.

Site Furniture

Though furnishings are typically more integral to the use of streetscape, landscape, and hardscape design. The type, placement and scale of site furnishings can contribute to the overall security design of any site.

Site Circulation

The site design of paths, stairs and ramps can create an increased level of security. These measures are typically the most essential to the overall security and safety of the overall site.

5.14 Design Excellence

Value of Good Design

Achieving excellent, user-focused design is intrinsic to how the Civic Center should be planned, designed, and managed. Good design privileges long-term durability over short-term expediency, and bad design costs more in the long run because it fails to anticipate the range of functions the facility should accommodate, dismisses the value of aesthetics as a fundamental attribute, and underestimates the need for durability. Buildings with poor urban design standards that lack a lively public realm, even those that are not that old, are candidates for replacement because, even with significant renovations, the conceptual foundations under which they were planned and built did not fully recognize their value to placemaking and contribution to the overall district

Design Legacy

Civic institutions, such as parks, libraries, city halls and cultural facilities, are the foundations of a civil society and the cornerstones of democracy. Throughout history civic institutions and the spaces around them were some of the most vital places in cities. Given Los Angeles' status as the second largest city in the US with the largest concentration of public employees

outside of Washington D.C., it is appropriate for it to have buildings, public spaces and neighborhoods of the highest quality design.

Design Excellence Principles

The following five principles underpin the Civic Center's design goals and are at the heart of Design Excellence requirements:

- A strong conceptual narrative vision throughout the district;
- Design that elevates the quality of the pedestrian experience;
- Civic scale, materiality and quality;
- Clarity and simplicity of architectural expression through;
- integrated design of all exterior design elements
- Responsiveness to contextual, local and future conditions.

Putting the development framework in place is part of the equation. Commitment to design is important to guide a number of projects in the right direction, with a commitment to design excellence - in materials, in scale, in form and in program. Future development of the Civic Center needs to support design excellence in architecture, in landscape architecture, in engineering and in operations. There needs to be a consistent message in all parts of a project from conception through implementation and a commitment from the designers, constructors and the approval agencies that ensure design excellence throughout.

5.15 Green Infrastructure

Environmental Goals

"We shape our buildings, and afterwards our buildings shape us."
- Winston Churchill, 1943

Green infrastructure (i.e. sustainable design) seeks to reduce negative impacts on the environment, and the health and comfort of building occupants, thereby improving building performance. The basic objectives of sustainability are to reduce consumption of non-renewable resources, minimize waste, and create healthy, productive environments.

Green infrastructure design principles include the ability to:

- Minimize non-renewable energy consumption;
- Use environmentally preferable products;
- Protect and conserve water;

- Enhance indoor environmental quality; and
- Optimize operational and maintenance practices.

The City of Los Angeles has made and continue to make great strides in becoming a leader of sustainable practices. The Mayor's comprehensive "Sustainability pLAn" establishes achievable goals and lays out strategies for both near- and long-term regarding the management of water, solar power, energy, and more. The consolidation of public facilities that will happen through the Civic Center Master Development Plan will lead to an environmentally-friendly campus through the reduction of long-term operating costs, reduction of maintenance costs, and reduced vehicle miles traveled between civic office buildings.

In addition to improvements made at the building and construction level, sustainable practices are often incorporated through urban design. When used in tandem with one another, the strategies recommended on the following pages are intended to advance the City's sustainability goals and place Los Angeles at the forefront of building a sustainable future.

Policy Reference and Rating Standards

The following are existing policies and standards that will influence both urban design and building design, construction and operation in order to become a leader in sustainable public facilities.

Envision

City of L.A. adopted Envision as a policy on November 4, 2016, which provides a holistic framework for evaluating the community, environmental, and economic benefits of infrastructure projects. This planning and design guidance tool provides industry-wide sustainability metrics for all infrastructure types—similar to LEED.

BOE Sustainable Design Implementation Program (SDIP)

The City approved the adoption of the Leadership In Energy And Environmental Design (LEED®) "Certified" Level of the U.S. Green Building Council (USGBC) Rating System for all Department of Public Works new design and construction building projects 7,500 square feet or larger, effective July 1, 2003. In 2009 the City Council increased the threshold to LEED® Silver level effective January 1, 2010 for all City funded new construction and tenant improvement projects over 7,500 square feet.

Development Sequence A, Parker Center, is recommend to achieve a minimum of LEED® Gold level.

CA Title 24 - Zero Net Energy (ZNE)

Title 24 has the goal of promoting the implementation of zero net energy (ZNE) buildings. In a zero net energy building the annual energy consumption of the building is equal to the building's annual onsite generation. Title 24 has as a goal that all new residential buildings be zero net energy by 2020 and all new commercial buildings will reach this ZNE goal by 2030.

For sites developed after 2024, the goal is that they achieve Zero Net Energy certification. ZNE is achieved through two primary strategies:

- Reducing energy used by making the building as efficient as possible;
- Maximizing the energy produced by the building, completely offsetting the energy used.

City of Los Angeles Sustainable Building Initiative

Over its lifetime, a green building is designed to meet certain objectives, including:

- Protecting the health of building occupants
- Improving employee productivity
- Using energy, water and materials more efficiently
- Optimizing climatic conditions (natural daylighting and ventilation) through site orientation
- Increasing the durability, ease of maintenance, and economy of building operations
- Incorporating recycled-content building materials
- Maximizing the use of local materials and eliminating waste
- Reducing, reusing, and recycling materials in all phases of construction and deconstruction
- Using life-cycle costing to evaluate the true costs of building impact

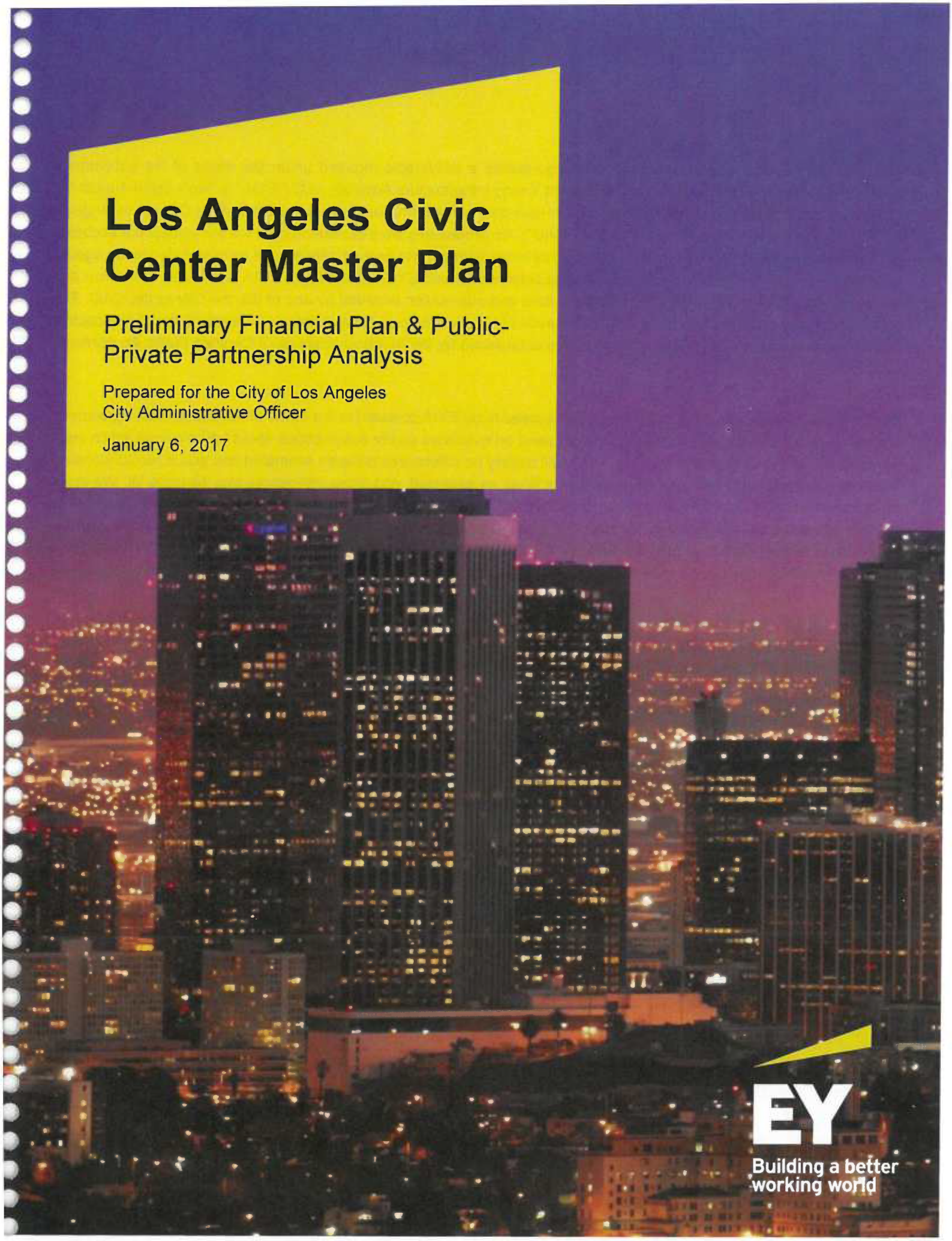
Part 2 - Financial Study

Los Angeles Civic Center Master Plan

Preliminary Financial Plan & Public-Private Partnership Analysis

Prepared for the City of Los Angeles
City Administrative Officer

January 6, 2017



EY
Building a better working world

Terms of reference

This Report ("Report") dated January 6, 2017 represents a deliverable required under the terms of the subcontract agreement between IBI Group ("IBI") and Ernst and Young Infrastructure Advisors, LLC ("EYIA" or "we") dated August 16, 2016. In preparing the Report, EYIA relied upon certain data and information provided by IBI and the City of Los Angeles ("City") office of the City Administrative Officer ("CAO"). No procedures were performed by EYIA to evaluate the accuracy or completeness of data and information provided by these entities, and no such procedures were included in the agreed upon scope of work in the subcontract agreement between IBI and EYIA. Accordingly, EYIA expresses no opinion and issues no other form of assurance regarding the data and information provided by any of IBI, the City or the CAO. The procedures EYIA performed do not constitute an audit of historical financial statements or an examination of prospective financial statements in accordance with standards established by the American Institute of Certified Public Accountants ("AICPA").

EYIA's scope of work was determined by IBI and agreed to by EYIA pursuant to the terms of the subcontract agreement. Certain analyses and findings in the Report are based on estimates and/or assumptions about future events which were provided by IBI, the CAO and/or the City. There will usually be differences between estimated and actual results because future events and circumstances frequently do not occur as expected, and those differences may be material. We make no representation of, nor do we take any responsibility over, the achievement of estimated or projected results. The findings and analyses contained in the Report are based on data and information made available to EYIA through the date hereof. Should additional relevant data or information become available subsequent to the date of the Report, such data or information may have a material impact on the findings in the Report. EYIA has no future obligation to update the Report.

Neither the Report nor any of our work constitutes legal opinion or advice. No representation is made relating to matters of a legal nature, including, without limitation, matters of title or ownership, legal description, encumbrances, liens, priority, easements and/or land use restrictions, the validity or enforceability of legal documents, present or future national or local legislation, regulation, ordinance or the like, or legal or equitable defenses.

The Report is intended solely for use by the City. While we believe the work performed is responsive to the City's request pursuant to the scope of work in our subcontract agreement with IBI, we make no representation as to the sufficiency of the Report and our work for any other purposes. Any third parties reading the Report should be aware that the Report is subject to limitations, and the scope of the Report was not designed for use or reliance by third parties for investment purposes, or any other purpose.

Table of contents

1. Executive Summary 2
   - 1.1. Master Plan Financial Overview 3
   - 1.2. Parker Center Financial Feasibility and P3 Analysis 5
   - 1.3. Summary Net Delivery Cost 8
2. Introduction 12
   - 2.1. Project background 12
   - 2.2. Project status 12
   - 2.3. Scope of work 13
   - 2.4. Objective of report 13
3. Land use and Master Plan phasing 16
   - 3.1. Land use plan financial drivers 16
     - 3.1.1. Market analysis and trends 16
     - 3.1.2. Ground lease revenue 17
     - 3.1.3. Retail/commercial space 18
     - 3.1.4. New civic office development 19
   - 3.2. Project phasing 20
     - 3.2.1. Parker Center phase (Development Sequence A) 20
     - 3.2.2. City Hall South phase (Development Sequence B) 21
     - 3.2.3. L.A. Mall phase (Development Sequence C) 21
     - 3.2.4. 911 Building phase (Development Sequence D) 22
     - 3.2.5. Metro Detention Center phase (Development Sequence E) 23
     - 3.2.6. City Hall East phase (Development Sequence F) 23
4. Financial plan framework 25
   - 4.1. Existing assets and development timeline 25
     - 4.1.1. Existing assets 25
     - 4.1.2. Development timeline 26
   - 4.2. Funding sources 29
     - 4.2.1. Property sales 29
     - 4.2.2. New development lease revenue 30
     - 4.2.3. Cost reductions: leases, building maintenance, utilities 31
     - 4.2.4. Overhead cost savings 33
     - 4.2.5. Value capture: Transfer of Floor Area Rights and Enhanced Infrastructure Financing Districts 34
   - 4.3. Items for which no cash impact has been assumed 34
     - 4.3.1. Other intangible savings 34
     - 4.3.2. New streetscape costs 36
     - 4.3.3. Outfitting and Relocation Costs 36
   - 4.4. Financial planning framework 37
     - 4.4.1. Development of Phases A-D over 2017-2027 37
     - 4.4.2. Cost assumptions 38
     - 4.4.3. Existing assets as lease revenue bonds collateral and related debt service 39
     - 4.4.4. Existing facilities' condition 39
5. Delivery options 42
   - 5.1. Design-Bid-Build 42
   - 5.2. Construction Manager/General Contractor 43
   - 5.3. Design-Build 43
   - 5.4. Design-Build-Finance-Operate-Maintain 44
   - 5.5. Other P3 delivery methods 47

5.5.1. DBFOM bundled with Real Estate Development 47
5.5.2. 501(c)3 and 63-20 48
5.5.3. Design-Build-Finance 48
5.6. Private ground lease development 49
5.7. Summary delivery strategy 49
6. Financial feasibility analysis 53
6.1. Parker Center phase: Development Sequence A 2017–2020 53
6.1.1. P3 Development costs of the Parker Center phase 53
6.1.2. Ongoing P3 costs of the Parker Center phase 54
6.1.3. Traditional procurement of the Parker Center phase 55
6.1.4. Ongoing savings and revenue from the Parker Center phase 56
6.1.5. Overview of Parker Center P3 57
6.2. City Hall South phase: Development Sequence B 2019–2022 59
6.3. L.A. Mall phase: Development Sequence C 2021–2024 59
6.3.1. Costs of the L.A. Mall phase 60
6.3.2. Ongoing savings and revenue from the L.A. Mall phase 61
6.3.3. Overview of the L.A. Mall P3 62
6.4. 911 Building phase: Development Sequence D 2024–2027 62
6.5. Summary cash outlays 63
6.6. Alternative Scenarios and Sensitivities 66
6.6.1. Parker Center phase (Development Sequence A) sensitivities 66
6.6.2. Master Plan sensitivities 67
7. Next steps 71
8. Appendices 73

Figures and tables

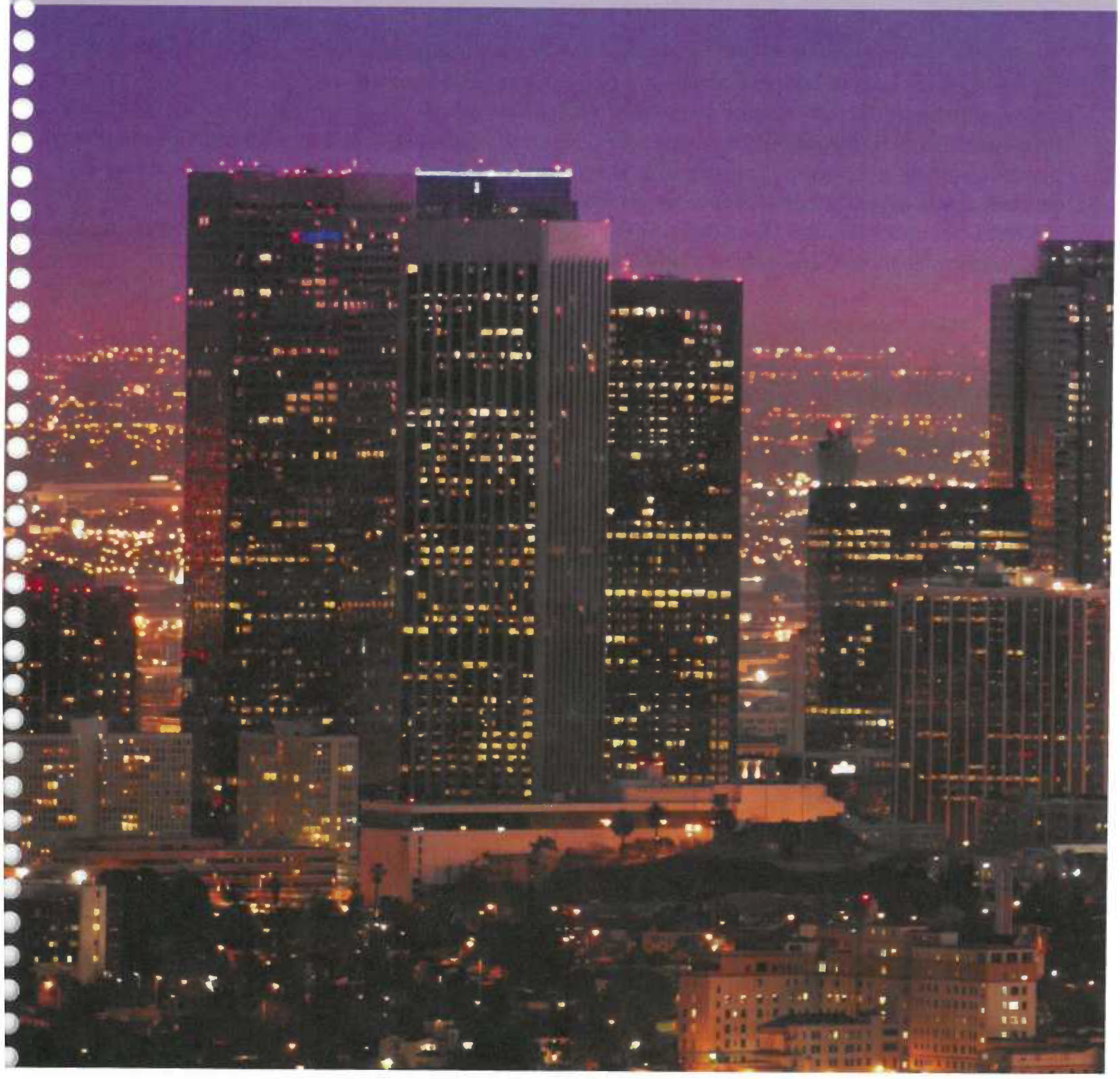
Figure 1 – Master Plan phasing 2
Figure 2 – Parker Center (Development Sequence A) procurement options annual cost 6
Figure 3 – Parker Center Phase (Development Sequence A) Funding Gap – P3 Procurement 8
Figure 4 – Combined Master Plan phasing – Parker Center as P3 9
Figure 5 – Preferred concept illustrative plan 20
Figure 6 – Phasing of the Master Plan evaluated in this analysis (first four phases) 38
Figure 7 – Range of delivery options 42
Figure 8 – P3 Availability Payments through 30-year term 55
Figure 9 – Parker Center Phase Funding Gap (P3 Procurement) 58
Figure 10 – Parker Center Phase Funding Gap (Traditional Procurement, 4% financing cost) 58
Figure 11 – L.A. Mall Phase Funding Gap 62
Figure 12 – Combined Master Plan phasing (Parker Center as P3) 64
Figure 13 – Incremental aggregated annual funding gap per phase 65
Figure 14 – Parker Center phase Year-1 AP sensitivities 68
Figure 15 – Net Present Cost (NPV) sensitivities (assuming low-end of LA Mall range) 69
Figure 16 – Net Present Cost (NPV) sensitivities (assuming high-end of LA Mall range) 69

Table 1 – Estimated Net Present Cost of each phase (4% discount rate) 4
Table 2 – Net Present Value of savings or revenue (4% discount rate) 5
Table 3 – Potential benefits and limitations of a P3 procurement for the delivery of public facilities 6
Table 4 – Delivery option comparison for the Parker Center (Development Sequence A) delivery 8
Table 5 – Estimated Net Present (Cost) / Value of each phase (4% discount rate) 9
Table 6 – Ground Lease subject properties 18
Table 7 – Retail development subject properties 18
Table 8 – Existing City properties space use and needs 19
Table 9 – Parker Center phase (Development Sequence A) 21
Table 10 – City Hall South phase (Development Sequence B) 21
Table 11 – L.A. Mall phase (Development Sequence C) 22
Table 12 – 911 Building phase (Development Sequence D) 23
Table 13 – Civic Center asset portfolio 25
Table 14 – Baseline scenario 26
Table 15 – Phasing of Master Plan through 2028 28
Table 16 – Ground lease ranges 30
Table 17 – Retail lease income 31
Table 18 – Lease savings 32
Table 19 – Building maintenance savings 32
Table 20 – Utilities savings 33
Table 21 – Tangible overhead savings 33
Table 22 – Capital costs (2016) 38
Table 23 – Benefits and limitations of a P3 procurement for the delivery of public facilities 45
Table 24 – Delivery option comparison for the Parker Center delivery 47
Table 25 – Baseline delivery framework 50
Table 26 – Private partner's sources of capital 54
Table 27 – Private partner's uses of capital 54

Table 28 – Annual payment to private partner 55
Table 29 – City's Total Annual Costs for Traditional Procurement 56
Table 30 – Savings attributable to the Parker Center phase 57
Table 31 – City Hall South ground lease details 59
Table 32 – LA Mall Ongoing Annual Costs 60
Table 33 – Savings attributable to the L.A. Mall phase 61
Table 34 – 911 Building ground lease details 63
Table 35 – NPV details for all phases (Parker Center as P3) 64
Table 36 – NPV details for each phase (Parker Center as P3) 65
Table 37 – Parker Center phase real estate sensitivities 67
Table 38 – Summary of Comparable Land Sales (Los Angeles, CA) 74
Table 39 – Summary of Property Value Estimates for the Subject Properties (Los Angeles, CA) 74
Table 40 – Summary of Ground Lease Payments for the Subject Properties (Los Angeles, CA) 75
Table 41 – Summary of Comparable Market Rents: Anchor Tenants 76
Table 42 – Summary of Comparable Market Rents: In Line Tenants 76
Table 43 – Retail Analysis Assumptions: Parker Center 77
Table 44 – Retail Analysis Assumptions: L.A. Mall 77
Table 45 – Summary of City of Los Angeles-Owned Retail Estimates (Los Angeles, CA) 77
Table 46 – Market Value Conclusion – Combined Property 201 & 221 78
Table 47 – Market Value Conclusion – Combined Property 201 Tower Only 78
Table 48 – Market Value Conclusion – Combined Property 221 Tower Only 79
Table 49 – Market Value Conclusion – Public Works Building 79
Table 50 – Lease Savings Analysis Details 80
Table 51 – O&M Savings Analysis Details 81
Table 52 – Utilities Savings Analysis Details 82
Table 53 – Overhead Savings Analysis Details 82

Section 2-1 – Executive Summary

1. Executive summary



1. Executive Summary

The Downtown Los Angeles real estate market has experienced significant development in the past several years, transforming the Los Angeles skyline and neighborhoods. Rejuvenation of the areas near the Civic Center core, including Little Tokyo, Historic Core, El Pueblo, and Chinatown, has motivated the City of Los Angeles to consider the potential to redevelop the City's assets in the Civic Center core and more broadly to evaluate its real estate asset portfolio. To this end, the City of Los Angeles has requested a Master Plan to study options for future development of the Los Angeles Civic Center core and the City's portfolio of owned and leased office space.

The Master Plan developed by IBI comprises a Development Sequence of six phases summarized in Figure 1 below and factors in real estate and private development considerations. The first four phases are projected over the next 10-year period with the final two phases assumed to commence sequentially thereafter. The overall Master Plan includes more than 1.2 million square feet of net new office space via the development of three new publicly-owned civic office buildings, two private developments on City property made available under long-term ground leases, and the creation of new public space on the existing City Hall East parcel. Total build out of all types of space (e.g. including retail, residential, etc.) is anticipated to be more than 3 million square feet.[1]

Figure 1 – Master Plan phasing[2]



[1] For the purposes of this Report it was assumed that the private real estate developments would include hotels, short-term furnished rentals, and/or residential development, however final use and allocation of space is not determined and ultimately subject to negotiations between the City and a private developer

[2] Hotel / Furnished / Residential refers to any private development providing hotel, short-term furnished residential, or long-term residential services. Flex space refers to space which could be utilized for a number of uses to be determined at a later time (e.g. education, cultural, etc)

The financial analyses contained in the report focus on the first four phases; high level findings are summarized below:

- ***While the delivery of the first four phases of the Master Plan would require a revenue source or General Fund support, funding could include (i) proceeds from the sale of existing real estate assets, (ii) long-term savings on current lease, maintenance and utilities expenses, and (iii) revenues from retail and ground lease fees.*** Depending on the ultimate strategy regarding the existing Figueroa Plaza and Public Works Building assets, revenues from these assets could potentially fund up to 80% of the New Parker Center phase (Development Sequence A) on a Net Present Value basis.

- ***The overall cost of the Master Plan should be considered in the context of the aging existing facilities and the overall cost of alternatives that would require overhauling the existing assets or, at a minimum addressing the deferred maintenance backlog.***

- Based on IBI's suggested land use plan and development timeline of the various phases, ***it may be preferable to develop each parcel individually: traditional public delivery/financing or public-private partnership (P3) for the New Parker Center and LA Mall phases (Phases A & C), and long-term private ground leases for the City Hall South and 911+1st St. Parking phases (Phases B & D).*** Metro Detention Center and City Hall East comprise mostly public uses that would need to be further planned and financially analyzed in the future.

- ***A P3 structured as a design-build-finance-operate-maintain (DBFOM) with Availability Payments may satisfy the City's qualitative goals for the New Parker Center phase (Development Sequence A) with respect to long-term maintenance budgeting, risk transfer and debt capacity impact.*** Whether the DBFOM approach carries a higher cost on a risk-adjusted basis should be analyzed through a detailed risk and delivery analysis undertaken by the City's Bureau of Engineering ("BOE"). The relative higher financing cost of a DBFOM may be offset through tax-exempt financing structures, which may impact this analysis. Further analysis should be undertaken after additional planning work has been completed to fully determine the potential to use P3 structures for the LA Mall phase (Development Sequence C); however at this time a traditional delivery is assumed to be the lowest cost approach.

1.1. Master Plan Financial Overview

The City currently has more than 5,000 staff across approximately 2 million square feet of office space in Los Angeles. Under the proposed Master Plan, it is anticipated that more than 1.2 million square feet of new office space would be created in the first four phases, replacing existing office space and increasing space use efficiency to approximately 200 square feet per employee per initial City guidance. While several stacking scenarios are currently considered by the City, the baseline used in this analysis assumes retention of the Figueroa Plaza 201 tower given its high degree of utilization by City departments. The

majority of the space is anticipated to come from the initial Parker Center Phase, which is the most advanced in terms of planning and has a completed Environmental Impact Report for a 750,000 square foot facility. In this analysis the Parker Center phase is projected to open for use in 2021, with the second civic building constructed from 2021-2024 on the LA Mall site. Ground leases at the City Hall South site and 911 Facility site, opening before and after the new LA Mall facility in 2023 and 2028 respectively, are anticipated to generate revenue for the City and round out the first four phases of the Master Plan.

The first four phases of the Master Plan are each on different parcels of the Civic Center core. Two new civic office buildings are contemplated on the Parker Center site and LA Mall site, with estimated lifetime costs exceeding $500 million for each that will require long-term financing. In contrast, based on current market conditions, the two private developments under long-term ground leases contemplated for the City Hall South and 911 Facility sites are not expected to require City financial contributions (other than the relocation of 911 operations), instead generating long-term ground lease payments. Table 1 below presents the total cost in Net Present Value terms of each phase, including all capital as well as ongoing maintenance costs over a 30-year period.

Table 1 – Estimated Net Present Cost of each phase (4% discount rate)

Phase	City Capital and Maintenance Costs
Parker Center phase – Development Sequence A (P3)	($784)m
City Hall South phase – Development Sequence B	-
LA Mall phase – Development Sequence C	($510)m
911 Building phase – Development Sequence D (relocation cost)	($34)m
All phases total cost	**($1,328)m**

Assumes Parker Center and LA Mall phases delivered with P3 and traditional methods, respectively (further details in Section 6).

Three potential sources have been identified to help fund the Master Plan:

1. Disposition of City buildings - Upon relocation of City staff to the new civic offices, exiting existing facilities would allow disposing of owned assets and ending current leases. Under a stacking scenario retaining Figueroa Plaza 201 tower and developing 1.2 million square feet of new offices, the sale of the Figueroa Plaza 221 tower and Public Works building could generate approximately $299 million (based on adjusted existing appraisals) available to fund the first Parker Center phase . The potential sale of space in the LA Mall civic office to non-General Fund department(s) has also been included.

2. Lease cost savings - In addition to the lease costs savings from vacated buildings, a long-term reduction in maintenance, operating and utilities costs is expected by relocating to modern, energy efficient facilities with a lower overall square footage.

3. New revenues - Finally, positive proceeds from ground leases on the City Hall South and 911 Facility sites are expected to provide additional funding for the Master Plan. The Parker Center and LA Mall phases are also planned with some retail space that will generate revenue (albeit limited).

Table 2 – Net Present Value of savings or revenue (4% discount rate)

Savings or revenue category	NPV Savings / Revenue Estimates
Retail lease revenue	$88m
Ground lease revenue	$79m
Net lease savings	$198m
Utilities/O&M savings	$219m
Other savings	$45m
Asset & space sales	$275m
Total projected savings & revenue	**$904m**

1.2. Parker Center Financial Feasibility and P3 Analysis

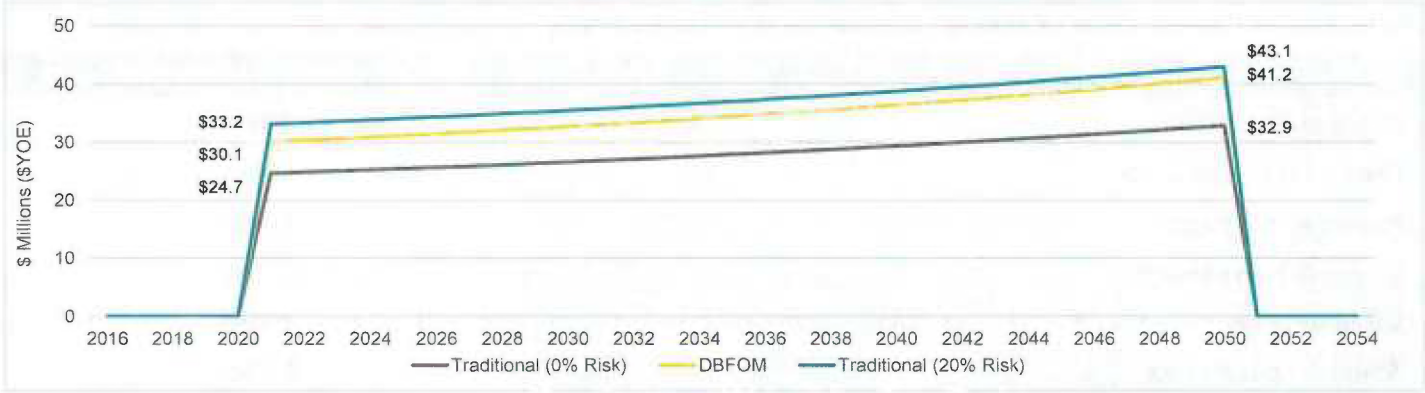
Each phase of the Master Plan is anticipated to have unique costs and offsetting savings / revenue. Given the disparity in planned delivery timelines, it may be preferable to undertake the developments separately for each parcel. The civic office and private development phases also would attract different private real estate and infrastructure P3 developers, so likely would not produce synergies if jointly developed.

At this time the Parker Center phase is relatively more advanced from a planning and environmental standpoint compared to subsequent phases. As such, a more detailed financial feasibility and potential P3 development analysis is more meaningful if focused on the initial Parker Center phase.

While the City's major construction projects have traditionally been procured under Design Bid Build (DBB) or Construction Manager / General Contractor (CM/GC) approaches, the City has been increasingly considering P3 structures for major infrastructure projects for its risk transfer, long-term budgeting/maintenance and private financing benefits. The design-build-finance-operate-maintain (DBFOM) P3 structure (where the private partner would contract with a design-builder and a long-term maintenance contractor, and raise private financing) would be the most beneficial approach for the Parker Center. Under a DBFOM, the City would make long-term availability payments covering capital, financing and operations and maintenance costs, which would be contingent upon the facility meeting key availability and performance standards. Such payments are typically escalated over time to factor in inflation on included long-term maintenance and operations costs. Taking into account the contribution of the asset sale proceeds, only a portion of the capital expenditure would need to be financed on a long-term basis.

For illustrative purposes, a basic quantitative comparison of the P3 and traditional approaches is shown below, and assumes identical capital and operating costs over an identical 30-year financing term.

Figure 2 – Parker Center (Development Sequence A) procurement options annual cost



Traditional delivery/financing assumes an illustrative level debt structure with a 4% interest rate, while the DBFOM assumes a 5.25% taxable debt financing. Refer to section 6.1 for further details.

While baseline numbers show a lower cost for the traditional delivery, factoring in the value of greater risks retained could make the DBFOM more competitive/cost effective. Risk transfer and other qualitative considerations are further outlined in Table 3 below for the DBFOM and traditional DBB and CM/GC delivery methods. Note the DBFOM might also be structured so as to benefit from tax-exempt financing which could lower the required Availability Payment shown by approximately 7% or more.

Table 3 – Potential benefits and limitations of a P3 procurement for the delivery of public facilities

	Benefits	Limitations
Traditional Public Delivery and Finance	• Low cost of tax-exempt public finance • Lower anticipated annualized cost, but additional long-term risks retained • Maximum control of City technical staff and potential improved cost management • Flexibility for service adjustments and potential expansion	• Financing is counted against 6% City debt limit • No integration of construction and operational parties, limited construction warranty • No incentive for O&M cost efficiencies, service level performance, or useful life performance • City retains construction and service level risks • Exposure to contractor company credit • No flexibility in timing of funding requirement • City retains significant schedule/cost overrun risks

	Benefits	Limitations
DBFOM Availability Payment	• Single point of contact drives incentive for innovation to reduce overall DB+O&M pricing • Per the City, Availability Payments do not count against 6% debt limit • Greater flexibility to adapt payment structure to timing of funding availability • De-facto construction warranty for length of concession • Greater performance incentive, including: undertaking capital maintenance/renewals to meet residual life/performance specifications • Greatest schedule/cost overrun risk transfer, City interests aligned with lenders • Reduced City technical resources required due to lenders' oversight/use of independent certifier	• Higher anticipated annualized cost, but limited long-term risks retained • Higher private financing cost due to equity/debt risk (tax-exempt financing might be available to reduce cost) • More limited City control compared to a traditional delivery • Procurement more complex than a traditional procurement, may require extra management resources from the City

Given DBFOM qualitative benefits compared with the risks retained in principle by the City under a traditional delivery method, using this method for the delivery of the Parker Center may warrant further consideration. While the DBFOM costs could appear more expensive (in part due to the assumed use of private taxable debt), the City would not be exposed to cost and schedule overruns as under a DBB or CM/GC approach, and would benefit from greater protection against long-term cost increases, so the incremental cost may be viewed as akin to an "insurance premium". The exact value of the risk transfer and P3 premium price should be further assessed by the City with the benefit of a detailed risk analysis of the Parker Center project. Table 4 below provides a summary comparison of traditional vs. DBFOM approaches for the delivery of the Parker Center phase based on various criteria provided by the CAO. Similar considerations would likely apply for the new civic office in the LA Mall Phase, although initial analysis indicates a greater DBFOM cost premium that may outweigh qualitative benefits.

Table 4 – Delivery option comparison for the Parker Center (Development Sequence A) delivery

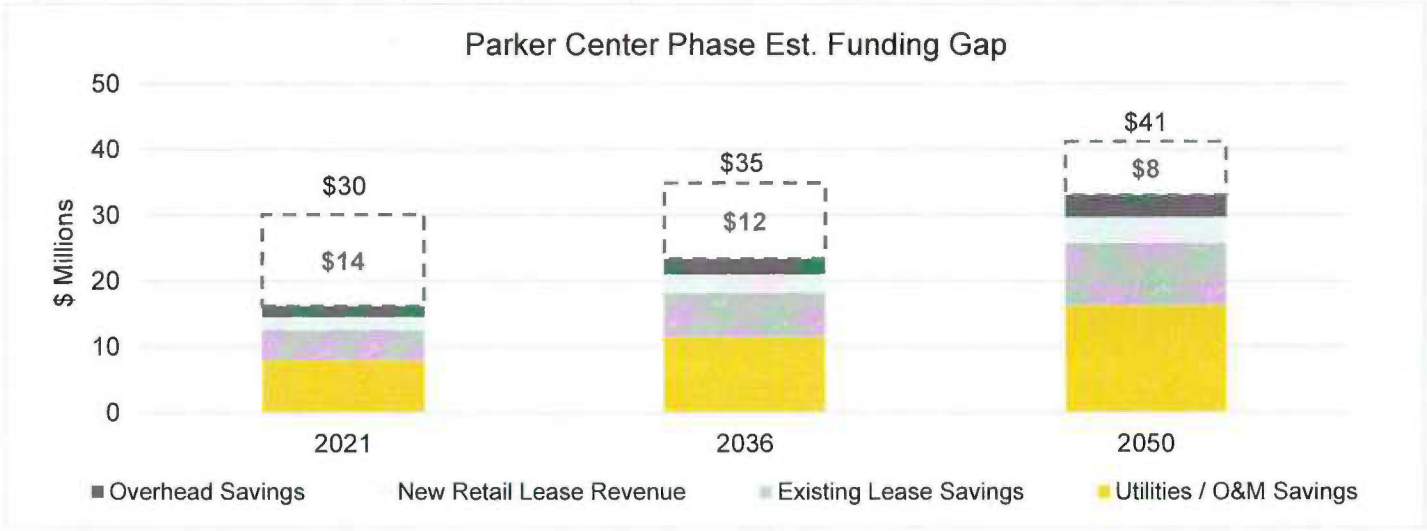
Key Considerations	Criteria	Traditional	DBFOM
1. Affordability	Lowest expected cost	🟢	🟡
	Impact on City debt limit	🔴	🟢
	Flexibility in using funding sources	🟡	🟢
	Increase net new tax revenues	🟡	🟡
	Innovation & cost reduction opportunities	🔴	🟢
2. Risk Transfer	Risk transfer on capital cost overruns	🔴	🟢
	Risk transfer for schedule delays	🔴	🟢
	Risk transfer on lifecycle cost overruns	🔴	🟢
	Procurement execution risk	🟢	🔴
3. Project Delivery and Long-Term Maintenance	Procurement & project completion timeline	🟡	🟡
	Ability to control and amend facilities' design	🟢	🔴
	Commitment to adequately maintain the public facilities over time	🔴	🟢

See Appendix C for descriptions and evaluation of each criteria

1.3. Summary Net Delivery Cost

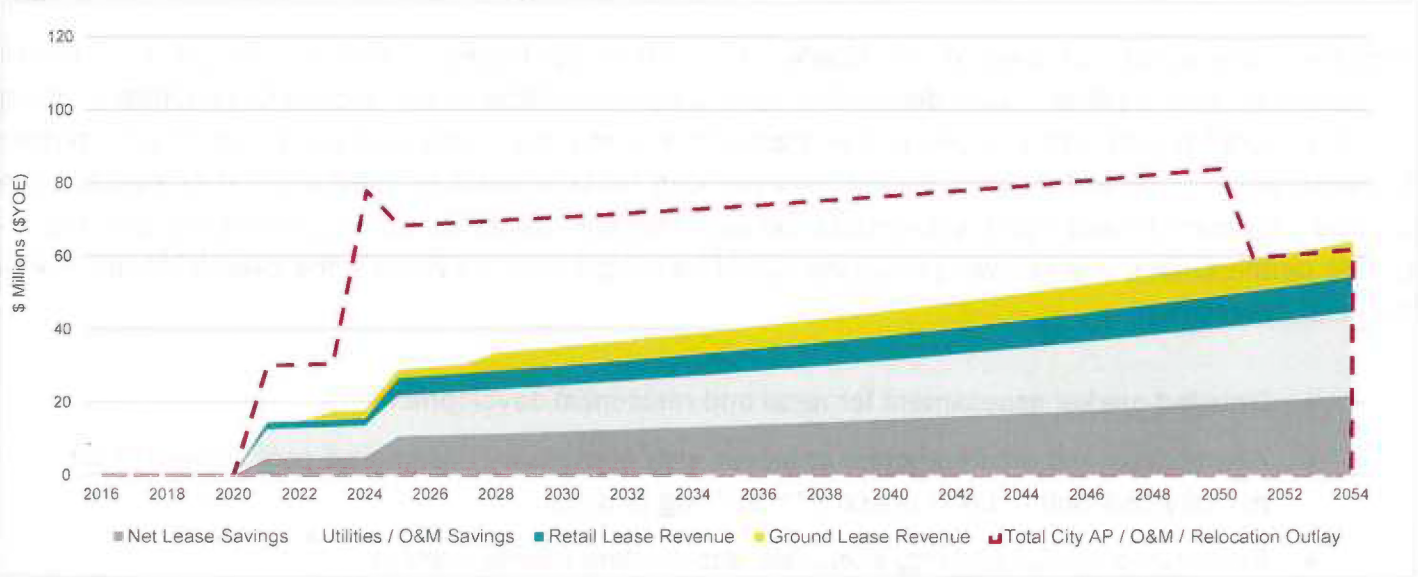
Revenues and savings would significantly contribute to the long-term financing and operations and maintenance cost of the Parker Center: as shown below, under a DBFOM approach between 50% and 80% of the availability payments would be covered, leaving an average annual funding gap of approximately $12 million, which would need to be covered by another source of revenue or general fund support. Under a traditional delivery method, this would range between $5 million and $14 million, depending on the added risk contingency level (0-20%).

Figure 3 – Parker Center Phase (Development Sequence A) Funding Gap – P3 Procurement



The overall cost profile and long-term funding sources for the Master Plan's first four phases is shown below (based on a Parker Center DBFOM and a traditional delivery of the LA Mall).

Figure 4 – Combined Master Plan phasing – Parker Center as P3



The one-time costs for relocating the 911 Facility are assumed to occur in 2024

Table 5 – Estimated Net Present (Cost) / Value of each phase (4% discount rate)

Phase	Costs	Revenues / Savings	Net Costs
Parker Center phase – Development Sequence A (P3)	($784)m	$624m	($160)m
City Hall South phase – Development Sequence B	-	$45m	$45m
LA Mall phase – Development Sequence C (traditional)	($510)m	$201m	($309)m
911 Building phase – Development Sequence D	($34)m	$34m	-
All phases total (cost) / savings	**($1,328)m**	**$904m**	**($424)m**

Figures may not sum due to rounding

Developing the City Hall South and 911 phases could help reduce the Parker Center funding gap from a $12 million annual average down to $10 million. However, the delivery of all four phases of the Master Plan would require further revenue sources or General Fund support due to the cost of the LA Mall phase – the total average annual funding gap would be $25m. The second civic office developed as part of the LA Mall phase is required to fully develop the 1.2 million square feet of space targeted by the City as part of consolidation efforts, however offsetting savings generated by that phase are projected to offset less than 40% of its net present cost.

The $424m net present funding gap, (which is estimated to cost up to $573m if the LA Mall is delivered through a DBFOM) should be considered in the context of the existing facilities' condition. Existing City facilities are already or will soon be reaching the end of their useful lives, requiring at a minimum some

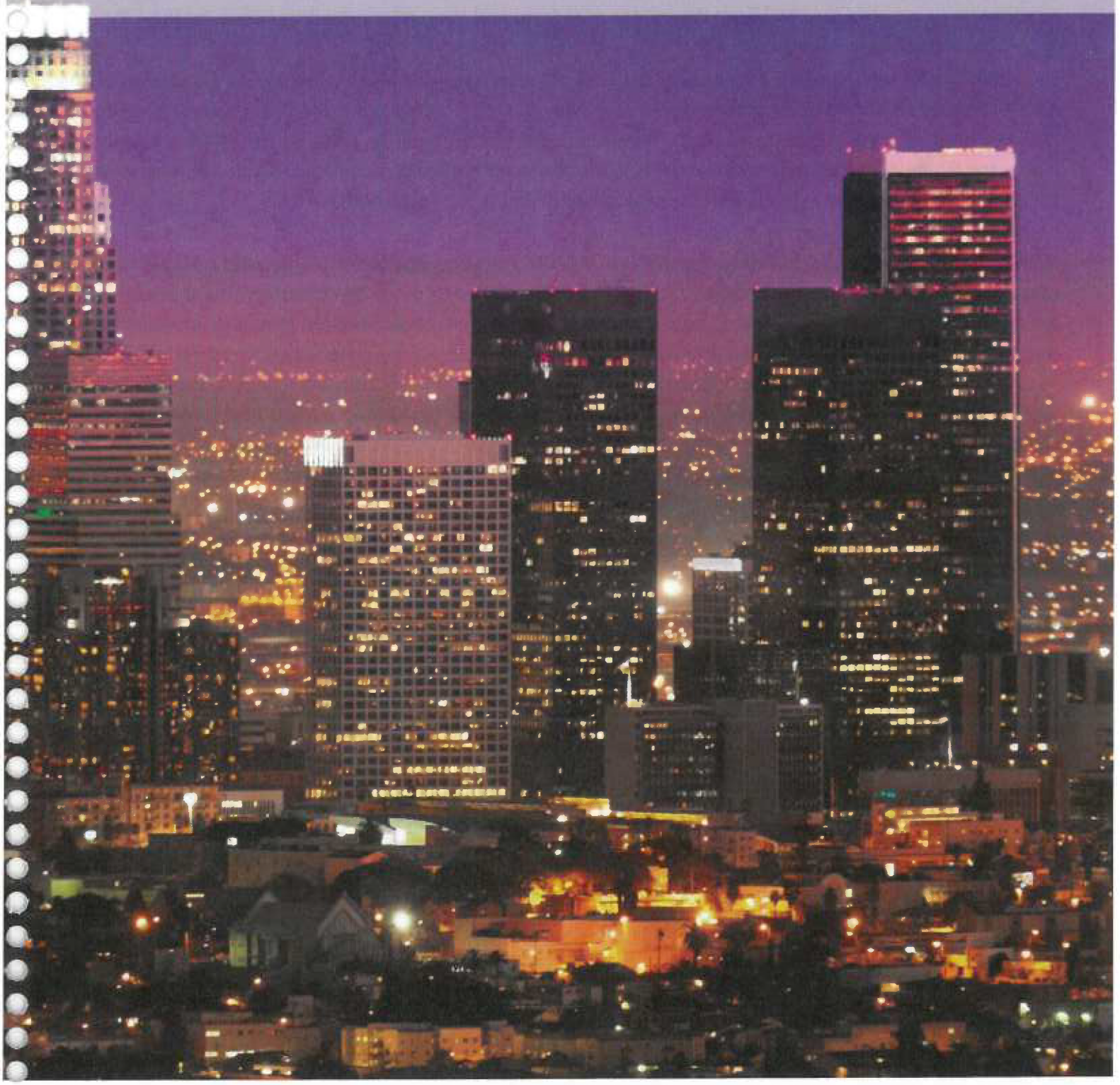
capital investment to rehabilitate those buildings which have been subject to some degree of deferred maintenance over the years. Such strategy would not fulfill the City's broader land use and policy goals and would not fully capture private development revenues and cost savings efficiencies that the Master Plan's proposed new facilities could bring – and is, at a high level, estimated to cost in excess of $400m.

Ultimately, the exact net cost of the Master Plan would be largely driven by the LA Mall phase development, which will be highly dependent upon further definition of the second Civic Office building and the overall parcel planning. As further planning and environmental analysis is completed, further financial, project risk and delivery options analysis can be conducted to more accurately evaluate the subsidy requirement and most appropriate delivery method (traditional delivery/financing and public-private partnerships). The following analyses would be critical to move forward the overall Master Plan's financial assessment.

- Detailed market assessment for retail and residential development
- Alternatives and environmental analyses with preliminary design and cost estimates for the City Hall South, LA Mall and 911 Building phases
- Preferred potential stacking scenarios and existing assets strategy

Section 2-2 – Introduction

2. Introduction



2. Introduction

2.1. Project background

Recent economic development in the area surrounding the Civic Center has provided an opportunity to consider long term strategies for the area and specifically City-owned assets. Additional public improvements such as construction of the new Federal Courthouse, development of Grand Park, additional planned City parks, and the Regional Connector now under construction have generated momentum to improve and build out the center of federal and local government facilities for the City.

By taking a holistic approach to planning the Civic Center, the City has an opportunity to consider the entire portfolio of owned and leased assets when developing a strategy for the future use of space over the long term. The neighborhoods surrounding the Civic Center such as Little Tokyo, El Pueblo, Historic Core, and Chinatown have experienced recent development pressure as well and a comprehensive vision for the City facilities may provide better physical connections for these communities.

With the opening of a new LAPD headquarters in 2009, the vacated Parker Center site now provides an opportunity to create a new City office facility that will continue to move the development momentum for the area. Completion of the Parker Center environmental review allows concrete planning for a new facility and due to the potential major relocations associated with a new building, the City now has an opportunity to reassess all of their real estate holdings. Considering new, more efficient workplace strategies and the high cost of real estate, cities and public organizations are reconsidering owned and leased assets to determine the most cost effective and efficient use of space. The Civic Center Master Planning effort facilitates comprehensive analysis of the physical configuration of space and the financial elements required to deliver on the City's Master Plan vision.

2.2. Project status

In 2014, the Bureau of Engineering finalized the Parker Center initial environmental impact review process to assist in determining the future for the building site. The availability of this centrally-located site in the Civic Center now allows the CAO to engage in a formal Master Planning process to guide the future development of the area and also consider the future of various City-owned assets.

Based on feedback from the City, the location of employees in facilities spread around the downtown area (and further) does not allow for the collaborative and efficient operation required of City government. Centralizing employees near City Hall is a major City goal and will likely reduce the time spent traveling between buildings, thus improving employee efficiency and lowering transportation costs (and the related environmental impacts).

The preferred alternative (B3) from the Parker Center Environmental Impact Report (EIR) stated that full demolition of the existing building and construction of a new office building would provide opportunity for more office space, better integration with the surrounding neighborhoods, new sustainable construction practices and materials, and the most efficient option in terms of flow of people. It is with this preferred alternative that the master planning effort begins.

2.3. Scope of work

Along with the physical master planning process, a financial planning phase of work is critical to understand anticipated costs and revenues and analyze ways to deliver the Master Plan build-out in a cost-effective way that manages inherent risks. Together, these two phases encompass the City's scope of work for the LA Civic Center Master Plan project.

EYIA has been contracted by the City of Los Angeles' City Administrative Officer (through a subcontract with IBI Group, Inc.) to develop a preliminary financial plan for the proposed Master Plan build-out, including analysis of potential public-private partnership (P3) delivery methods or other alternative delivery options. This Report constitutes the EYIA Phase 2 deliverable and identifies and analyzes several financing and delivery strategies for the Master Plan phases.

2.4. Objective of report

This Report summarizes the Phase 2 financial planning process and presents the build-out of the Master Plan in the four initial phases coordinated with IBI. Based on the program for each phase, EYIA has analyzed financing and delivery options specified by the City. These alternatives are presented in the report along with a conclusion that summarizes the four phases and describes the outcome of the analysis with direction on potential next steps.

In addition to the Executive Summary (Section 1) and the Introduction (Section 2), the remainder of the Report is organized as follows:

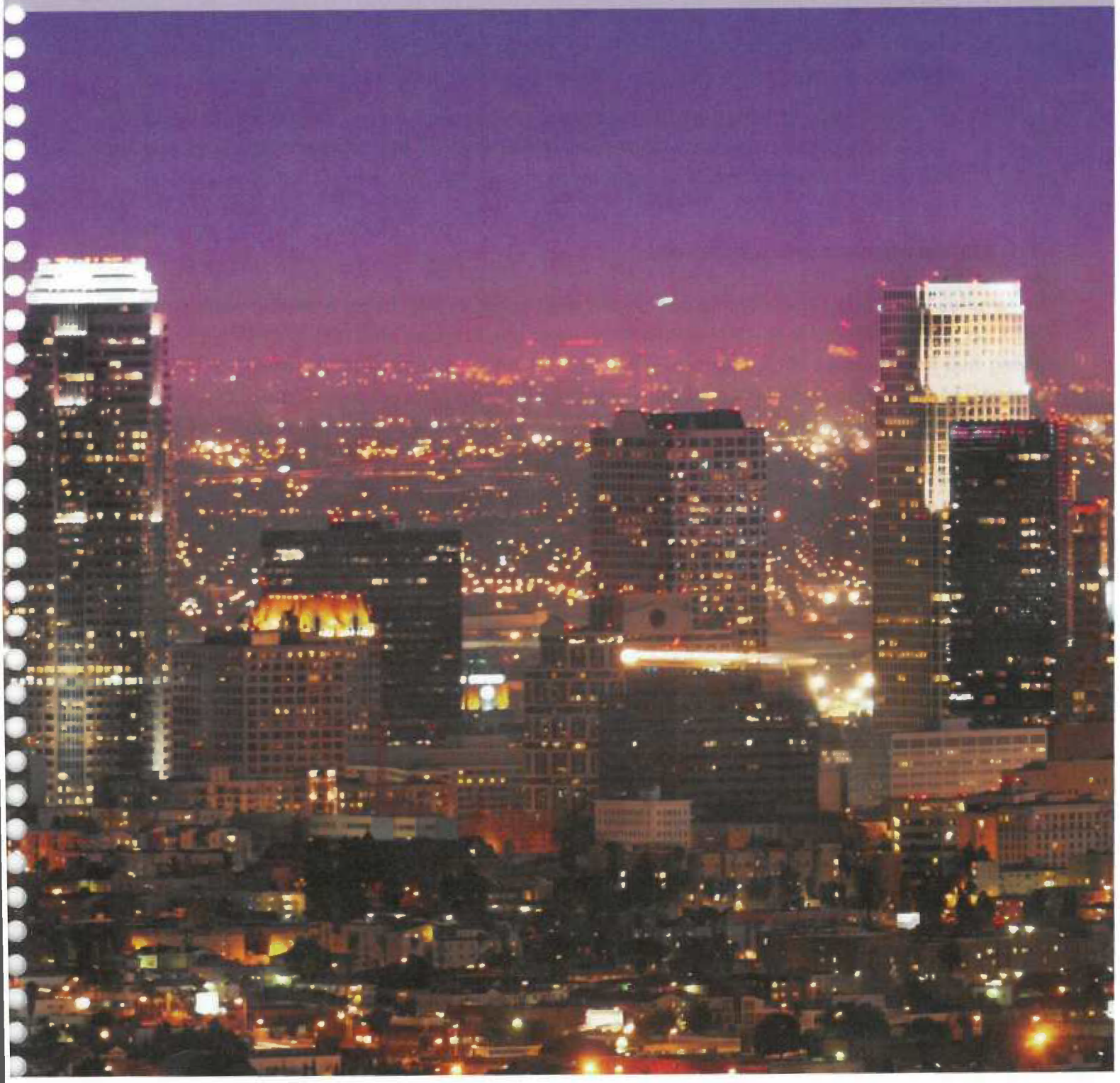
- **Section 3** – "Land use and Master Plan phasing" describes the land use plan and Master Plan phases developed in the Phase 1 physical planning with a discussion of major financial drivers for the plan, including the impact and integration of private real estate into the Master Plan.
- **Section 4** – "Financial plan framework" details the existing assets studied along with a timeline for Master Plan build-out that considers asset dispositions, lease expirations/terminations and space moves. Funding sources and cost assumptions used in the analysis are described as well.

- **Section 5** – "Delivery options" provides an overview of potential project delivery methods, including a design-build-finance-operate-maintain ("DBFOM") delivery method among several public-private-partnership ("P3") approaches.
- **Section 6** – "Financial feasibility analysis" outlines the financial and delivery analysis completed for each of the four initial phases, including consideration of funding capital and operating costs.
- **Section 7** – "Next steps" summarizes the Report's analysis and formulates recommendations for the delivery, financing and next steps for the development of the Master Plan build-out including development of the new Parker Center building.
- **Section 8** – "Appendices" includes supporting data and assumptions used in the analysis.

Please note that all building space figures are gross space (as opposed to net space) unless otherwise noted. Also, all values are in year of expenditure ($YOE) dollars unless otherwise noted.

Section 2-3 – Land Use and Master Planning Phasing

3. Land use and Master Plan phasing



3. Land use and Master Plan phasing

3.1. Land use plan financial drivers

Given the CAO's goal to develop a Master Plan that will be ultimately affordable and actionable, EYIA undertook a high-level analysis of the financial costs and benefits of various land use options considered by IBI. Inputs from two key analyses helped shape the proposed Master Plan solution for the Civic Center:

- A high-level real estate market analysis for potential private real estate uses within the Master Plan study area that resulted in an assessment of potential ground lease payments and other revenue to the City from private residential, hotel and retail uses; and
- An assessment of new civic office space needs (based on key City strategic inputs on space occupancy, workforce and existing office asset management strategy) and an efficient phasing approach that limits office moves and the need for temporary space.

3.1.1. Market analysis and trends

Los Angeles is a world-class city situated on the west coast of the United States in southern California. With a population of more than 15 million in the greater Los Angeles area, the city has historically been a thriving hub for industries including film, aerospace, finance, and tourism. Following a 1999 ordinance allowing "adaptive reuse" of historical buildings (which also removed certain parking restrictions), the downtown core has seen new life and activity as new trendy lofts and multi-family residences have become available.

Thanks to a diverse economy and positive environment, development in the Los Angeles area blossomed following the financial crisis in 2008 and the City has seen strong growth in employment, services, and real estate. During the past five years, new construction of commercial real estate downtown has been dominated by mixed-use multi-family residential complemented by more limited construction of new hotel, creative office and retail spaces.

Analysis of New Development in Downtown L.A. (Q3 2016)[3]

Residential

Units Under Construction	11,868
Units Proposed	19,054
Occupancy Rate *(YoY Change)*	91.5% *(-2.8%)*
Asking Rent per SF *(YoY Change)*	$2.81 *(+$0.12)*

[3] Source: Downtown Center Business Improvement District (DCBID) Q3 2016 Market Report

Office

Office Space Under Construction	2,800,000 SF
Office Space Proposed	723,000 SF
Vacancy Rate *(YoY Change)*	16.8% *(-1.0%)*
Overall Rent per SF *(YoY Change)*	$3.30 *(+$0.24)*

Hotel

Rooms Under Construction	2,756
Rooms Proposed	3,636
Occupancy Rate *(YoY Change)*	80.8% *(+3.6%)*
YTD Average Daily Rate *(YoY Change)*	$213.24 *(+$17.48)*
YTD Revenue Per Available Room *(YoY Change)*	$172.32 *(+$21.15)*

Retail

Retail Space Under Construction	2,000,000 SF
Retail Space Proposed	1,500,000 SF
Vacancy Rate *(YoY Change)*	4.0% *(-1.3%)*
Average Rent per SF *(YoY Change)*	$2.51 *(-$0.11)*

It is important to note that this market data is for a certain point in time (Q3 2016) and by the time the private uses and civic office are delivered, the real estate market could look very different.

3.1.2. Ground lease revenue

The City has indicated that real estate developments in the Civic Center Core area would be preferably based on a long-term ground lease to private developers, as opposed to a sale of the City-owned parcels. These real estate developments would contribute revenue to the Master Plan build-out in two ways: (i) through long-term ground lease payments and/or (ii) lease revenue from space within or surrounding the civic office buildings.

IBI has identified the City Hall South and 911 Building parcels for private development that could contribute ground lease payments to the City. In the case of the 911 phase, expansion of the Parker Center podium (on the adjacent site) is included in order to use the area to its full potential and is captured in the ground lease analysis. The use of private developments also helps to add activity and energy to the Civic Center Core, bringing new residents, shops, and other businesses to the area.

Table 6 – Ground Lease subject properties

Subject Property	Approx. Land Area (SF)	Potential Development
City Hall South (Development Sequence B)	82,000	Multi-Family Residential; Retail
911 Facility & Parker Center Podium (Development Sequence D)	192,000	Multi-Family Residential; Retail

As part of a high-level analysis outlined later in section 4.2.2, the potential annual ground lease payment ranges for the properties listed above was estimated between $3.8 million and $7.3 million combined and rounded. While this can help subsidize the civic office development, other substantial revenue sources need to be identified to fully fund the civic offices' capital improvements.

3.1.3. Retail/commercial space

In addition to ground lease revenue, retail or commercial space within and surrounding the civic office buildings can potentially contribute lease revenue to the Master Plan build-out effort. Retail also adds a dimension of community to the Civic Center Core and the new Civic Office buildings. By providing goods and services to City staff in the area as well as the surrounding neighborhoods, the Civic Center Core can be activated as a destination for activities beyond standard city services of offices.

Based on the two new civic office phases, a summary of the subject properties that include City-owned retail space is illustrated below:

Table 7 – Retail development subject properties

Location	Contemplated Retail Area (SF)	Retail Type
Parker Center (Development Sequence A)	37,500	In-Line Retail
L.A. Mall (Development Sequence C)	50,000	Anchor Tenant + In-Line Retail

While other phases may also include retail space, only the locations shown in Table 7 above are contemplated to have retail space for which the City will retain ownership and control (private retail assumed in the private ground lease parcels in Table 6 above are incorporated into the potential ground lease amounts). The size of the retail space for the Parker Center has been limited to 5%, preserving the potential ability to access tax-exempt financing (assuming other requirements are met). At this time, the LA Mall phase is contemplated to have slightly more retail space (7-8%) which provides more revenue potential (as shown in section 4.2.2 below) but may preclude it from being able to access tax exempt financing.

3.1.4. New civic office development

The four phases of the Master Plan evaluated in this analysis assumes an eventual full build-out of over 1.2 million square feet of civic office space. This City goal is based on (i) the goal to reduce the space per employee metric down to approximately 200 square feet and (ii) relocate the majority of City staff to the Civic Center Core. Both goals aim to improve efficiency and create a more collaborative working environment across City teams. Table 8 below captures each of the facilities contemplated to relocate to one of the new civic office towers in the first four phases of the Master Plan and summarizes the currently occupied space, headcount, and space required assuming 200 square feet per employee. Note that while Table 8 is based on information provided by the City, decisions regarding space needs, movement of departments, or staffing are only in the early planning stages. The information in Table 8 is only one of several initial plans and is shown for indicative purposes as the basis of this analysis.

Table 8 – Existing City properties space use and needs

Existing Building	Current Headcount	Existing SF	New Required SF
L.A. Mall	50	52,000	10,000
City Hall South	200	80,000	40,000
Personnel Building	388	142,000	77,600
Public Works	1,286	438,000	257,200
Fig Plaza 221 Tower	n/a	326,000	113,800
Garland Building	1,036	223,000	207,200
Paramount Building (1)	n/a	19,000	19,000
350 South Figueroa (1)	n/a	12,000	12,000
Caltrans (1)	450	90,000	90,000
Media Center	322	61,000	64,400
Other New Department	n/a	n/a	28,000
Total	**3,732**	**1,443,000**	**919,200**

Based on Nov 1 "PWB/Garland Option 2" stacking scenario (1) Relocation SF efficiency gains not available

While not every portion of the new space has been accounted for, the Master Plan has been slightly oversized and is anticipated to deliver 1.258 million square feet of civic office space in two phases, starting with the Parker Center replacement project. This first phase (Development Sequence A) will include 712,500 square feet of civic office space with the balance of space delivered in a second building planned for the current L.A. Mall site (Development Sequence C). There also exists some capacity for the square footage of this second building (currently estimated at 545,000 square feet) to be increased or decreased based on the ultimate space needs at the time of construction.

3.2. Project phasing

The following figure shows the various existing and proposed developments identified in IBI's Master Plan study that take into account current and future space needs, demolition plans, environmental review considerations, high-level financial feasibility/potential value generated and preferences expressed by the City:

Figure 5 – Preferred concept illustrative plan



Source: IBI

3.2.1. Parker Center phase (Development Sequence A)

The initial phase includes demolition of the existing Parker Center building and construction of the new Parker Center facility that includes 712,500 square feet of civic office space and 37,500 of retail space in the podium. With a completed Environmental Impact Report in hand, the City may commence demolition on the vacant Parker Center facility and begin construction of up to 750,000 square feet of space in the near term. A small amount of retail space has been added to generate activity at the ground level and provide convenience retail for both office workers and the surrounding neighborhood.

Table 9 – Parker Center phase (Development Sequence A)

Parker Center Phase	Building	Square Feet
Demolish	Existing Parker Center	231,000 SF
Build	New Parker Center • Civic Office • Retail Parking	750,000 SF Total • 712,500 SF • 37,500 SF 1,100+ Spaces

3.2.2. City Hall South phase (Development Sequence B)

In an effort to generate additional revenue, this phase includes a proposed private development on the site of the current City Hall South building. Once the Parker Center space has been constructed, the current uses housed within the City Hall South building may move to this new facility and demolition can begin once environmental review has been approved. The City Hall South building site is located to the south within the Civic Core and is closer to existing residential neighborhoods. This prominent site may be attractive for private residential development and may energize the Civic Core with 18-24 hour activity. The City Hall South building represents a good opportunity for relocation due to the relatively small building size, prominent site, building age and lack of building-associated debt obligations. The retail anticipated in this phase is centrally located for surrounding office workers, visitors and residents.

Ultimately, the type and quantity of units, density, use breakdown, and specific square footages by use will be dictated by the market at the time of construction. The City would enter into a long-term ground lease with the private developer and receive a ground lease payment. The City may decide to dictate certain technical specifications and financial details (e.g., building height, allowable uses, unit counts, visual character, lease payment structure, etc.), but may need to balance these restrictions with the appetite of the market at construction.

Table 10 – City Hall South phase (Development Sequence B)

City Hall South Phase	Building	Square Feet
Demolish	City Hall South	122,000 SF
Build	Private Development • Residential • Retail Parking	659,000 SF Total • 569,000 SF • 90,000 SF 700+ Spaces

3.2.3. L.A. Mall phase (Development Sequence C)

This phase anticipates demolition of the L.A. Mall retail space and underground parking in order to prepare the site for the second civic office building. Environmental review for these actions will likely need to commence in 2018 for approval to be in place when the new civic office building is contemplated. A staggered delivery of civic office space, first with the New Parker Center and next with this building, would

allow other existing City office assets to be disposed and/or leases terminated or expire. Also, for this second building, the City will have the option of deciding on a quantity of space when needs are better known (closer to construction), provided that the scale and density of the building corresponds to allowable limits under an Environmental Impact Review. Underground parking (515 spaces) are anticipated to be provided where the L.A. Mall is currently located. Additional convenience retail will be developed on the ground floor of the building and will serve office workers and the surrounding community. Flex space has been planned into this phase and can house day care facilities, gyms, schools, etc. These facilities may potentially be open to the larger community and this new civic office building provide a connection between the Civic Core and the community to the north.

Table 11 – L.A. Mall phase (Development Sequence C)

L.A. Mall Phase	Building	Square Feet
Demolish	L.A. Mall	52,000 SF
	L.A. Mall Parking	350 Spaces
Build	New Civic Office Building	675,000 SF Total
	• Civic Office	• 545,000 SF
	• Retail	• 50,000 SF
	• Flex Space	• 80,000 SF
	Parking	1,300+ Spaces

3.2.4. 911 Building phase (Development Sequence D)

The 911 Building phase allows private development to be integrated further in the Civic Core Master Plan. Once the second civic office building has been completed, the City's Personnel building could be vacated for use as the new 911 facility site. This move frees up the 911 parcel for further private development which may include residential or a hotel, depending on what is market feasible at that time. The 300 parking spaces are expected to be relocated from the Aiso Street Parking Garage to other locations within the Civic Core, including among 700+ spaces anticipated on the new site. This private development is seen as further enhancing the activity in the area and will bring additional residents (or hotel guests) to the area. 90,000 square feet of retail space will complement the residential or hotel uses and increase activity and convenience for office workers, visitors, and residents. This private development on City land will potentially provide an ongoing revenue stream from a long-term ground lease to be applied to 911 relocation costs and the ongoing capital costs of the Master Plan build-out.

Table 12 – 911 Building phase (Development Sequence D)

911 Building Phase	Building	Square Feet
Demolish	911 Building Aiso Street Parking	59,000 SF 300 Spaces
Build	Private Development • Residential/Hotel • Retail Parking	610,000 SF Total • 520,000 SF • 90,000 SF 700+ Spaces

3.2.5. Metro Detention Center phase (Development Sequence E)

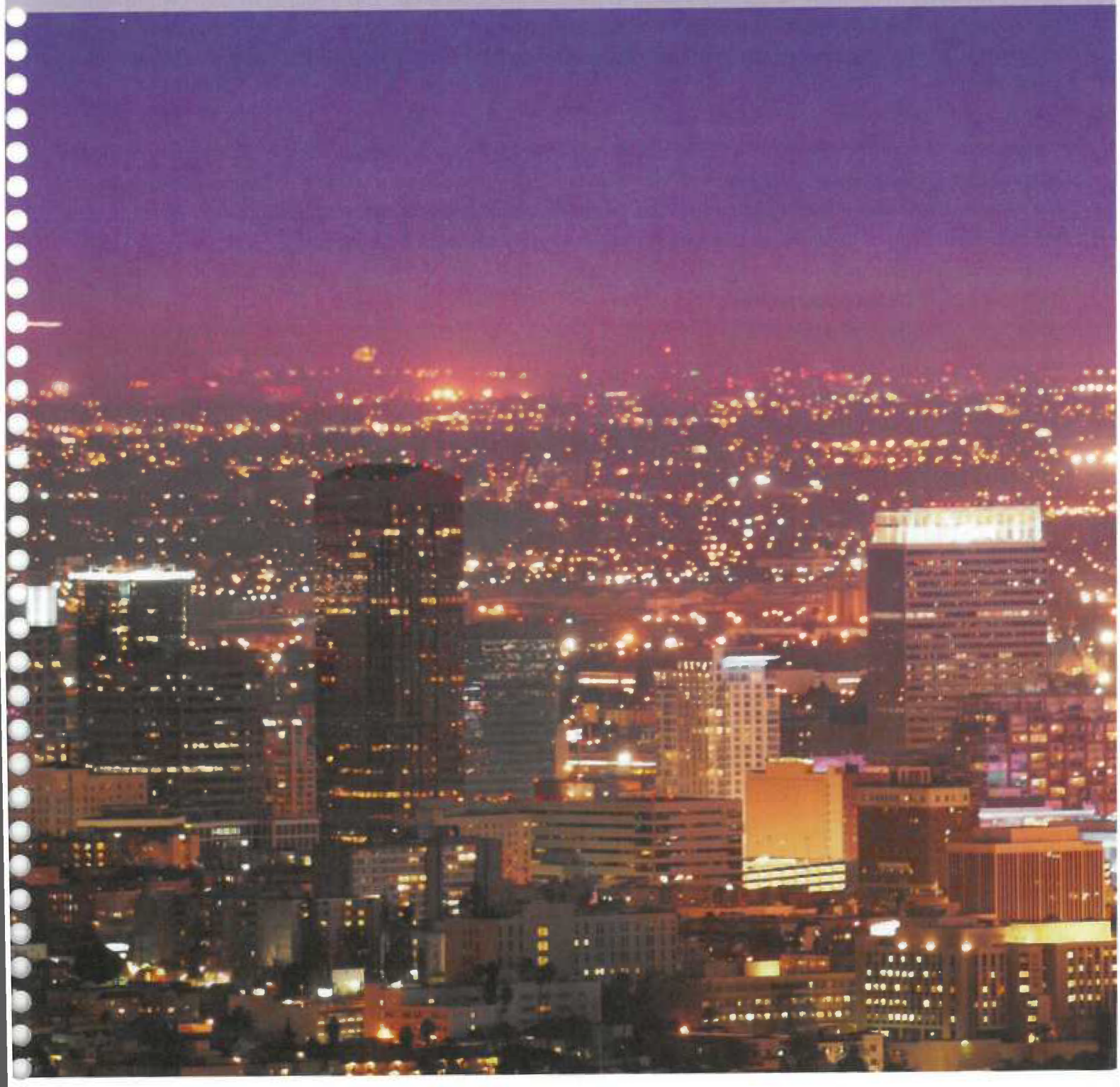
The two long-term phases (Metro Detention Center and City Hall East) would occur after all new civic office space has been built and would have the most flexibility for a change in uses, delivery methods, financing strategies, etc. Considering the difficulty of relocation and recent building investment, the Metro Detention Center Phase is proposed to be the second last phase of the Master Plan build-out. Along with building demolition, this phase would create new civic office space to take up the City Hall East space needs of the City. The proposed uses may shift as Master Plan build-out continues. Additional retail space further strengthens a vibrant district and directs additional revenue to the Master Plan build-out along with additional underground parking on the site.

3.2.6. City Hall East phase (Development Sequence F)

The City Hall East Phase would see demolition of the existing City Hall East building, underground parking and adjacent generators. The building occupants would relocate to the civic office space constructed in the earlier phases, including in large part the Metro Detention Center phase, and the existing facilities would be replaced with a cultural facility and civic plaza for community use. The cultural facility may house a museum or other community space. The plaza and cultural spaces (one indoor, one outdoor) would provide community facilities in the heart of the Civic Core district.

Section 2-4 – Financial Plan Framework

4. Financial plan framework



4. Financial plan framework

4.1. Existing assets and development timeline

4.1.1. Existing assets

The portfolio of City properties evaluated in the context of relocating the City's workforce into new civic offices included more than 15 distinct assets in the Los Angeles area. The majority of City-owned assets fall within the Civic Center Core and form an integral part of the City's civic infrastructure. Leased properties, on the other hand, are generally dispersed around central Los Angeles and were outside the study area.

Regardless of a property's location, the direct and indirect financial implications of its disposal or lease termination (as applicable) are factored into the financial analysis as a means of supporting funding for the Master Plan. The following table lists the properties evaluated for their feasibility with respect to sale, lease termination, or conversion to a ground lease asset for private development.

Table 13 – Civic Center asset portfolio

Name	Size (sq. ft.)	Area	Owned/Leased
Parker Center	n/a	Civic Center Core	Owned
L.A. Mall	52,000	Civic Center Core	Owned
City Hall East	510,000	Civic Center Core	Owned
City Hall South	80,000	Civic Center Core	Owned
911 Facility	59,000	Civic Center Core	Owned
Aiso Street Parking Garage	n/a	Civic Center Core	Owned
Personnel Building	142,000	Master Plan Study Area	Owned
Public Works Building	438,000	Outside Study Area	Owned
Figueroa Plaza 201 Tower	328,000	Outside Study Area	Owned
Figueroa Plaza 221 Tower	326,000	Outside Study Area	Owned
Garland Building	223,000	Outside Study Area	Leased *(ends 2019)*
Paramount	19,000	Outside Study Area	Leased *(ends 2018)*
350 South Figueroa	12,000	Outside Study Area	Leased *(ends 2021)*
Bradbury Building	41,000	Outside Study Area	Leased *(ends 2017)*
Caltrans	90,000	Outside Study Area	Leased *(ends 2030)*
Media Center	61,000	Outside Study Area	Leased *(ends 2017)*

4.1.2. Development timeline

During preliminary dialogue with the City, a number of options were contemplated for arranging the City's office space. Of the City's portfolio of more than 15 leased and owned properties, several sites were identified as high-priority options for the City to exit or relocate. ***While no decision has been made at this time regarding the exact stacking and sale/relocation or existing properties, the following scenario has been used to as a baseline for the purposes of the financial analysis***. The City will need to undertake further analysis before deciding on an exact strategy. Some alternative scenarios / sensitivity results are also shown in section 6.6.1.

The table below presents the sites identified for relocation as a baseline, excluding the long-term Metro Detention Center and City Hall East phases (Phases E & F)for which delivery is envisioned beyond a 10-year timeframe. By using space more efficiently, the City has the potential to consolidate more than 1.4 million square feet space by nearly 50%. The majority of the new space required would be delivered in the Parker Center phase (Development Sequence A) of the Master Plan, with the balance included in the second Civic Building on the LA Mall site (Development Sequence C). Further, while some space has been planned for use by departments outside of the City's General Fund (as noted below), the ultimate use of space can be determined by the City as the baseline scenario becomes more refined.

Table 14 – Baseline scenario

Name	Size (SF)	Relocation (SF)	Use	Relocation To
Parker Center (1)	n/a	n/a	New Office (713k SF)	New Parker Center
L.A. Mall (1, 2)	52,000	10,000	New Office (545k SF)	New Parker Center
City Hall East (1)	510,000	n/a	Remain	n/a
City Hall South	80,000	40,000	Private Dev.	New Parker Center
911 Facility & Aiso Parking	59,000	59,000	Private Dev.	Personnel Site (911 only)
Personnel Building	142,000	77,600	New 911 Facility	New Parker Center
Public Works Building	438,000	257,200	Sell	New Parker Center
Fig Plaza 201 Tower (1)	328,000	n/a	Remain	n/a
Fig Plaza 221 Tower	326,000	113,800	Sell	New Parker Center
Garland Building	223,000	207,200	End Lease	New Parker Center
Paramount (3)	19,000	19,000	End Lease	New LA Mall Civic Office
350 South Figueroa (3)	12,000	12,000	End Lease	New LA Mall Civic Office
Bradbury Building	41,000	30,000	End Lease	Fig Plaza (move in 2016)
Caltrans	90,000	90,000	End Lease	New LA Mall Civic Office
Media Center	61,000	64,400	End Lease	New LA Mall Civic Office
Other New Department (4)	n/a	28,000	New Tenant	New LA Mall Civic Office
Total	**2,381,000**	**1,008,200**		

Based on Nov 1 "PWB/Garland Option 2" stacking scenario
(1) Remaining or new office facility
(2) Relocation SF applies to relocated staff only
(3) Relocation SF efficiency gains not available
(4) Reserved for any new department that is not part of City operations (i.e. not part of the City's General Fund)

The timeline below shows the status of each building or building site over time and includes demolition, construction, asset disposals, and lease termination timing. The owned buildings would be sold earlier (by approx. 2020) to generate funds to pay for Master Plan build-out, specifically the New Parker Center. Based on the market at the time, earlier building sales (and associated leasebacks, if necessary) could potentially be considered to generate funds for construction earlier (assuming the removal of any lease revenue bonds collateral can be properly managed as discussed in section 4.4.3). Delayed sales (and associated financing) could also be considered at the time if market conditions or lease situations warrant it. The new civic office space would be filled by the departments vacating the assets being sold, among others. In preparation for construction of a second civic office building, some existing leases may need short term extensions to coincide with the date the new space would be available for occupancy.

Some external departments (i.e. outside of the City's General Fund) are shown for context on the assumption they may be interested in participating in the Master Plan. The participation of an external department has been assumed through their purchase of office space in a new civic office through a condominium type structure. The purchase of space by a department not part of the City's General Fund could provide upfront funds to offset Master Plan costs. This is explained further in section 6.3.

Table 15 – Phasing of Master Plan through 2028

Building/Site	SF	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028 onwards
Parker Center	231k	Demo	Build	Build	Build	New Parker Center (712.5k SF)							
City Hall South	80k			Demo	Build	Build	Build	Private Development					
L.A. Mall	52k					Demo	Build	Build	Build	New Civic Office Building (545k SF)			
Aiso St. Parking									Demo	Build	Build	Build	Private Development
911 Building	59k								Demo	Build	Build	Build	Private Development
City Hall East	510k												Future
Metro Detention	160k												Future
201 Fig. Plaza	328k												Future
221 Fig. Plaza	326k				Sale								
Public Works	438k				Sale								
Personnel	142k								911 Relocation & Rebuild at Personnel Site[4]				
Garland	223k				End								
Media Center	61k								End				
Caltrans	90k								End				
Paramount	19k								End				
350 S. Figueroa	12k								End				
Bradbury	41k	End											

Legend

- City Owned Site
- City Leased Site
- Master Plan Development
- Sold or Lease Ended Site

[4] 911 Facility relocation modelled as occurring in 2024, however construction could begin in 2021 when the Personnel facility is vacated (relocated to New Parker Center)

4.2. Funding sources

4.2.1. Property sales

Disposal or sale of City-owned property provides immediate financial resources that can be applied to any future part of the Master Plan, assuming such sale can be accomplished without conflicting with the City's existing debt structure (see section 4.4.3). While some of the owned properties would be used for development themselves, three assets were identified as potential candidates for disposal. A detailed analysis of the potential uses and value for all City properties was not available for this analysis, however the three assets below have been recently appraised. Values presented below reflect the recently appraised value and are adjusted for inflation and selling costs as part of the analysis in section 6.

Figueroa Plaza 221 Tower ($119 million)

The 221 tower of Figueroa Plaza is a 16-story, 325,496 square foot Class "A" office tower located at 221 North Figueroa Street in downtown Los Angeles. Together the twin 221 and 201 towers make up Figueroa Plaza, which the City acquired in 2007. Following a significant fire at an adjacent property in 2014 the 221 tower was damaged and subsequently repaired. As a result of the recent repairs, renovations and upgrades during the restoration the 221 tower presents itself as an ideal candidate for disposal. Additionally, the tower also has some commercial rents in place (or anticipated to be in place in 2017) which would increase interest from a private buyer. An appraisal completed in 2015 estimated the 221 tower's "as stabilized" market value at $119,000,000, excluding selling costs, which has been used as the basis for this analysis.

Public Works Building ($159 million)

The Public Works Building, also known as the Broadway Building, is a 10-story, 423,135 square foot Class "A" office building located at 1150 South Hill Street in the South Park area of downtown Los Angeles. As the property is presently being utilized by the City, its sale would require consideration for the timing at which staff could be relocated to other City offices (including new locations in the Master Plan) or a sale lease-back structure where the City sells the property but leases the space until relocation is appropriate. An appraisal completed in 2016 estimates the Public Works Building's "as is" market value at $158,500,000, excluding assumed selling costs of one percent. It should also be noted that the highest and best use of the Public Works building may not be as commercial office space, which was the basis of the appraisal. Redevelopment to residential apartments or condos may yield higher potential value, however for the purposes of this analysis a conservative approach has been taken and the recently appraised "as-is" value has been used.

Figueroa Plaza 201 Tower ($114 million)

While not considered for sale or relocation in the Master Plan proposed in this financial analysis, the 201 tower of Figueroa Plaza could be sold as part of a larger Master Plan (compared to the ~1.2 million square

feet considered in this analysis). The 201 tower is a twin to the 221 tower described above (albeit slightly larger at 327,708 rentable square feet) and is occupied entirely by various City departments, making it a better candidate than the 221 tower for retention. Based on the 2015 appraisal mentioned above its value is estimated at $114,000,000 in an "as stabilized" condition, excluding selling costs. Sale of the tower, however, would require relocation of all City departments to a new, similarly sized office space, as might be available in a 1.6 million square foot Master Plan.

4.2.2. New development lease revenue

Ground leases

As introduced in section 3.1.2, the City Hall South phase and 911 Building phase (Phases B & D) are situated on high-quality parcels which could be attractive to a private developer. Based on recent downtown Los Angeles real-estate transactions, the land values were estimated and further analysis was conducted assuming "highest and best use" of the parcels (for which a multi-family development is normally the developer's choice) resulting in City Hall South parcel and 911 Building parcel estimated values ranging from $33.0 to $47.1 million and $30.5 to $43.6 million, respectively. Using these values and typical market capitalization rates in the range of 6-8%, the ground leases were estimated as follows:

Table 16 – Ground lease ranges

Site	Annual Ground Lease Income (2016)
City Hall South (Development Sequence B)	$1,975,000 – $3,775,000
911 Building (Development Sequence D)	$1,825,000 – $3,500,000

Figures rounded to the nearest $25,000.

These estimates are based on market-rate assumptions and do not account for possible re-zoning requirements, demolition costs, or other specifics that might be difficult to predict in this preliminary analysis. Further, lease terms of 40 years (with extensions) to 99 years were used and the private developer is assumed to have maximized the value of the development. To account for uncertainties relating to these and numerous other assumptions, as well as, more specifically, to allow for inclusion of affordable housing, the lower end of the ranges presented in Table 16, have been used as the basis for this analysis. Detailed assumptions are outlined in Appendix A.

Retail leases

The retail spaces included in the Parker Center phase and L.A. Mall phase (Phases A & C) provide another potential revenue stream for the City as part of the Master Plan. Each of the phases includes a retail development, as outlined in section 3.1.3. The preliminary analysis analyzed market retail rents and expenses in the downtown Los Angeles area and concluded to a range of $24 – $66 per square foot for anchor tenants and $48 – $78 per square foot for in line tenants.

Based on these results and the space utilization presented in section 3.2, the retail lease income to the City, net of all expenses, is as outlined in Table 17 below. The values presented are based on "as stabilized" conditions and do not include allowances for ramping-up of the retail space or potential supply effects in the Los Angeles retail market, however they do include allowances for external management of the leases. Detailed assumptions are provided in Appendix A, and a the mid-to-high end of the range of the results of those assumptions was used for this analysis.

Table 17 – Retail lease income

Phase	Retail Area (SF)	Annual Retail Lease Income (2016)
Parker Center (Development Sequence A)	37,500	$1,750,000
L.A. Mall (Development Sequence C)	50,000	$2,150,000

Figures rounded to the nearest $25,000.

4.2.3. Cost reductions: leases, building maintenance, utilities

Leases

Lease information provided by the City for the properties listed in section 4.1.1 was evaluated and used to determine potential savings from the Master Plan. Properties not included in the development scenario in section 4.1.2 or for which guidance was provided that the leases were ending regardless of the Master Plan were omitted, as their savings could not be directly attributed to the Master Plan development. For the remaining properties, the potential savings and the applicable year of such savings is summarized in the table below. In evaluating savings over the 30+ year Master Plan time horizon, the annual lease amounts below were escalated at the projected Consumer Price Index (CPI[5]) rate of inflation.

For the L.A. Mall site, which is owned by the City and leased to third parties on commercial terms, historical leases were analyzed as available and assumptions were made to approximate current lease income. These leases generate revenue for the City, offsetting costs of running the L.A. Mall facility, so the net result is a *cost* to the Master Plan for removal of the LA Mall. The same loss of lease revenue occurs for the 221 Tower of Figueroa Plaza leases when it is sold under the Master Plan.

5 Long-term CPI assumed to be 2.5% annually

Table 18 – Lease savings

Name	Annual Lease Cost/(Income)	Lease Ending
Garland Building	$ 7,000,000	2019
Media Center	$ 1,225,000	2017
CalTrans	$ 2,725,000	2030
Paramount Building	$ 450,000	2018
350 Figueroa	$ 525,000	2021
L.A. Mall	$ (350,000)	n/a
Fig Plaza 221 Tower	$ (2,825,000)	n/a
Total	**$ 8,750,000**	

Figures presented are annual and rounded to the nearest $25,000.

Building maintenance

Ongoing Operations and Maintenance (O&M) costs for City facilities are generally attributable to those sites that the City owns. Lease agreements typically include provisions for the lessor to provide some or all O&M services, with some costs (e.g. security) occasionally passed through to the lessee. The following table outlines the annual O&M costs of City facilities contemplated for disposal in the Master Plan. These values were used as the basis for potential ongoing savings to the City if these properties are disposed or their leases exited. Values are for the latest annual period available and, where future projections were made, were escalated at CPI.

Table 19 – Building maintenance savings

Name	Annual O&M Cost
City Hall South	$ 300,000
Garland Building	$ 225,000
CalTrans	$ 1,025,000
L.A. Mall	$ 125,000
Personnel Building	$ 275,000
Public Works	$ 2,700,000
Fig Plaza 221 Tower	$ 1,850,000
Total	**$ 6,500,000**

Figures presented are annual and rounded to the nearest $25,000.

Utilities

Utilities for City facilities (both owned and leased) are presented in the table below and based on information provided by the City. Values presented are based on the most recent annual period available, however detailed analysis of utility costs was not possible and some assumptions and rounding had to be made in the interest of efficiency. It is also important to note that changes in weather, building

characteristics, and use, can all greatly impact utility costs. The values presented below were used as the basis for potential annual savings to the City if these sites were disposed and, where future projections were made, were escalated at CPI[6].

Table 20 – Utilities savings

Name	Annual Utilities Cost
City Hall South	$ 200,000
L.A. Mall	$ 575,000
Public Works	$ 1,575,000
Fig Plaza 221 Tower	$ 375,000
Total	**$ 2,725,000**

Figures presented are annual and rounded to the nearest $25,000.

4.2.4. Overhead cost savings

Tangible overhead savings

In addition to the lease costs, O&M costs, and utilities costs of running a facility, there are other overhead costs which include elements such as general management and insurance of a large office space. Based on data provided by the City, the table below presents the direct, tangible overhead costs associated with each facility. These values were used as the basis for potential savings to the City should these sites be sold, the leases terminated, or their use otherwise disposed. Values are for the latest annual period available and, where future projections were made, were escalated at CPI[6].

Table 21 – Tangible overhead savings

Name	Annual Overhead Costs
City Hall South	$ 925,000
L.A. Mall	$ 225,000
Personnel Building	$ 225,000
Public Works	$ 250,000
Fig Plaza 221 Tower	$ 275,000
Total	**$ 1,900,000**

Figures presented are annual and rounded to the nearest $25,000.

Intangible overhead savings

While each of the sites above has a tangible cash cost attributable to overhead, other intangible costs would likely be reduced as part of a strategic office consolidation effort. Items such as billing and accounts management, coordination of contracting various facilities management services, and budgeting and

[6] Long-term CPI assumed to be 2.5% annually

planning could be reduced and should also be considered. However, due to the lack of data and the likely limited financing impact, savings from those intangible overhead costs were not quantified.

4.2.5. Value capture: Transfer of Floor Area Rights and Enhanced Infrastructure Financing Districts

As an additional potential funding source, the Project could receive allocations from public benefit payments generated by Transfer of Floor Area Rights ("TFAR") transactions transferring excess FAR to downtown L.A. development receiver site projects. The governmental use and public benefit aspects of the Parker Center and L.A. Mall phases in particular could justify TFAR funding allocations to the project by the planning department. Because no allocations have been made at this time to the Project, no TFAR funding has been assumed as part of this financial analysis. However, further robust development market activity from development projects/receiver sites in Downtown L.A., combined with policy decisions to make allocations to the project could potentially result in over $10 million in additional funding for the Master Plan project.

Also considered as a potential value capture funding source is the use of proceeds from the creation of Enhanced Infrastructure Financing District(s) ("EIFDs"). With legislation approved in the fall of 2014, EIFDs allow for the creation of districts where additional (incremental) tax revenue generated by new development or newly assessed properties can be dedicated to infrastructure improvements, similar to tax-increment financing. However, when considering the use of EIFDs for the Civic Center Master Plan delivery, one finds several potential issues or roadblocks. First, the Civic Center area has a high percentage of publicly-owned parcels that do not generate property taxes and would not contribute to an EIFD. The current Master Plan anticipates some parcels being used exclusively for private real estate development (City Hall South and 911/First Street Parking parcels) which will generate revenue for the Master Plan buildout through ongoing, ground lease payments. Value created on these parcels will already be captured through these payments. Second, the redevelopment of the Civic Center area through new or redeveloped government office buildings is typically not the type of investment that would dramatically improve property values as say a new rail transit station or redevelopment of blighted property. There will be value creation from projects such as the LA Metro Regional Connector station at First Street/Central Avenue, but it would likely not be appropriate to shift this incremental value to an unrelated use such as the Master Plan buildout. For these reasons, we are not considering the use of EIFD revenues and have not developed an analysis of the use of EIFDs for delivery of the Master Plan phases.

4.3. Items for which no cash impact has been assumed

4.3.1. Other intangible savings

In addition to the ongoing cash savings identified in sections 4.2.3 and 4.2.4, providing centralized modern facilities for City staff will have a number of intangible benefits in terms of productivity, reduced travel time,

IT infrastructure utilization, and employee morale. Due to the 'soft' nature of these costs and the broad range of approaches to quantifying them, they have not been included as a cash contributor to savings. Further, they are not expected to be material relative to the broader Master Plan cost even in aggregate. None the less, at a high-level the following list outlines some of the ways a centralized, modern facility might help improve performance, lower costs, and increase efficiency of the City's day-to-day business.

- Lower costs:
    - Better utilization of IT equipment, such as printers and servers
    - More efficient use of building services, such as security and waste management
    - Lower O&M costs, such as more energy efficient spaces and longer lasting materials
- Improve productivity:
    - Improved communication channels between teams
    - Better collaboration opportunities and spaces for staff and teams
    - Modern facilities, services, and technology
- Improve morale:
    - Potentially reduced commute times to/from work and between City facilities
    - Larger peer network and better access to leaders, mentors, and opportunities
    - Modern facilities, services, and technology
- Reduced carbon impact:
    - New, more efficient buildings and systems
    - Reduced travel needs between City offices and departments
    - Central, easy-to-reach location for commuters

By co-locating staff in the Civic Center Core, the need to travel between City offices will also be greatly reduced. It is understood from City feedback that the LADOT DASH shuttles are the primary means staff use to move between facilities and the City presently issues DASH passes and tickets to staff that travel between City offices. While these are not a cash cost to the City, the time burden of travel is material. A review of City data for September 2015 to August 2016 indicates nearly 150,000 trips taken by City employees with DASH passes on the routes connecting Fig Plaza, the Garland Building, the Public Works Building, and City Hall. Assuming an average travel time of approximately 15 minutes per trip, this yields more than 37,000 hours spent travelling between City facilities on the DASH system. Even excluding Figueroa Plaza (based on the assumption of this Report that the City retains the 201 tower and those departments remain there), more than 20,000 hours annually are spent travelling between the other facilities. These estimates are also conservative because they exclude walking time to/from stops and wait times between shuttles, although they also capture travel that may not be for City business.

4.3.2. New streetscape costs

As part of redeveloping the Civic Center Core it is likely that among the new parks, plazas, streetscapes, and other outdoor spaces created there would be new additional costs to maintaining these areas. This analysis has aimed to include budgets for exterior landscaping as they relate to specific facilities, however broader outdoor areas and items such as street furniture, signage, and lighting are elements of the Master Plan which could have an ongoing cost not fully captured in this analysis. These costs are not core to the projections made in this analysis and, in any case, are assumed not to be material and have been omitted. At a high level, there are a number of structures that the City could use to meet any new ongoing costs, such as local business improvement districts, tax credits, or reallocation of existing City services and budgets, however detailed analysis has not been included in this Report.

4.3.3. Outfitting and Relocation Costs

Costs to outfit a new office building, whether new construction or a renovation, can be material and, by some industry estimates, could equate to 10% or more of the building's cost. Due to the variety of City departments considered for relocation and fact that the City would need to outfit a new office facility regardless of procurement method, these costs have been omitted from this analysis. To be clear, results in this analysis include estimates for new development costs exclusive of any outfitting and relocation expenses.

Additionally, the four phases considered in this analysis involve the movement of numerous City departments. Due to the tight timeline certain facilities must to be ready and/or vacant according to the specific schedule presented. The timing of sales, construction, and relocation in this analysis has been simplified and in many cases assumed to occur simultaneously. In reality these steps might require 6-12 months of overlap. For example, if a new facility is assumed to be completed on January 1, 2020 and another facility is assumed to be sold to fund a portion of that new facility, then for modelling and projecting purposes the events (completion of the new facility, sale of the existing facility, and all transactional considerations) are assumed to occur simultaneously. In reality, the move from one facility to another might take several months or more, or delays in completing a new facility might necessitate delays in moving. Generally, required overlap can be provided for by prudent planning and delays offset with sale-leaseback structures, short-term financing, or the use of penalties. Modelling and projecting these details are not worthwhile in this study however as many of the details and mechanics for relocation are simply not available. Further, the increased costs of using a sale-leaseback structure or short term financing are not assumed to be material relative to the overall Master Plan cost.

4.4. Financial planning framework

4.4.1. Development of Phases A-D over 2017-2027

Based on discussions with the City the phasing presented in section 3.2 was determined to be the most viable phasing solution for the development of civic offices. The "short term" Master Plan has a 10-year horizon through 2027 and includes the first four phases presented in sections 3.2.1 through 3.2.4. The four-phases proposed are independent of one another and staggered, generally providing for civic offices and a private developments to occur sequentially over the next ten years.

The development through 2027 was structured in such a way so as to fully activate the Civic Center Core early on. Alternating civic office development and private development phases also provides new revenue streams for the City through ground leases for the private developments and retail leases for the civic office developments, helping to offset the costs of the overall Master Plan. As presented in section 6, the phases each have their own financial profiles and are relatively independent of one another, although the City's space needs do necessitate civic office development prior to private developments, in some cases.

Acceleration of the timeline might be feasible to the extent financing is available, environmental processes can be cleared within a reasonable timeframe and City staff space needs can be accommodated. For example, the L.A. Mall phase (Development Sequence C) could be developed in parallel to the City Hall South phase (Development Sequence B) in 2019-2022, with the 911 Building phase (Development Sequence D) also accelerated for a completion before or by 2024. Note the actual timeline for the delivery of those phases may ultimately need to be adapted to the real estate and construction market developments in the next ten years, which will critically drive the financial feasibility of the Master Plan delivery. Likewise, the City could also choose to extend the timeline of the implementation of each phase based on market forces and the needs of the City.

The long-term Metro Detention Center and City Hall East phases (Phases E & F) are not included in the financial analysis because of their long-term planning horizon. The nature, sizing and costing of the contemplated improvements in the Master Plan would require significant additional planning and outreach before a useful financial analysis can be conducted. Note from a City space planning perspective, those two phases are somehow self-contained as the future office building space planned in the Metro Detention Center phase would provide a direct replacement for the square footage currently used on both existing Metro Detention Center and the City Hall East buildings.

Figure 6 – Phasing of the Master Plan evaluated in this analysis (first four phases)



4.4.2. Cost assumptions

High level estimates provided by IBI were used to derive cost assumptions for the four initial phases, but are indicative only as there are a number of factors that will influence pricing. The estimates below are in current year (2016) dollars and so are subject to inflation effects, which will be especially impactful for later phases. Financing costs are also not presented in the capital costs table below due to their variability depending on the procurement process/structure used.

The capital cost assumptions presented below are the theoretical development cost for each phase, omitting costs specific to any developer (e.g. costs for a technical consultant representing the City or furniture and fixtures are not included). This metric is useful for comparing different procurement methods as the same base construction costs, as shown in Table 22, can be used with procurement specific costs then layered on top.

Table 22 – Capital costs (2016)

Phase	Parker Center (Development Sequence A)	City Hall South (Development Sequence B)	L.A. Mall (Development Sequence C)	911 Building (Development Sequence D)
Primary Use	Civic Office	Private Development	Civic Office	Private Development
Site Demolition & Development Cost	$21.5m	$14.8m	$38.3m	$18.6m
Construction Cost	$515.3m	$379.4m	$374.9m	$371.5m
Building Relocation Cost	-	-	-	$38.7m
Total Cost	$536.8m	$394.2m	$413.2m	$428.7m

Construction cost estimates in 2016. Financing costs and FFE not included. Figures may not sum due to rounding

Operating costs are estimated to be $10 per square foot per year for civic office space[7] regardless of procurement method. This assumption is based on other modern City assets such as Figueroa Plaza

[7] Approximation based on Fig Plaza 221 Tower OpEx (~$6.77/SF ex. utilities) and new Police Admin. Building utilities cost (~$3.23/SF)

and the new Police Administration Building. The figure includes typical operations, maintenance, and utilities costs and is indexed at CPI (2.5%) annually. Other property types in the four initial phases such as private developments, retail space, and flex space are assumed to have their operating costs factored into their respective net revenue streams and thus have not been factored here.

4.4.3. Existing assets as lease revenue bonds collateral and related debt service

Figueroa Plaza and the Public Works Building assets are currently used as collateral supporting existing Municipal Improvement Corporation of Los Angeles (MICLA) lease revenue bonds. To avoid planning around the funding of the payoff of such outstanding debt in the Project's financial plan, the disposal of those assets would require the substitution of real property assets. This can be accomplished by (i) assembling a combination of non-Class A existing real property assets eligible at the time to be used as substitute collateral, or (ii) using the Project's newly built civic office assets once completed. Note the timing of substitute collateral's availability may require the disposal of existing assets to be delayed – causing the need for short-term financing by the City or the Developer under a P3 approach. Alternatively, those assets could collateralize refunding debt after the applicate call date[8] if a collateral substitution was mechanically unattractive. Based on feedback by the CAO, such considerations should not impose significant constraints on the financial planning of the Master Plan.

From a budget management perspective, existing debt service on lease revenue bond issuances secured by Figueroa Plaza and Public Works Buildings are funded from lease payments and other contributions from City departments currently occupying those buildings. The new public office buildings (at Parker Center and LA Mall in Phases A & C) would be likely supported by similar budget contributions from relocated City departments – which can be used to fund existing debt service (if collateral was substituted) or new debt secured by the new assets, used to fund the retirement of existing lease revenue bonds secured by the Figueroa Plaza and Public Works Buildings. As such, the financial analysis assumes at this preliminary stage that these budget considerations do not impact the cash-flow and financial feasibility of the Master Plan delivery. A detailed budgeting analysis would need to be conducted if and as the development and financing of the Master Plan move into implementation.

4.4.4. Existing facilities' condition

When considering the cost of delivering the Master Plan, proper consideration should be given to the age and condition of many of the City's existing facilities, and what alternative options would truly be available. Based on feedback from the City it is apparent that there has been underinvestment and deferred maintenance at many facilities, and an alternative path to a redevelopment of the Civic Center core would require addressing the deferred maintenance backlog and/or an overhaul of the existing facilities. While no detailed analysis has been conducted to evaluate the cost of such alternative, a major rehabilitation effort with an average cost of $500 per SF – commensurate with the estimated cost to rehabilitate the

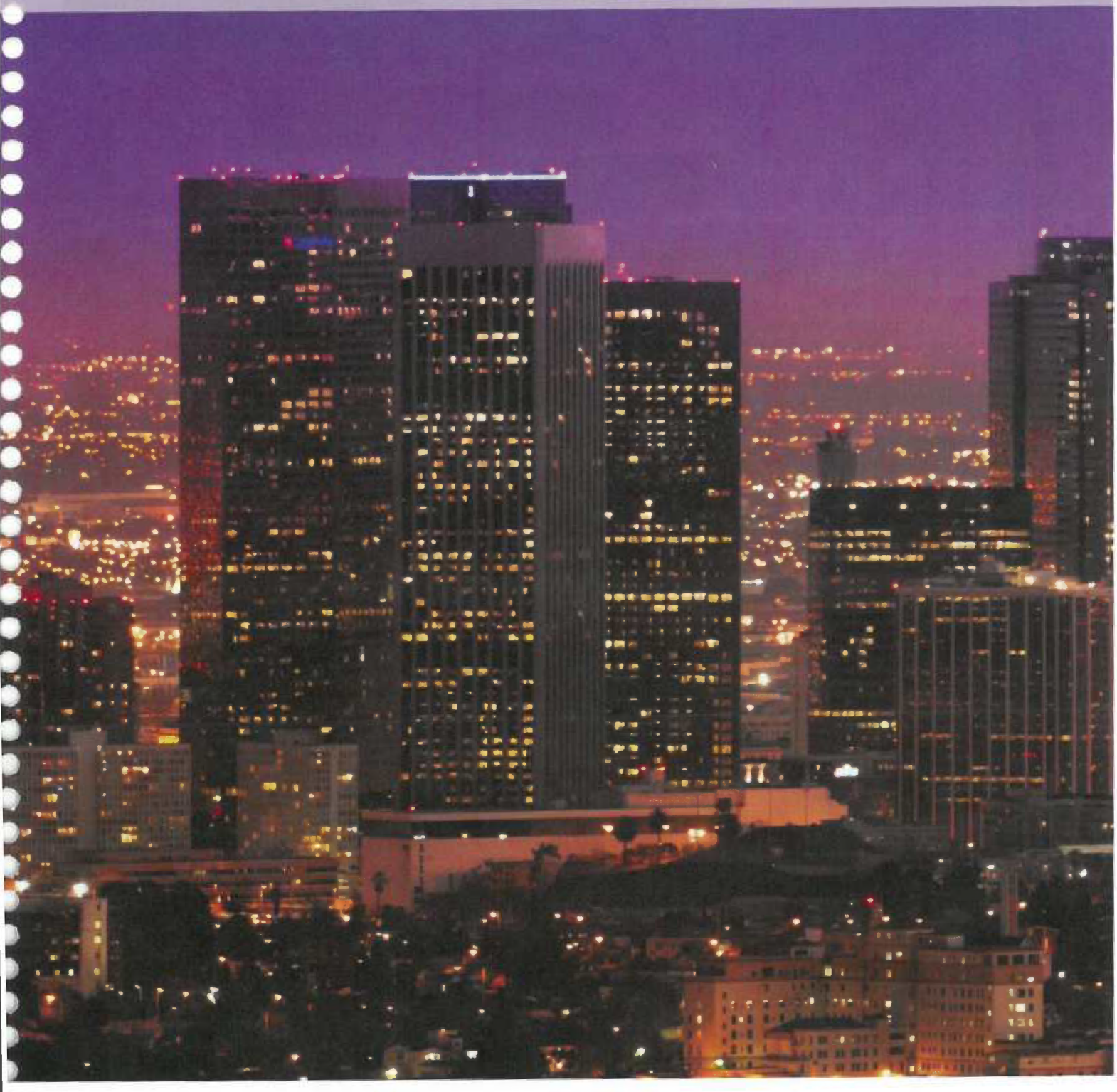
[8] November 1, 2026 for the bonds currently secured by the Figueroa Plaza and Public Works buildings, per the Official Statement

existing Parker Center to modern standards[9] – would yield a potential total cost in excess of $400 million (for the four major City assets in the Master Plan, namely, the Parker Center, City Hall South, the Personnel Building, and the Public Works building, total nearly 900,000 SF).

[9] Based on evaluations of the alternatives for the Parker Center. Renovation estimate was ~$123m for the existing ~230k SF building (~$530/SF)

Section 2-5 – Delivery Options

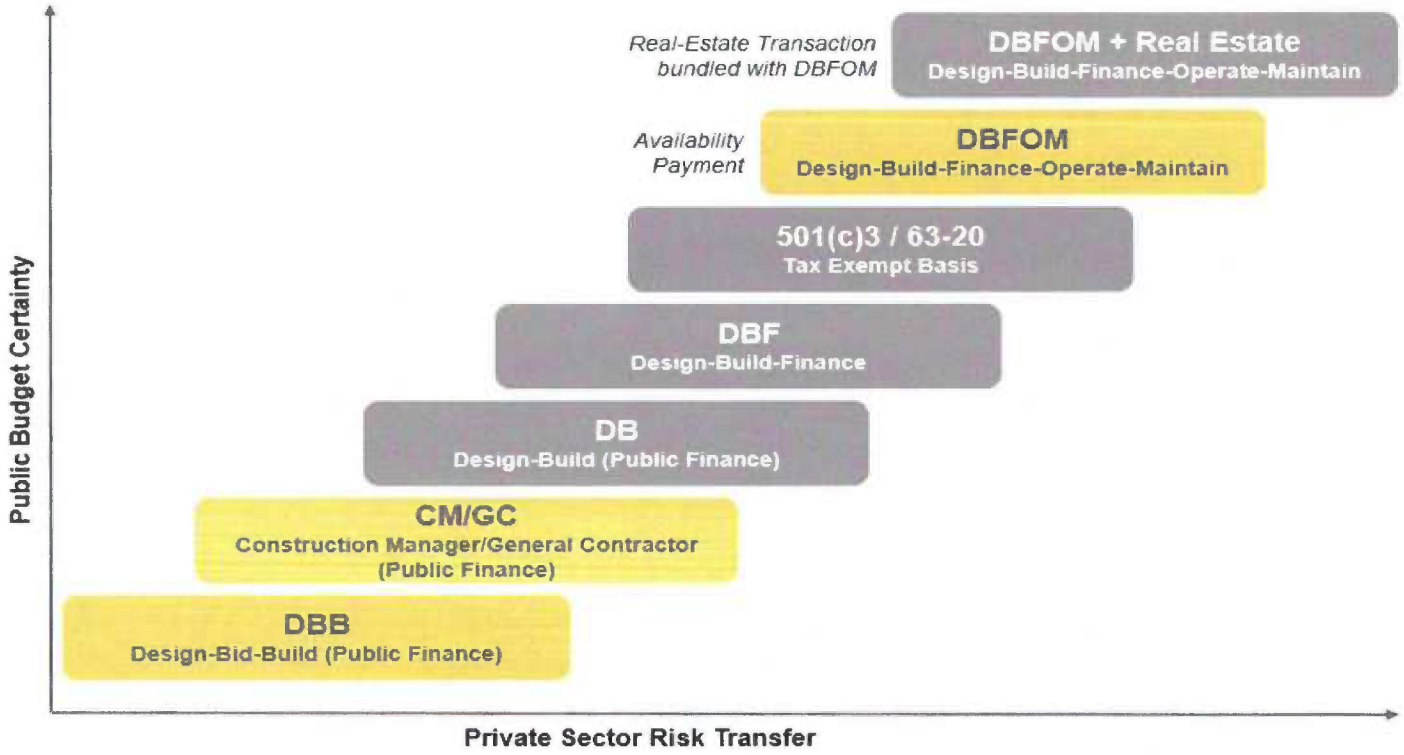
5. Delivery options



5. Delivery options

A range of traditional and innovative/P3 delivery structures can be considered for the delivery of the public facilities (Parker Center and L.A. Mall in Phases A & C) given their characteristics:

Figure 7 – Range of delivery options



5.1. Design-Bid-Build

The City's Bureau of Engineering ("BOE") typically delivers public building facilities using a Design-Bid-Build ("DBB") approach, using in-house resources and/or contracting first for the delivery of 100% complete design documents, and subsequently procuring a construction contractor through a competitive bidding process. BOE retains maximum control over the design of the facility, but bears all of the risk associated with the completeness of the design documents. The City retains responsibility for financing, operating, and maintaining the project.

This method has been most recently used for the Metro Detention Center[10] as well as the Police Administration Building[11], and would be traditional delivery method likely employed by the City to deliver the Parker Center phase (Development Sequence A) and L.A. Mall phase (Development Sequence C).

[10] http://www.ibigroup.com/projects/los-angeles-metro-detention-center
[11] http://www.american-architects.com/en/projects/25603_LAPD_Police_Administration_Building

5.2. Construction Manager/General Contractor

Construction Manager/General Contractor ("CM/GC"), also sometimes referred as Construction Manager at-Risk, is another traditional form of project delivery available to BOE to deliver the various project phases.

CM/GC differs from DBB in procuring a construction manager early during the design process to provide feedback in a consulting capacity regarding scheduling, pricing, phasing and other inputs to help the owner (and the separately contracted engineering design firm) design a more constructible project. The CM is generally selected on the basis of qualifications, past experience, or best-value analysis. When design is approximately 60%-90% complete, the City and the CM attempt to negotiate a "guaranteed maximum price" for the construction based on the defined scope and schedule – becoming a GC.

Similar to the DBB approach, the City would ultimately bear responsibility for the design and retain cost and schedule overrun risks. The City also would retain responsibility for financing, operating, and maintaining the project.

BOE has on occasion, under specific circumstances, used CM/GC (as with the Sixth Street Viaduct Replacement project). Determining the suitability of CM/GC for the delivery of certain of the Master Plan phases (as opposed to DBB) would require further analysis by the City and BOE in particular.

5.3. Design-Build

Under a Design-Build ("DB") approach, the DB contractor, rather than BOE, would assume responsibility for the majority of the design work, and it assumes responsibility for all construction activities and the risk of providing these services for a fixed fee. The DB entity may be a single firm, a consortium, joint venture, or other organization assembled for a particular project. DB procurements typically rely on a best-value approach, which considers both price and technical approach proposed by DB team first shortlisted through a qualifications process. While the procurement of a DB contractor through a Request For Proposals ("RFP") process might require substantially more time than the invitation for bid process used to retain the construction contractor, overall time savings may result from avoiding two separate procurement processes (one for the design team and another for the construction team). The City would retain responsibility for financing, operating, and maintaining the project. Further, because BOE would provide preliminary engineering and project specifications as opposed to a fully designed solution, DB teams can propose innovative methods and concepts enhancing technical or price outcomes.

Despite potential schedule and cost reduction benefits, the DB method has not been regularly employed by the City in part because it precludes City technical staff, elected officials, and/or the public from exercising decision-making authority over the final design without change orders (which has been identified as a critical issue by Council District 14). Because the Civic Center core development is not constrained by a challenging schedule, the DB benefits may not be sufficient to justify its selection over a

DBB approach. However, this may be further considered when combined with added risk transfer and debt accounting benefits provided by the DBFOM below.

5.4. Design-Build-Finance-Operate-Maintain

The DBFOM approach, also known as a concession, combines the design and construction responsibilities of DB procurements with long-term operations and maintenance services under a single contract. It also transfers the responsibility of financing the project to the private partner (the "Developer"). The private financing is achieved by leveraging revenue streams dedicated to the project. Many DBFOMs involve projects that generate no revenues from users or inadequate revenue to cover the full cost of construction and ongoing operations. User fees are not part of the concession; instead, the public owner sets and retains all fees and pays the developer an Availability Payment over the term of the contract.

An Availability Payment is a payment for performance made irrespective of demand or usage of the facility. Assuming a DBFOM based on an Availability Payment revenue stream, private debt borrowed by the developer may be possible for up to approximately 90% of the financing requirement with the remainder met by private equity invested by the developer. Availability Payment structures can be an attractive delivery and financing method for public building facility projects as those typically do not generate sufficient revenues (if any) to significantly support the capital investment. This delivery method has been successfully used to deliver numerous civic office and social infrastructure projects globally. In California, the Long Beach Courthouse and more recently the University of California Merced 2020 campus expansion project are using this delivery method. While the Long Beach Civic Center also reached financial close in 2016 using an Availability Payment PPP approach, it also included a real estate development component to help fund the civic office project – which is further described below.

Table 23 below lists some of the high level benefits and limitations of a P3 procurement compared to a traditional procurement. Given the risk transfer, long-term responsibility and financing similarities between the DBB and CM/GC, both traditional methods are shown together:

Table 23 – Benefits and limitations of a P3 procurement for the delivery of public facilities

	Benefits	Limitations
Traditional Public Delivery and Finance	• Low cost of tax-exempt public finance • Lower anticipated annualized cost, but additional long-term risks retained • Maximum control of City technical staff and potential improved cost management • Flexibility for service adjustments and potential expansion	• Financing is counted against 6% City debt limit • No integration of construction and operational parties, limited construction warranty • No incentive for O&M cost efficiencies, service level performance, or useful life performance • City retains construction and service level risks • Exposure to contractor company credit • No flexibility in timing of funding requirement • City retains significant schedule/cost overrun risks
DBFOM Availability Payment	• Single point of contact drives incentive for innovation to reduce overall DB+O&M pricing • Per the City, Availability Payments do not count against 6% debt limit • Greater flexibility to adapt payment structure to timing of funding availability • De-facto construction warranty for length of concession • Greater performance incentive, including: undertaking capital maintenance/renewals to meet residual life/performance specifications • Greatest schedule/cost overrun risk transfer, City interests aligned with lenders • Reduced City technical resources required due to lenders' oversight/use of independent certifier	• Higher anticipated annualized cost, but limited long-term risks retained • Higher private financing cost due to equity/debt risk (tax-exempt financing might be available to reduce cost) • More limited City control compared to a traditional delivery • Procurement more complex than a traditional procurement, may require extra management resources from the City

Nature of payment commitment

The Availability Payments would typically start upon construction completion and can be structured to match the project's intended useful life (or a variation thereof). The Availability Payments would not only cover the Operating & Maintenance ("O&M") costs, but also repay the portion of the capital expenditures the Developer would directly finance – providing a long-term de-facto retainage on construction costs. While the Availability Payment obligation can be designed in many ways, structuring the payment as a contractual obligation subject to annual budget appropriation (as opposed to a financing with a pledged revenue stream) may lead to its categorization as an operating expense for the owner. The City has indicated this would be the case, and that such commitment would not be counted as non-voter approved debt.

The public owner can "buy down" the Availability Payment obligation by making construction milestone payments during or shortly after construction completion. This is usually done to reduce private financing costs when capital funding is available, as is anticipated with the disposal of some of the City's existing assets as described in section 4.2.1. Note however that encumbered assets need to have their debts repaid or transferred to other assets, as described in section 4.4.3. Construction milestone payments can

also be funded from proceeds of a long-term cost-effective public financing; however, the use of MICLA lease revenue bonds would be booked as debt on the owner's balance sheet. Note that too large a proportion of construction milestone payments can unduly diminish the risk transfer which is achieved through the DBFOM, as only a reduced Availability Payment's total would be subject to deductions for poor performance or unavailability.

Enhanced delivery and operations incentives

For determining price under an Availability Payment-based procurement, prospective developers bid the maximum Availability Payment amount they would earn for providing 100% availability in a given year. However, if the developer fails to meet availability and performance requirements, the payment for the given year is reduced by a pre-determined formula taking into account not only factors such as the duration, time-of-day, and severity of the failure, but also factors such as cleanliness, reporting obligations, etc. This ties payments to asset performance. Significant and/or persistent underperformance also will lead to default and contract termination on terms adverse to the concessionaire and its lenders.

An important feature of DBFOMs is that they encourage otherwise unrelated private parties to work together more closely. For example, in a DBFOM, any schedule or quality problems that may surface during the construction phase will impact the future costs and revenues of equity holders, lenders and operators, who thus have a direct interest in closely monitoring the designers and builders. This integrated structure aligns the private parties' incentives with those of the public sector – the private parties make the most money when the project opens on time and on budget, and performs as specified.

The DBFOM approach requires owners to identify up-front all design, construction, and maintenance specifications. Overly prescriptive specifications or ambiguous contract terms can give rise to claims or change orders and/or render some performance requirements unenforceable. Owner changes under a DBFOM can be expensive if they lead to additional private financing-related costs.

Case study: Long Beach Courthouse

The California Administrative Office of the Courts procured the new 545,000 square foot civic facility using a performance-based P3 contract. The $500m project successfully opened in 2013, providing space for 31 courtrooms, 800 staff, and more than 3,500 daily visitors. The project also included office space for other civic departments and retail space. As the first social infrastructure P3 project in the US, the Availability Payment-based DBFOM transaction was structured with a 35 year concession term and was successfully refinanced using long-term taxable private placement debt after construction completion in 2013.

Given the greater DBFOM qualitative benefits compared with the risks retained in principle by the City under a traditional delivery method, using this delivery method for the delivery of the Parker Center may be warranted. While the DBFOM costs could appear more expensive (in part due to the assumed use of private taxable debt – see section 6 for more details), the City would not be exposed to cost and schedule overruns as under a DBB or CM/GC approach, and also would benefit from greater protection against long-term cost increases, so the incremental cost is akin to an "insurance premium".

The exact value of the risk transfer and P3 premium price should be further assessed by the City with the benefit of a detailed risk analysis of the Parker Center project. Table 24 below provides a summary comparison of traditional vs. DBFOM delivery for the delivery of the Parker Center phase (further details are provided in Appendix C).Similar considerations apply for the new civic office in the LA Mall Phase, however further analysis should be conducted once the facility has undergone additional planning study.

Table 24 – Delivery option comparison for the Parker Center delivery

Key Considerations	Criteria	Traditional	DBFOM
1. Affordability	Lowest expected cost *	🟢	🟡
	Impact on City debt limit	🔴	🟢
	Flexibility in using funding sources	🟡	🟢
	Increase net new tax revenues	🟡	🟡
	Innovation & cost reduction opportunities	🔴	🟢
2. Risk Transfer	Risk transfer on capital cost overruns	🔴	🟢
	Risk transfer for schedule delays	🔴	🟢
	Risk transfer on lifecycle cost overruns	🔴	🟢
	Procurement execution risk	🟢	🔴
3. Project Delivery and Long-Term Maintenance	Procurement & project completion timeline	🟡	🟡
	Ability to control and amend facilities' design	🟢	🔴
	Commitment to adequately maintain the public facilities over time	🔴	🟢

** See section 6.1 for financial analysis;*
See Appendix C for descriptions and evaluation of each criteria

5.5. Other P3 delivery methods

5.5.1. DBFOM bundled with Real Estate Development

The redevelopment of the $520 million Long Beach Civic Center included a $22 million funding contribution raised from real estate development of a mixed use project including approximately 780 residential units, 32,000 SF. of retail, a 200-room hotel, and 725 parking spaces[12]. A similar structure could be used for the development of governmental and public purpose buildings as in the case of this Master Plan, leveraging synergies created by entrusting adjacent, concurrent vertical building and investment to a single developer who would also complete the private real estate development.

Alternatively, different types of investors/developers typically operate in the real estate and infrastructure spaces: infrastructure investors typically look for investment yield and low-risk, inflation linked investment

[12] http://longbeach.legistar.com/View.ashx?M=F&ID=4179531&GUID=73631C37-9DB8-49AA-A9A7-D57FA86A74D4

profiles, which is different than real estate developers whose focus is on developing projects throughout real estate market cycles, with ability to time the market. As such, an infrastructure developer might attempt to isolate the real estate development parcels under a subcontract.

Given the magnitude of the real estate developments contemplated in the City Hall South and 911 Building Phases, and the difference in delivery horizons compared to the new Parker Center which already has an Environmental Impact Report completed, it may be preferable for the City to enter into separate transactions for the private real estate developments, de-linked from one or more potential P3s for the civic offices.

5.5.2. 501(c)3 and 63-20

501(c)3 and 63-20 not-for-profit structures have also been used for the development of infrastructure and public facilities projects. Public universities across the US have notably used those structures in recent years to develop student housing and academic/research facilities. Those vehicles can be structured so the not-for-profit special entity contracts out design-build and maintenance (and operations) functions as under a DBOM or DBFOM, while debt financing is raised on a tax-exempt basis. While such structures can provide similar advantages as the DBFOM Availability Payment benefits, the risk transfer is somehow diminished because of the absence of equity investment which drives much of the long-term risk transfer and alignment of interest under the DBFOM Availability Payment approach.

The relative benefits and disadvantages of the DBFOM Availability Payment and not-for-profit structures should be further studied in the context of a detailed development and financing/procurement strategy if the City decides to pursue one of these approaches for part of the Master Plan. For example, public control requirements would need to be addressed under the not-for-profit structures, and the extent and nature of the O&M services ultimately allocated to the Developer will impact the ability to potentially access tax-exempt financing under the DBFOM.

5.5.3. Design-Build-Finance

This P3 contracting approach is akin to a DB contract, but with the private partner also providing short-to-medium term vendor financing for a portion of the project. Several state governments have considered this vendor financing approach to achieve greater flexibility in managing and leveraging their available funds (as an alternative to traditional debt) and it has also been used successfully in the Canadian civic infrastructure space. Unlike an availability payment DBFOM, no long-term maintenance and asset condition risk is transferred, and the contractor financing is typically only provided for a limited time after construction completion. Such option would allow acceleration of construction, with escalation cost savings and user benefits offsetting short-term borrowing costs. Construction risk is also more effectively transferred to the private partner than in a DB because the owner's payments can be conditional on delivery and/or other specified conditions.

With a proper contractual form, a DBF financing could potentially be done at a very low cost (potentially using tax-exempt financing). However, as in an Availability Payment, the City would need to provide a reasonable (creditworthy) commitment to repay the private contractor in the medium term. The delayed use of sale proceeds from a disposal of existing City assets upon completion of the new Parker Center (or the L.A. Mall phase civic office building) to fund these deferred payments could be an attractive alternative short-term de-facto financing solution that would not entail real property collateral considerations when using MICLA's commercial paper program.

5.6. Private ground lease development

For the private development phases (City Hall South and 911 Building, Phases A & D), a ground lease structure is anticipated whereby a private developer would be allowed to build certain improvements on these parcels in return for a long term (40-99 years) ground lease agreement and accompanying payment to the City. The City may dictate any specific restrictions or goals for these sites which may or may not have an effect on the magnitude of the ground lease payment. Private bidders would compete on a basis of the size/structure of their ground lease payment and may also compete based on technical criteria which would allow the City to select development options that suit their goals. The real estate market at the time of procurement will need to be considered so that the City's request for certain uses, densities, etc. match what is market acceptable and favorable. All of these considerations will have an effect on the private bidder interest, level of competition, and aggressiveness when bidding. The private development phase parcels may be procured as soon as the existing facilities are vacated and may overlap with some of the civic office phases. The City will need to consider balancing the restrictions/directives for the sites with the desire for long term ground lease revenue.

5.7. Summary delivery strategy

Several key considerations are factored into the overall delivery framework recommendations:

- A DBFOM P3 approach for the delivery of the public facilities could provide equal or greater value compared to a DBB or CM/GC delivery method under most City objectives due to the transfer of construction cost and schedule overrun risks as well as the long-term locked-in O&M pricing. The need for City oversight and resources during construction and operations would likely be reduced, and the City would have more limited control.
- The timing and revenue potential of the private ground lease developments may be highly dependent upon the real estate market cycle over the next 10-20 years.
- The EIR has been completed for the new Parker Center building (Development Sequence A), but further land use, development and environmental planning efforts will be required for the City Hall South, L.A. Mall and 911 Building phases (Phases B, C, and D) before

engineering and construction can be planned, or private real estate or infrastructure P3 investors can readily consider a development or investment opportunity.

- As discussed in section 5.5.1, blending public facility and private development phases may not create investment/development synergies due to the dichotomy of typical investment approaches taken by real estate investors versus infrastructure investors
- Alternating between public building and private development phases will activate the Civic Center Core per the Master Plan, but also will accelerate the ground lease/retail revenue generation to subsidize the cost of the public facilities
- Separation of heavy from low private use developments can help facilitate access to tax-exempt financing for the City of a developer.

Table 25 – Baseline delivery framework

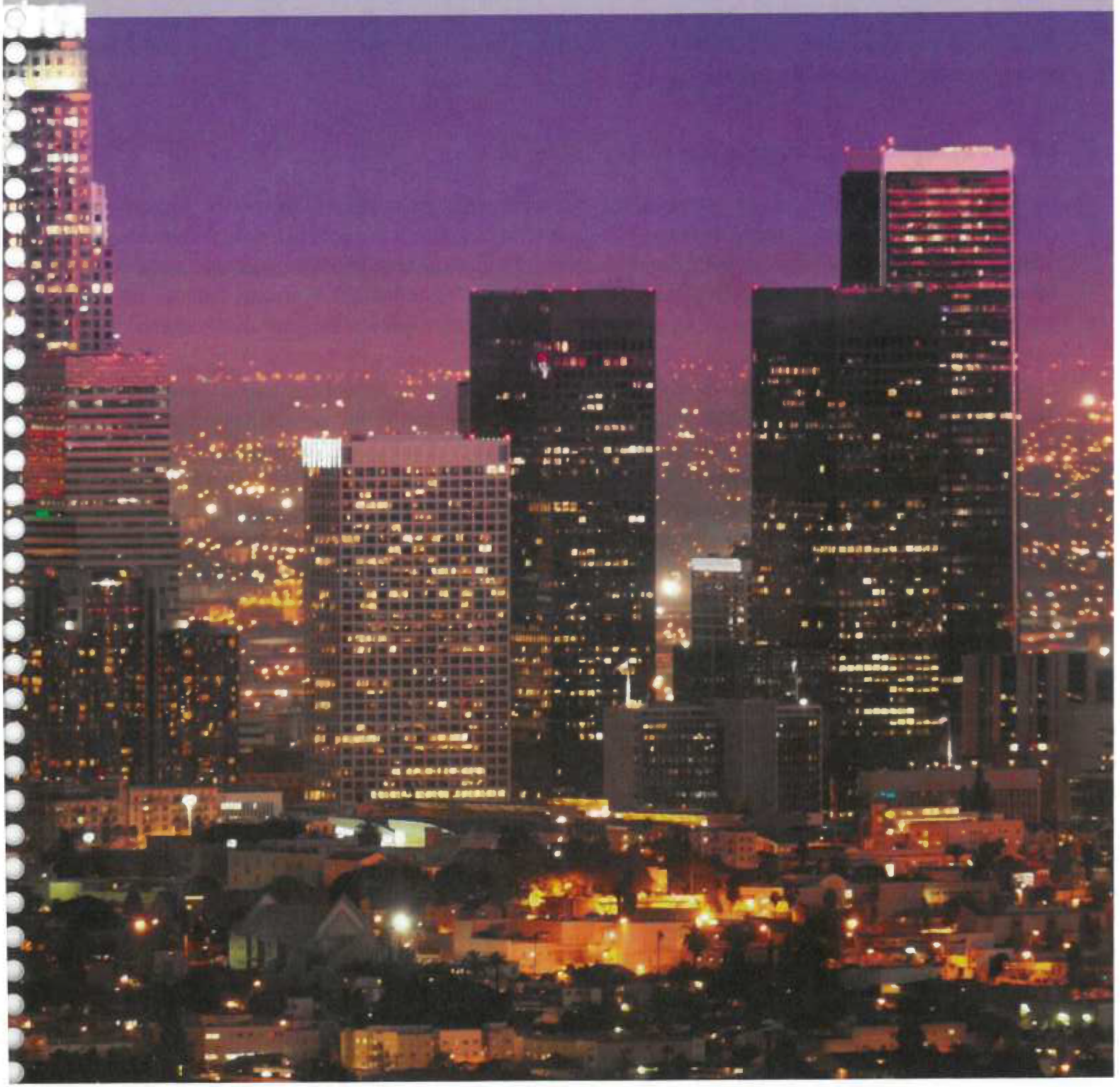
	Delivery method	Timing
Parker Center phase (Development Sequence A)	DBFOM AP #1	**Planning/Environmental**: Parker Center EIR completed; 2018 for new facilities **DBFOM RFP**: 2017-2018 **Design/Construction**: 2018-2020 **Note**: a more conservative schedule would call for construction completion in 2021
City Hall South phase (Development Sequence B)	Private Ground Lease #1	**Planning/Environmental**: ~2017-2018 **Developer RFP**: ~2018-2019 **Design/Construction**: ~2019-22 **Note**: timing will be driven by real estate market
L.A. Mall phase (Development Sequence C)	DBFOM AP or traditional	**Planning/Environmental**: ~2018-2020 **Development RFP:** ~2020-2021 **Design/Construction**: ~2021-2024 **Note**: might be accelerated
911 Building phase (Development Sequence D)	Private Ground Lease #2	**Planning/Environmental**: ~2019-21 **Developer RFP**: ~2022-2023 **Design/Construction**: ~2024-2027 **Note**: might be accelerated, timing will be driver by real estate market

Case study: UC Merced 2020 Project

In August 2016, the University of California entered into a 39-year DBFOM agreement with developer Plenary Properties Merced to deliver its $1+ billion Merced campus expansion project, which will support a 50% increase in the student population to 10,000 by 2020. Merced is the youngest campus in the UC system and the first public research university to be created in the 21st century. The new facilities will be built within a 219-acre site that currently supports the existing campus. This performance-based P3 is a first in the US higher education world as it encompasses over 1 million SF of academic buildings, social and event space, student housing, dining and quality of life improvements. The project is financed using a hybrid availability payment structure, combining at-risk private taxable financing and low-cost UC Regents system wide public financing debt. The project construction broke ground in October 2016, with the first phase of buildings scheduled for delivery in 2018, and full completion in 2020.

Section 2-6 – Financial Feasibility Analysis

6. Financial feasibility analysis



6. Financial feasibility analysis

6.1. Parker Center phase: Development Sequence A 2017–2020

The Parker Center phase includes the provision of a new office tower and podium including 712,500 square feet of civic office space, 37,500 square feet of net retail space, and 450,000 square feet of parking space. Due to the risk transfer and certainty available in terms of timing and cost, the ensuing financial analysis focuses on the Availability Payment DBFOM Public-Private Partnership ("AP DBFOM P3") outlined in section 5.4, with a 34-year concession term (4 years of construction and 30 years of operations). As an alternative, indicative costs are also shown if the phase were procured and financed through traditional means in section 6.1.3.

6.1.1. P3 Development costs of the Parker Center phase

Based on the costs presented in section 4.4.2, the anticipated all-in development costs for the Parker Center phase are presented below. These all-in costs include inflation to account for the time between the analysis date and the anticipated build period as well as financing and other development costs such as consultant and advisory fees for architecture, engineering, and management. Furniture, fixtures, and other outfitting costs are not included as these are generally the responsibility of the user of the space.

It is important to clarify that the development costs presented below do not represent costs to the City. The City's obligation in this potential P3 structure would be limited to the upfront Milestone Payments (which would be funded from the sale of the Fig 221 tower and the Public Works Building) and ongoing Availability Payments to the private partner, the latter of which are discussed in section 6.1.2 below. This analysis assumes the use of asset disposals to fund the Milestone Payments, as shown in Table 26, but in actuality these Milestone Payments could be funded by any means. Making Milestone Payments is generally done to reduce the private partner's financing requirement and lower the ongoing Availability Payment. Increasing Milestone Payments when low cost funding is available is generally in the City's best interest, provided the project's privately financed amount remains large enough to retain interest and a de-facto guarantee from the private partner.

Table 26 – Private partner's sources of capital

Sources	$YOE
Gross proceeds from disposal of Fig 221 Tower (2015)	*$119m*
Gross proceeds from disposal of Public Works Building (2016)	*$159m*
Appreciation in Value, net of selling costs (assuming 2019 sale)	*$22m*
Milestone Payments (MPs) from City to Developer	**$299m**
Privately Financed Debt	$281m
Private Equity Investment	$37m
Total private partner's sources of capital	**$617m**

Figures may not sum due to rounding

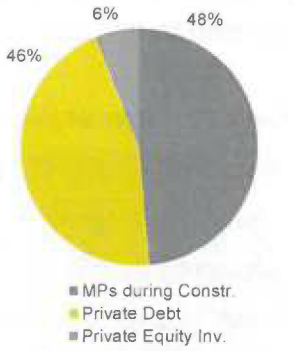
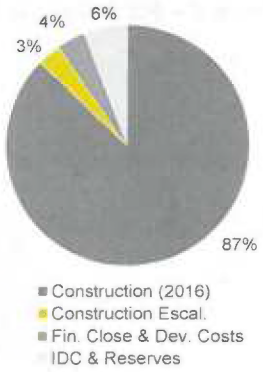


Table 27 – Private partner's uses of capital

Uses	$YOE
Construction costs (2016)	$537m
Construction escalation	$21m
Financial close & developer costs	$23m
Interest during construction & reserves funding	$37m
Total private partner's uses of capital	**$617m**

Figures may not sum due to rounding



6.1.2. Ongoing P3 costs of the Parker Center phase

The DBFOM P3 project would be financed by the private partner who is repaid, both for their capital costs and for their management of ongoing operating costs, through the City's Milestone Payments (funded by the sale of the two assets detailed above) and ongoing annual Availability Payments. Availability Payments last for the duration of the 30-year operating term[13] and are typically partially indexed to account for normal growth in operating costs. In the proposed structure 33% of the Availability Payment is escalated at the consumer price index (CPI)[14], which approximately covers the ongoing operating costs (on a lifetime average basis).

Based on the private partner's capital costs described in section 6.1.1 and operating costs of $10 per square foot per year[15], the anticipated total Availability Payment due from the City to the private partner is $30.1 million in the first year of operations (2021). As described above and shown in Figure 8, the capital

[13] While a 30-year term has been assumed to coincide with typical MICLA lease revenue bond financing terms for the purpose of the analysis, longer Availability Payment terms (e.g. up to 40-years of operations as is the case on the Long Beach Civic Center project) might enhance the annual and overall affordability metrics

[14] Long-term CPI assumed to be 2.5% annually

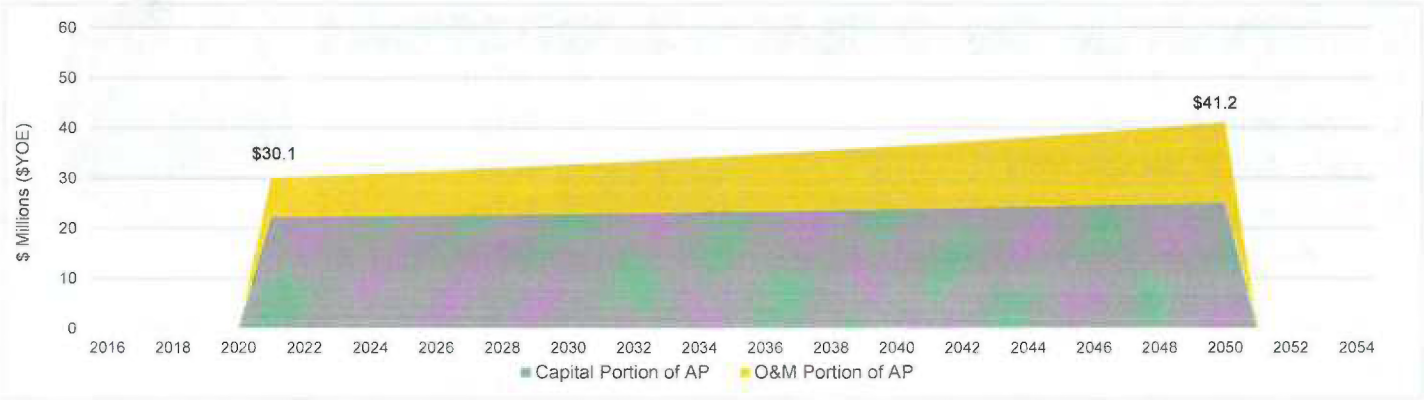
[15] Approximation based on Fig Plaza 221 Tower operating cost (~$6.77/SF) and new Police Admin. Building utilities cost (~$3.23/SF)

portion of the Availability Payment is generally flat during the term of the concession with the O&M portion indexed to inflation.

Table 28 – Annual payment to private partner

Escalation Rate of Escalated Portion	CPI
Construction period	4 Years
Operating period	30 Years
"O&M" Portion of Availability Payment (Escalated)	$7.9m
"Capital" Portion of Availability Payment (Non-escalated)	$22.2m
Operating year-1 availability payment (2021)	**$30.1m**

Figure 8 – P3 Availability Payments through 30-year term



The above annual payment amounts assume that the Developer debt would be issued on a taxable basis. Depending on the exact allocation of maintenance and operations responsibilities assigned to the developer, there might be opportunities to structure certain provisions of the DBFOM agreement in consultation with bond counsel so the developer can access tax-exempt financing (through the management contract safe harbor rules updated under the Internal Revenue Service revenue procedure 2016-44 or otherwise). Under a sample 4% tax-exempt interest rate (compared to the 5.25% DBFOM taxable debt interest rate assumed above), the above $30.1m first year availability payment would be reduced to $27.9m.

6.1.3. Traditional procurement of the Parker Center phase

Should the City choose to procure the Parker Center Phase using a DBB or CM/GC method, the City would retain more control during the design process but would be exposed to schedule and cost overrun risks on the capital delivery as well as on long-term building maintenance. MICLA 30-year lease revenue bonds would be used to finance the design and construction work and would count against the non-voter approved 6% City debt ceiling.

At this time, no detailed risk analysis has been undertaken by the City under various delivery methods. Table 29 below outlines several sample scenarios for mapping potential all-in-costs to the City in traditionally delivering, financing and maintaining the new Parker Center at three different costs of financing. The base case scenario is directly comparable to the above P3 analysis with identical construction and ongoing maintenance costs, identical proceeds from selling existing assets, and an identical 30-year operating term (assuming level debt service); while the effect of added risk contingency premiums are also shown assuming construction and ongoing operating costs are 10% and 20% higher. Also note that while the financing could be done on a tax-exempt basis, final retail space planning/private use considerations may direct the City to use taxable debt[16].

Table 29 – City's Total Annual Costs for Traditional Procurement

City Cost of Financing	3.5%	4.0%	4.5%
Operating Year-1 Total Cost (2021) – Base Case	$23.6m	$24.7m	$25.7m
Operating Year-1 Total Cost (2021) – 10% Contingency Case	$27.7m	$28.9m	$30.2m
Operating Year-1 Total Cost (2021) – 20% Contingency Case	$31.7m	$33.2m	$34.7m

These preliminary financial results indicate that while a traditional delivery would appear more cost effective before any contingencies are factored in to account for the greater risks retained, accounting for such risk transfer could make the DBFOM option more cost effective, depending on the exact public financing strategy that would be employed (as well as the ability of the DBFOM to access tax-exempt financing). A detailed risk analysis would need to be undertaken to adequately quantify the value of the risk transfer and conclusively compare the costs of the DBFOM and traditional deliveries.

6.1.4. Ongoing savings and revenue from the Parker Center phase

By executing the Parker Center phase first a number of ongoing costs, as outlined in sections 4.2.3 and 4.2.4, will be eliminated upon completion of the new facility and relocation of City offices. These tangible savings may be used to offset the cost of the Parker Center phase Availability Payment. The non-cash items discussed in section 4.3 also provide some additional benefit to support moving forward with the project, but are not assumed as a funding source for the Availability Payment.

As outlined in the development timeline (section 4.1.2) it is anticipated that several locations will be vacated as a result of the new Parker Center. Additionally, as outlined in section 4.2.2, the retail development in the new facility is expected to generate a recurring income for the City. The associated savings from leaving those facilities, whether owned or leased, and income from the retail elements of the Parker Center phase of the project are summarized in Table 30 below. Savings are presented in both 2016 dollar terms and in CPI[17] adjusted 2021 dollar terms, which is the anticipated first year of operations.

[16] In some cases the added financing cost of taxable debt is outweighed by the limitations on use and/or the reduced related potential revenue streams from the asset used as collateral. The City has in the past used both tax-exempt and taxable debt programs

[17] Long-term CPI assumed to be 2.5% annually

Note that negative values, as presented for the Fig Plaza 221 tower, represent revenue potential that is lost on disposal of the property (e.g. commercial leases with third party tenants).

Table 30 – Savings attributable to the Parker Center phase

Site	Annual Savings/Revenue *(2016)*	Total Annual Savings *(2016)*	Total Annual Savings *(2021)*
Public Works Building	• O&M: $2,700,000 • Utilities: $1,575,000 • Overhead: $250,000	$ 4,525,000	$ 4,995,000
Fig Plaza 221 Tower	• Lease revenue: ($2,825,000) • O&M: $1,850,000 • Utilities: $375,000 • Overhead: $275,000	$ (325,000)	$ (359,000)
Garland Building	• Lease: $7,000,000 • O&M: $225,000	$ 7,225,000	$ 7,975,000
City Hall South	• O&M: $300,000 • Utilities: $200,000 • Overhead: $925,000	$ 1,425,000	$ 1,573,000
New Retail Leases	• Leases: $1,750,000	$ 1,750,000	$ 1,932,000
Grand Total		**$14,600,000**	**$16,116,000**

Figures may not sum due to rounding

6.1.5. Overview of Parker Center P3

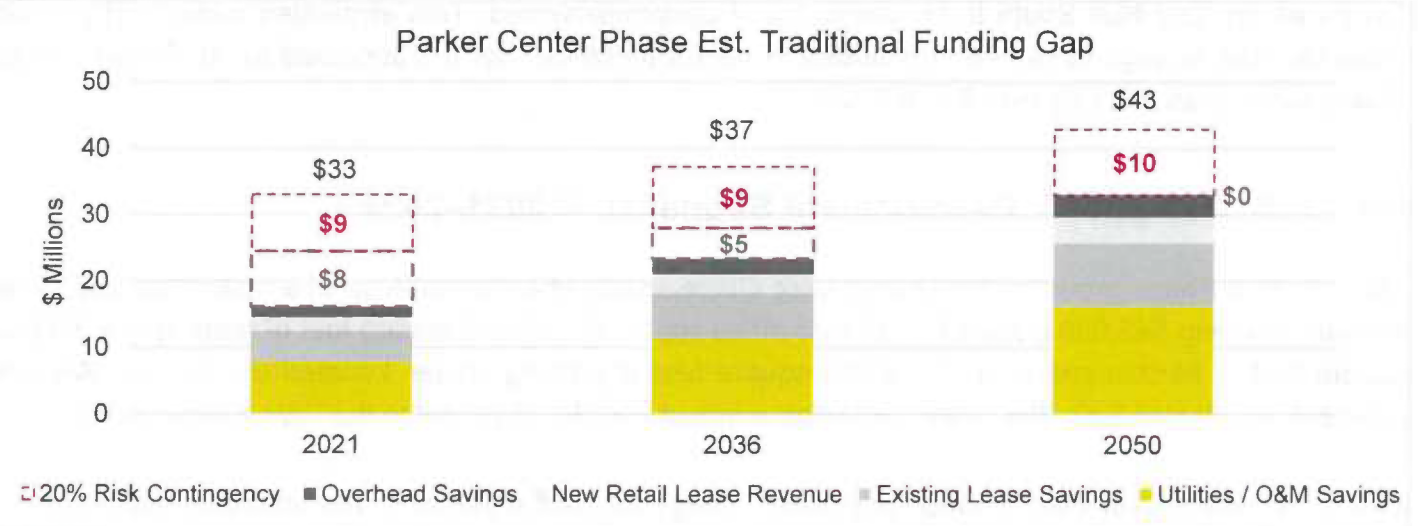
As shown in Figure 9 below the estimated costs, savings, and revenue from the Parker Center phase can fund a significant portion of the Parker Center Availability Payments. The estimated funding gap at three intervals in time, 2021, 2036, and 2050, show how the lower growth rate of the Parker Center Availability Payment (due to only partial indexation) compared to the fully indexed growth of offset costs and savings (leases, O&M, overhead, etc.) actually results in a decreasing funding gap over time.

Figure 9 – Parker Center Phase Funding Gap (P3 Procurement)



Figure 10 below shows the estimated costs, savings, and revenue from the Parker Center phase if procured traditionally. The impact of the 20% risk contingency is layered on top of the base case in red perimeter bars. The chart shows the smallest funding gap in the base-case with no risk premium: an $8m funding gap in 2021 which reduces to $0[18] by 2050 (see grey data labels). On the other hand, adding a 20% contingency premium increases the projected funding gap an additional $9m in 2021, to $17m total, and an additional $10m by 2050 ($10m total in 2050 – see red data labels).

Figure 10 – Parker Center Phase Funding Gap (Traditional Procurement, 4% financing cost)



[18] The funding gap actually turns slightly positive in the projected base case, but for simplicity in the chart is shown reducing the net cost to zero

6.2. City Hall South phase: Development Sequence B 2019–2022

The private development of the City Hall South site can provide new revenue streams for the City to use to offset the costs of the Master Plan. The City Hall South Phase includes a new tower and podium consisting of 569,000 square feet of residential, hotel, or other private development space, 90,000 net square feet of retail space, and 300,000 square feet of parking space. The private development would be located on the City's current City Hall South site and provide revenue to the City through a ground lease.

High-level estimates were prepared to project the potential ground lease revenue a private developer might be willing to pay for the development rights to the City Hall South parcel in the Civic Center Core. A number of factors are used to estimate market appetite for this kind of lease structure, mainly relating to the property's value and, for the private developer, the lease term, renewal options, and development potential. Table 31 below presents the potential annual ground lease revenue to the City and is the low-end of the range to account for uncertainties and the potential inclusion of affordable housing, as noted in section 4.2.2. Values are presented in 2016 dollar terms and in CPI adjusted 2023 dollar terms, which is the anticipated first year of operations and ground lease revenue.

Table 31 – City Hall South ground lease details

	2016	2023
Annual Ground Lease Revenue	$1,975,000	$2,300,000

As discussed in section 6.1.4, the relocation of staff from the current City Hall South site to the New Parker Center allows City Hall South to be vacated and decommissioned. This eliminated facility will provide some tangible savings as outlined previously, however those savings are attributed to the Parker Center Phase rather than this City Hall South Phase.

6.3. L.A. Mall phase: Development Sequence C 2021–2024

The L.A. Mall Phase provides the second Civic Office space which is made up of a new office tower and podium including 545,000 square feet of civic office space, 50,000 net square feet of retail space, 80,000 square feet of flexible space, and 515,000 square feet of parking space. Located on the L.A. Mall site adjacent to City Hall East, the project will bring a mixed-use development to the Civic Center Core.

Unlike the new Parker Center which has gone through significant planning and environmental work, no design or environmental work has been conducted yet at this stage of the Master Plan for this second Civic Office. As such the IBI indicative cost estimates (which are highly dependent upon the building square footage / space planning strategy) as well as exact implementation timeline could significantly change – which would greatly affect the financial analysis. Using a similar process to that of the Parker Center Phase (with a 0.5% additional forward premium on interest rates), this analysis contemplates procuring the project through either a P3 or traditional approach. As was the case for the Parker Center,

the P3 approach considers an Availability Payment DBFOM P3 with a 30-year operating term (4-year construction and 30-year operating period), while a traditional procurement would use the same capital and operating costs as the P3 with a similar 30-year term for the debt repayment.

6.3.1. Costs of the L.A. Mall phase

Using the projected costs shown in section 4.4.2, the costs for the L.A. Mall Phase are shown below for three time periods through the contemplated 30-year term for both a traditional or P3 procurement. The project costs are anticipated to be offset by the potential sale of space in the new Civic Building to other non-council controlled departments, such as pension offices. City feedback has indicated potential interest for 28,000 SF of space which could be "condominiumized" and sold. This analysis used $350/SF as the sale price, based on the current LA market for office space, which yields gross proceeds of $9.8 million in 2016 dollar terms for 28,000 SF of space. This value was then inflated based on the 2024 estimated completion date. In a P3 the proceeds from this sale would fund Milestone Payments to the private developer, while in a traditional scenario they could be applied directly against construction costs to reduce borrowing requirements.

In both the traditional and P3 scenarios, inflation is added to the construction cost in 2016 terms to account for the time between the estimate date and the anticipated build period. Other development costs, such as financing, consultant and advisory fees, and architecture, engineering, management, and professional services are also estimated and included where applicable. As was the case in the Parker Center phase, furniture, fixtures, and other outfitting equipment for the end user are not included in any case. Ongoing operating costs for the LA Mall phase were assumed to be identical in both P3 and traditional scenarios and were estimated to be $10 per square foot per year[19] in 2016 terms.

Table 32 – LA Mall Ongoing Annual Costs

Year	2025	2040	2054
DBFOM AP Structure	$47.8m	$52.3m	$58.4m
Traditional Procurement (base case)	$37.3m	$40.2m	$44.2m
Traditional Procurement (+10% risk premium)	$41.1m	$44.3m	$48.7m
Traditional Procurement (+20% risk premium)	$44.9m	$48.4m	$53.2m

Figures may not sum due to rounding

Unlike the Parker Center Phase, the risk-adjusted cost of the Availability Payment DBFOM would not be as competitive as a traditional financing even when compared to the 20% risk premium scenario. This is because the financed portion of the capital investment is much greater in proportion than under the Parker Center Phase which benefited from significant asset disposal proceeds funding Milestone Payments. While further risk analysis and planning would be required to conduct a proper analysis of P3 vs. traditional delivery options for the LA Mall phase, a standard DBFOM availability payment structure would provide

[19] Approximation based on Fig Plaza 221 Tower operating cost (~$6.77/SF) and new Police Admin. Building utilities cost (~$3.23/SF)

less potential than for the Parker Center phase. A more efficient approach here may be a hybrid approach where milestone payments would be funded from proceeds of low-cost tax-exempt debt issued by the City – which would blend risk transfer and low cost of capital benefits.

6.3.2. Ongoing savings and revenue from the L.A. Mall phase

A number of ongoing costs, as outlined in sections 4.2, will be eliminated upon completion of the new L.A. Mall facility and relocation of City offices. Tangible savings described in sections 4.2.3 and 4.2.4 will offset the costs of the LA Mall phase described above, with other intangible savings discussed in section 4.3 providing further support to move forward with the project, but not attributed as funding sources to offset the Availability Payment.

The locations listed below are assumed to be vacated as a result of the new L.A. Mall Civic Building. The associated savings from leaving those facilities, whether owned or leased, are summarized below. In addition, the new retail areas are expected to generate revenue as outlined in section 4.2.2, and the related income is also presented. Lost income from commercial leases at the existing facility that would end are also estimated and shown, as discussed in section 4.2.2 Given the long time period to the commencement of operations, savings in 2025 dollar terms (the first year of operations) are also shown[20].

Table 33 – Savings attributable to the L.A. Mall phase

Site	Annual Savings/Revenue *(2016)*	Total Annual Savings *(2016)*	Total Annual Savings *(2025)*
Media Center	• Lease: $1,225,000	$ 1,225,000	$ 1,493,000
CalTrans	• Lease: $2,725,000 • O&M: $1,025,000	$ 3,750,000	$ 4,569,000
Paramount Building	• Lease: $450,000	$ 450,000	$ 548,000
350 S. Figueroa	• Lease: $525,000	$ 525,000	$ 640,000
L.A. Mall	• Lease revenue: ($350,000) • O&M: $125,000 • Utilities: $575,000 • Overhead: $225,000	$ 575,000	$ 701,000
Personnel	• O&M: $275,000 • Overhead: $225,000	$ 500,000	$ 609,000
New Retail Leases	• Leases: $2,150,000	$ 2,150,000	$ 2,620,000
Grand Total		$ 9,175,000	$11,180,000

Figures may not sum due to rounding

[20] Savings & revenue assumed to escalate at CPI (2.5%).

6.3.3. Overview of the L.A. Mall P3

Figure 11 below shows the estimated costs, savings, and revenue from the L.A. Mall Phase over the 30-year operating term, whether procured traditionally or via P3. The lowest cost scenario is the traditionally procured method with no risk premium added and has a $26m funding gap in the first year as shown in grey, decreasing to $21m in 2054. On the high end of the range, the currently modelled P3 increases costs by $11m in 2025 and $14m in 2050, as shown in the red bars. The total costs using the high end of the range are shown at the top of each bar.

Given the magnitude of the remaining gap in either case, another revenue source and/or a combination of cost reduction measures would need to be pursued to fully fund the contemplated parcel development..

Figure 11 – L.A. Mall Phase Funding Gap



6.4. 911 Building phase: Development Sequence D 2024–2027

The 911 Building phase contemplates the new private development of a tower and podium consisting of 520,000 square feet of residential, hotel, or other private development space, 90,000 net square feet of retail space, and 276,000 square feet of parking space. The private development would be located on the City's current City Hall South site and provide revenue to the City through a ground lease. The potential payments a private developer might be willing to make for the development rights to the 911 Building parcel were estimated in a similar manner to that of the City Hall South parcel in section 6.2. The table below presents the potential annual ground lease revenue to the City using the low end of the range presented in section 4.2.2 to account for uncertainties and allow for the potential inclusion of affordable housing. Values are presented in 2016 dollar terms and in CPI adjusted 2028 dollar terms, which is the anticipated first year of operations.

Table 34 – 911 Building ground lease details

	2016	2028
Annual ground lease revenue	$1,825,000	$2,400,000

As a requirement to ground lease the 911 Building site, the 911 department for the City must be relocated. Due to the critical nature of this department and special facility designs required to ensure the department's safety, security, and ongoing reliability, relocating to one of the new Civic office spaces is not feasible. Instead, the Master Plan contemplates relocating the 911 department to a new facility constructed at the existing Personnel Building site. Relocation costs are estimated to be approximately $37 million in 2016 terms, however for the purposes of this analysis the relocation was modelled to occur in 2024, just prior to commencement of construction of the private development at the 911 Building site. On an inflated basis, the cost to relocate the 911 facility is estimated to be approximately $47 million in 2024.[21]

In addition to the revenue streams generated by a private development and new retail space, the relocation of staff from the current 911 Facility site to the new 911 Facility is likely to provide some gains in efficiency. These savings, while likely to be tangible, are not expected to be material relative to the overall Master Plan and have not been quantified in this analysis.

6.5. Summary cash outlays

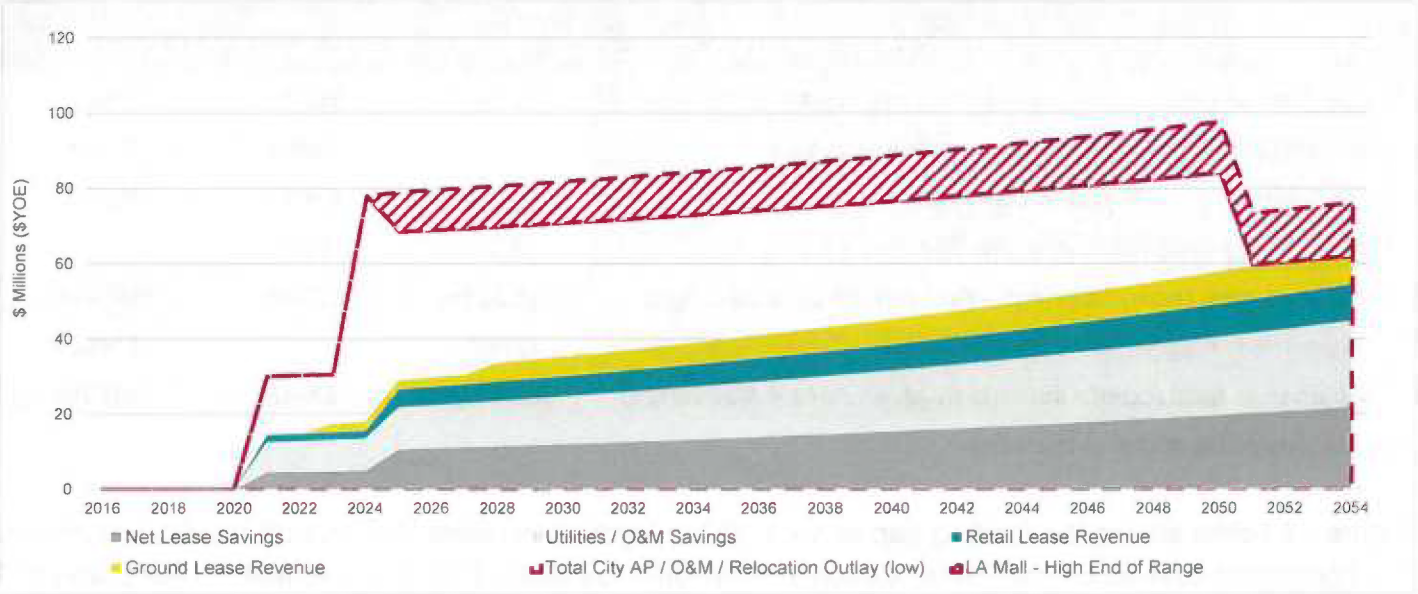
The combined phasing for the four phases presented in sections 6.1 to 6.4 above are shown in Figure 12 below. A P3 structure was used for the Parker Center phase (Development Sequence A) and both P3 and traditional approaches for the LA Mall phase (Development Sequence C), creating a range of costs over the life of the four phases as indicated by the hashed red range at the top of the chart. The low end of the range assumes the lowest cost procurement for the LA Mall phase: a traditionally procured project with no risk contingency and a 4.5% cost of financing. The high end of the range, as shown by the hashed red area, is the DBFOM P3 option which adds $11m - $14m to the annual cost over the term while insulating the City from a number of risks.

Relocation of the 911 facility for the 911 phase (Development Sequence D), as described in section 6.4, is modelled with the expense occurring in 2024 and is observable as the step up in the hashed red line (*"Total City AP / O&M / Relocation Outlay (low)"*) in that year in Figure 12. While the timing of the relocation is flexible, planning for the cost to occur in 2024 aligns well with the payments for the LA Mall phase (Development Sequence C) that would start the following year, in 2025[22].

[21] Generally, the 911 Facility could be relocated at any time prior to the private development, and payment terms could include ongoing or completion payments. For the purposes of this analysis, the one-time cost of the 911 relocation has been assumed in 2024 to align with the new annual costs of the second civic building, which would begin in 2025.

[22] The one-time 911 relocation cost is $47.1m (2024) while the first year cost of the LA Mall phase is estimated to be $37.3m - $47.8m (2025).

Figure 12 – Combined Master Plan phasing (Parker Center as P3)



The Net Present Value of the cash flows shown in Figure 12, discounted at 4.0% to 2016, are shown in Table 35 below.[23].

Table 35 – NPV details for all phases (Parker Center as P3)

Discount rate	**4.0%**
Total City Outlays (using low end of LA Mall range)	($1,328)m
Retail lease revenue	$88m
Ground lease revenue	$79m
Net lease savings	$198m
Utilities/O&M savings	$219m
Other savings	$45m
Asset & space sales	$275m
NPV of total net (cost) / savings (low end of LA Mall range)	**($424)m**
Premium for high end of LA Mall range	***($149)m***
NPV of total net (cost) / savings (high end of LA Mall range)	***($573)m***

Figures may not sum due to rounding

On a phase by phase basis, the NPV of the costs (e.g. Milestone Payments, Availability Payments, and O&M) and revenues (e.g. asset sales, other savings, and lease revenues) are shown in Table 36 below.

[23] Note that the analysis period ends in 2054 (last year of the 30-year LA Mall term) while the 30 year term of the Parker Center phase ends in 2050. To account for this mismatch, ongoing Parker Center O&M costs from 2051-2054 are included on the basis that the responsibility (and cost) for O&M would revert back to the City after the P3 term.

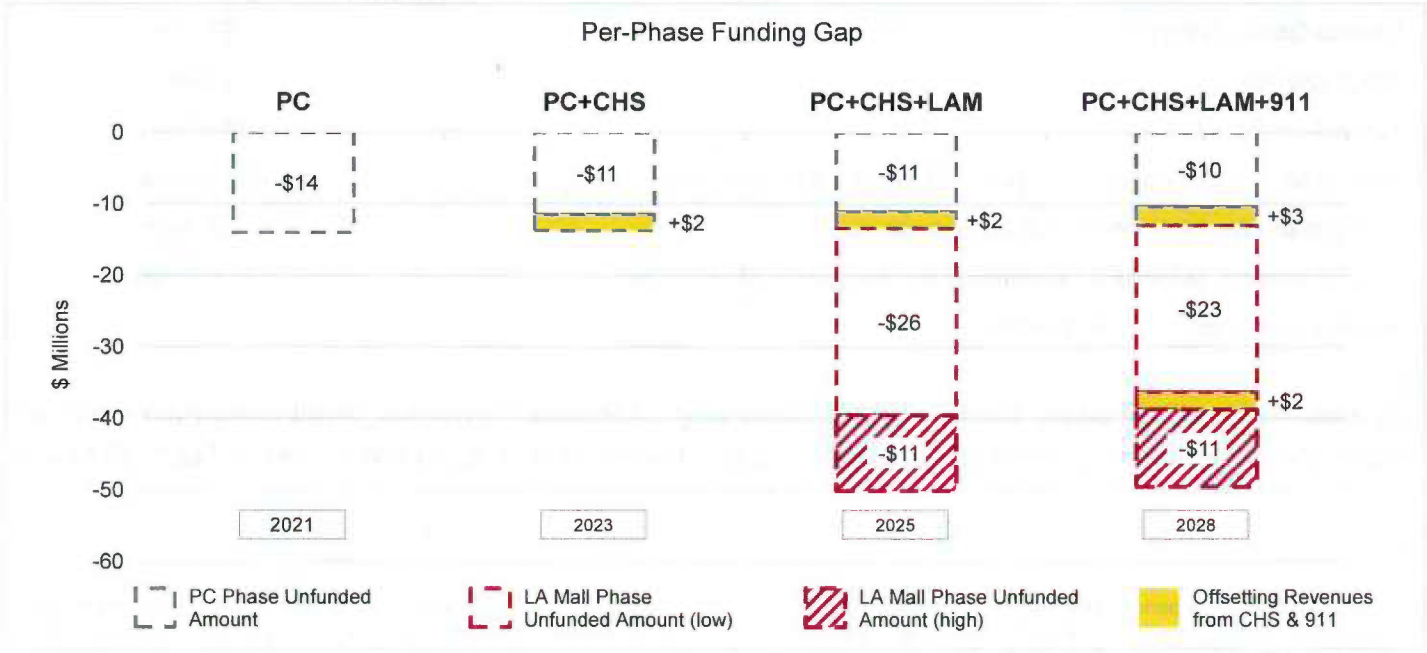
Table 36 – NPV details for each phase (Parker Center as P3)

Phase	Costs	Revenues / Savings	Net Costs
Parker Center phase (Development Sequence A)	($784)m	$624m	($160)m
City Hall South phase (Development Sequence B)	-	$45m	$45m
LA Mall phase (Development Sequence C)	($510)m	$201m	($309)m
911 Building phase (Development Sequence D)	($34)m	$34m	-
All phases total (cost) / savings - *(low end of LA Mall range)*	**($1,328)m**	**$904m**	**($424)m**
Premium for high end of LA Mall range	***($149)m***	-	***($149)m***
All phases total (cost) / savings (high end of LA Mall range)	***($1,477)m***	***$904m***	***($573)m***

Figures may not sum due to rounding

Figure 13 below shows the funding gap of each phase layered incrementally on one another as phases are completed over time. The Parker Center ("PC"), City Hall South ("CHS"), L.A. Mall ("LAM"), and 911 Building ("911") phases (Phases A-D respectively) are shown from left to right as a snapshot in time at the first year of operations for each phase (year shown at bottom). As can be seen below, The Parker Center phase is anticipated to require $14m in new funding in the first year of operations (2021). Thanks to the lease, O&M, and other savings offset by the Parker Center phase the net cost is anticipated to reduce to $13m in 2023, however the addition of the City Hall South ground lease in the same year also generates $2m in revenue, reducing the overall net cost to the City to $11m. Addition of the LA Mall phase in 2025 has a similar effect, projected to add $26m - $37m in new funding requirements. With the addition of the 911 phase in 2028 however, the LA Mall's net cost is reduced to $24m - $34m. In total, the new funding required is estimated to be $33m - $44m in 2028, as also shown in Figure 12 above.

Figure 13 – Incremental aggregated annual funding gap per phase



NPV and annual funding gap analyses indicate that the Parker Center, City Hall South and 911 Building phases have the potential to be delivered at a combined net present cost of $115 million. This would require another City revenue source or some General Fund support of about $10 million annually.

With the addition of the LA Mall phase, the subsidy requirement would significantly increase. However, the $424m net present cost, which could be up to $573m depending on procurement approach, contingencies, and other factors, should be considered in light of the existing facilities' condition. As discussed in section 4.4.4, existing City facilities are already or will soon be reaching the end of their useful life, requiring at a minimum some capital investment to rehabilitate those buildings which have been subject to some degree of deferred maintenance over the years. Such strategy would not fulfill the City's broader land use and policy goals and would not fully capture private development revenues and cost savings efficiencies that the Master Plan's proposed new facilities could bring – and is, at a high level, estimated to cost in excess of $400m.

Ultimately, the exact net cost of the Master Plan would be largely driven by the LA Mall phase development, which will be highly dependent upon further definition of the second Civic Office building and the overall parcel planning (the developments of the City Hall South and 911 phases will also have a significantly impact, but they are expected to be revenue-positive for the City). As further planning and environmental analysis is completed, further financial, project risk and delivery options analysis can be conducted to more accurately evaluate the subsidy requirement and most appropriate delivery method (traditional delivery/financing and public-private partnerships). The following analyses would be critical to move forward the overall Master Plan's financial assessment.

- Detailed market assessment for retail and residential development
- Alternatives and environmental analyses with preliminary design and cost estimates for the City Hall South, LA Mall and 911 Building phases
- Define preferred potential stacking scenarios and existing assets' strategy

6.6. Alternative Scenarios and Sensitivities

Given the number of paths available for the Master Plan and the broad timeline involved, a number of sensitivities have been run to provide a high-level indication of the potential impacts of uncertainty.

6.6.1. Parker Center phase (Development Sequence A) sensitivities

Given the number of paths available for the City with respect to use and/or disposal of its existing asset portfolio, the Parker Center phase was evaluated for the effects of changing the assets to be sold or retained. The effect of retaining either the Fig Plaza 221 tower or the Public Works building, or of selling the second Fig Plaza tower (the 201 tower) were evaluated and are presented in Table 37 below, The

impact of each case on the first year P3 Availability Payment for the Parker Center phase is presented, as well as the effect of each on the overall Master Plan Net Present Value.

Note that in each case, the corresponding savings or costs from retention or sale of each facility (as discussed in sections 4.2.3 and 4.2.4) were also adjusted. For each building that was assumed to be sold or retained the Civic Building in the LA Mall phase was also increased or decreased in size to account for the new space required, changing the overall cost of the LA Mall phase[24].

Table 37 – Parker Center phase real estate sensitivities

Year	Parker Center Year-1 AP	Master Plan NPV (LA Mall Low)	Master Plan NPV (LA Mall High)
BASE CASE	$30.1m	($424)m	($573)m
No sale of Fig Plaza 221 Tower[25]	$41.0m	($487)m	($607)m
No sale of Public Works Building[26]	$44.6m	($586)m	($679)m
Sale of Public Works Building and both Fig Plaza towers[27]	$19.9m	($333)m	($516)m

6.6.2. Master Plan sensitivities

As a means of providing broader perspective on the projections made in this analysis, a number of additional sensitivities were run for application to the entire Master Plan[28] The effects of different inflation, ground & retail lease income, financing, operating expenses, and capital (construction) expenses were evaluated and are presented for their result on the first year Availability Payment for the Parker Center phase as well as on the overall Master Plan Net Present Value. Specifically, the following 5 sensitivities were evaluated:

- Inflation set to annual rates of 1.0% and 4.0% (base case: 2.5%)
- Ground and retail lease revenue increased / decreased by 20% (relative to base case described in section 4.2.2)
- Parker Center phase (Development Sequence A) cost of private (P3) debt financing increased / decreased by ~0.5% (base case: ~5.25%)[29]
- Operating expenses increased / decreased by 10% (relative to base case described in section 4.4.2)

[24] Adjustments for new use of space efficiency were also included

[25] Assumes LA Mall Civic Office tower is downsized by ~125k SF due to reduced space requirements from keeping Fig Plaza 221 Tower

[26] Assumes LA Mall Civic Office tower is downsized by ~260k SF due to reduced space requirements from keeping the Public Works Building

[27] Assumes LA Mall Civic Office tower & podium is upsized by ~192k SF to take up space requirements of selling second Fig Plaza tower

[28] Phases A-D as evaluated in this analysis

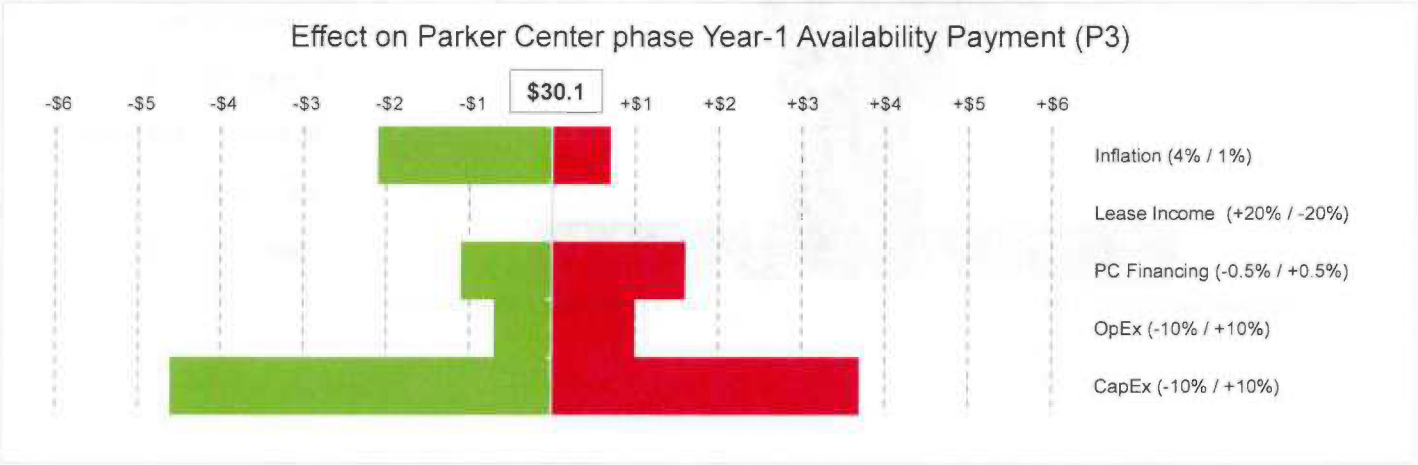
[29] The cost of financing for the LA Mall phase (Development Sequence C) was not sensitized due to the existing uncertainty around both the procurement method and financing costs for that phase. As discussed in section 6.3, the cost of financing for the LA Mall phase was assumed to be ~0.50% higher than that of the Parker Center phase (Development Sequence A) in both the P3 and traditional procurement scenarios

- Construction cost expenses increased / decreased by 10% (relative to base case described in section 4.4.2)

The effects of the sensitivities listed above on the Parker Center phase AP are shown in Figure 14 below. The chart presents the effect of each scenario relative to the base case Parker Center phase year-1 Availability Payment, which was $30.1m as presented in section 6.1.2. Note the variance of ground and retail lease income does not have any effect on the year-1 AP for the Parker Center phase since it is an offsetting cost not included directly in the P3 calculations. Its effect, however, can be seen in the NPV charts in Figure 15 and Figure 16 below.

Relative to the 2.5% per year base case, the higher inflation case produces a *lower* year-1 Availability Payment. The reasoning for this is mainly due to higher indexation of the AP resulting in faster growth, but also due to the late sale of the 221 Fig Plaza tower and Public Works building contemplated for the Parker Center phase. As a result of the late sales the proceeds from the disposal of these properties is projected to be larger than in the base case (thanks to increased price appreciation).

Figure 14 – Parker Center phase Year-1 AP sensitivities



The following two figures present the effect on the project Net Present Value of each of the sensitivities listed above. The negative NPV from Table 35 and Table 36 in section 6.5 represents a cost to the City and has been shown as a positive figure below. This representation of the *"net present cost"* as a positive value allows easy presentation of the effect of each scenario increasing or decreasing the net present cost. Each sensitivity is more clearly presented as a positive increase (higher net present cost) or negative decrease (lower net present cost).

Similar to as was the case for the Parker Center phase AP in Figure 14 above, the largest variances in total net present cost arise from effects of inflation and construction cost (CapEx). This is not unexpected given the compounding effect inflation has on the costs and savings modelled in the Master Plan and given the fact that construction costs are the main driver of costs in the Master Plan.

Figure 15 – Net Present Cost (NPV) sensitivities (assuming low-end of LA Mall range)

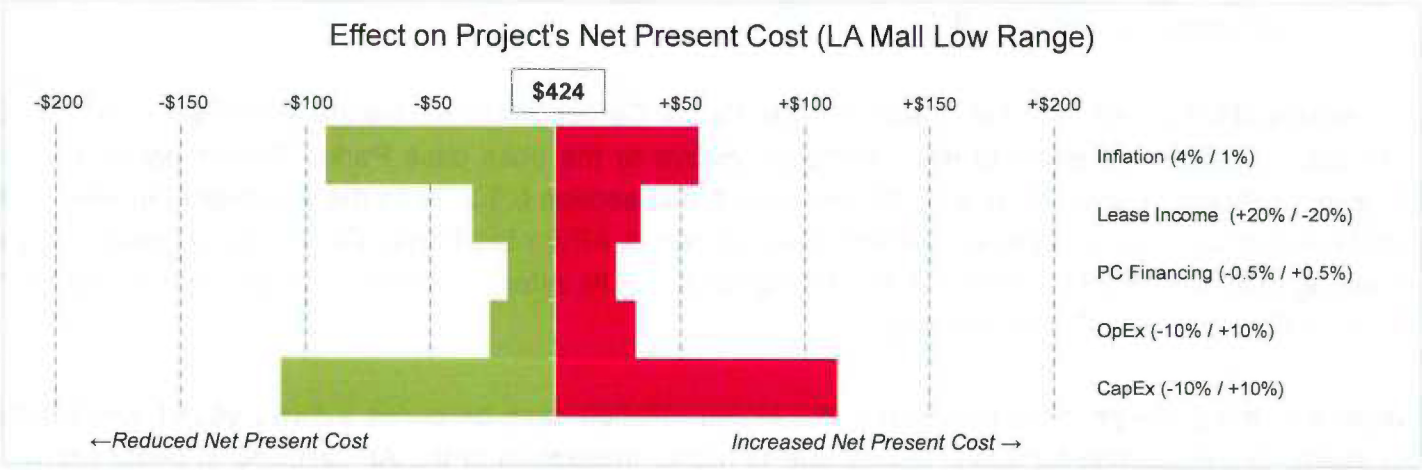
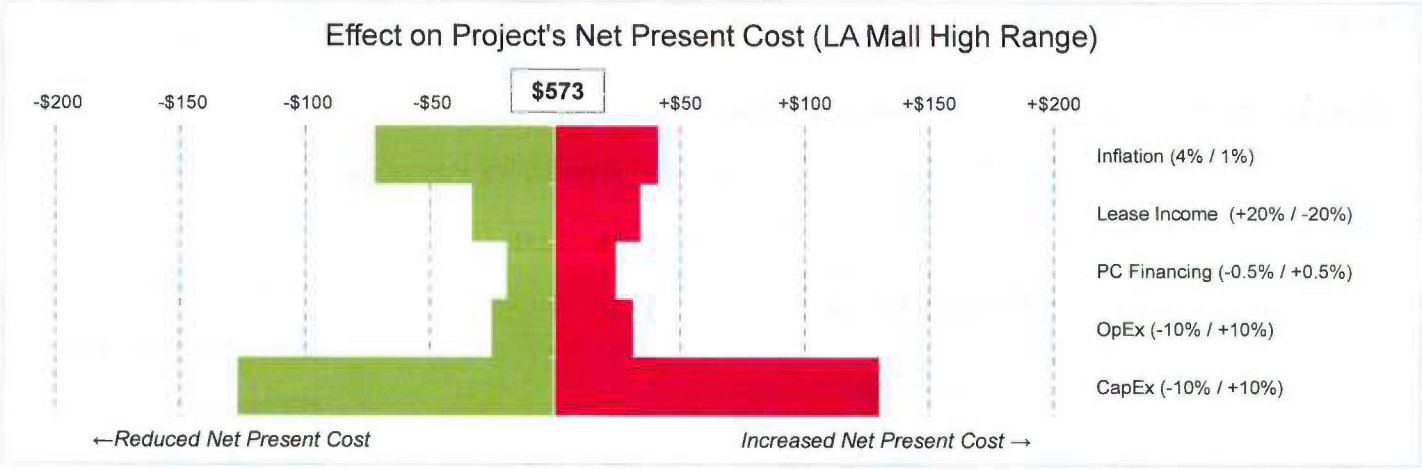
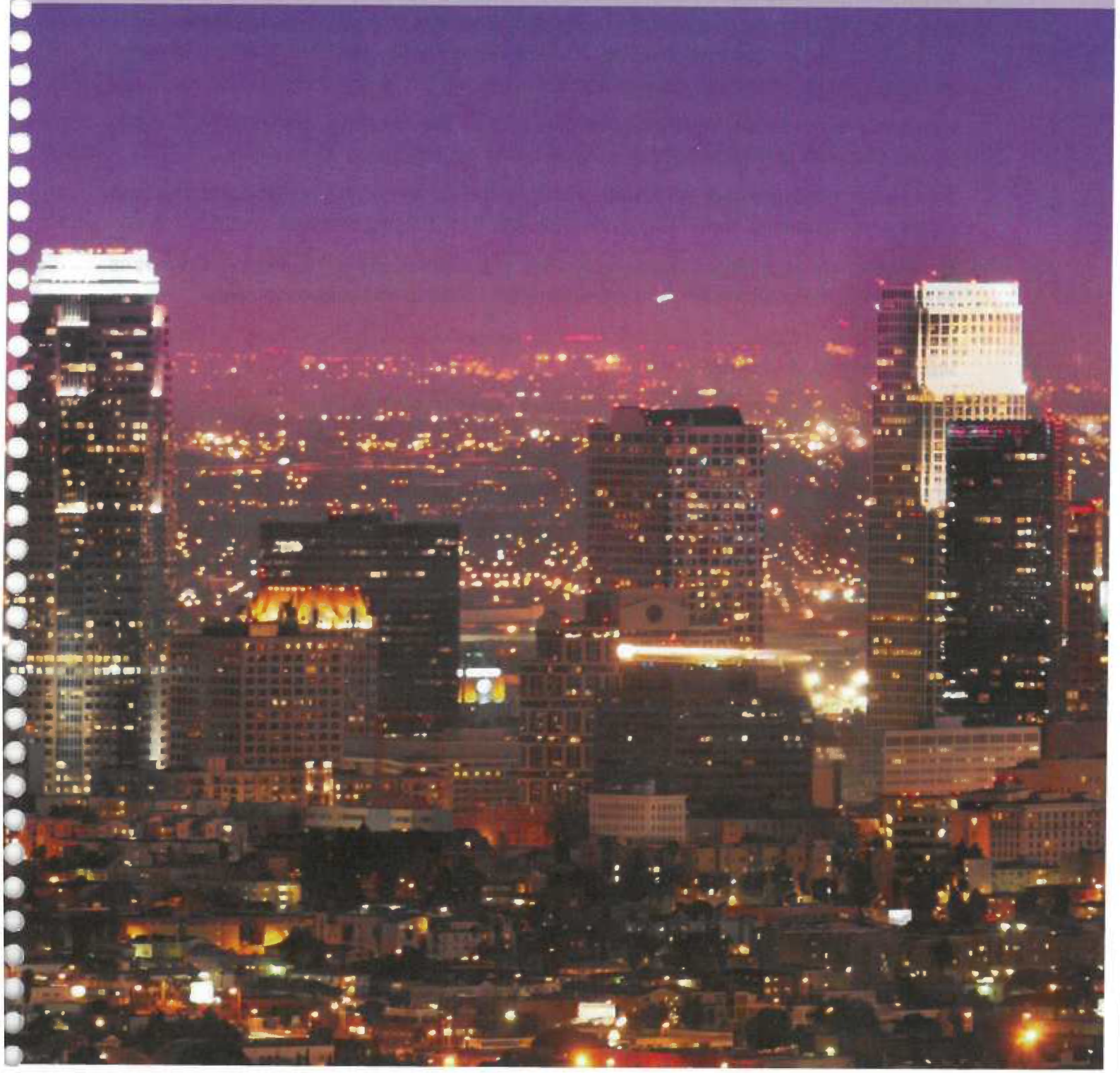


Figure 16 – Net Present Cost (NPV) sensitivities (assuming high-end of LA Mall range)



Section 2-7 – Next Steps

7. Next steps



7. Next steps

We suggest the following actions to further the financing and delivery of the Master Plan build-out:

Immediate next steps:

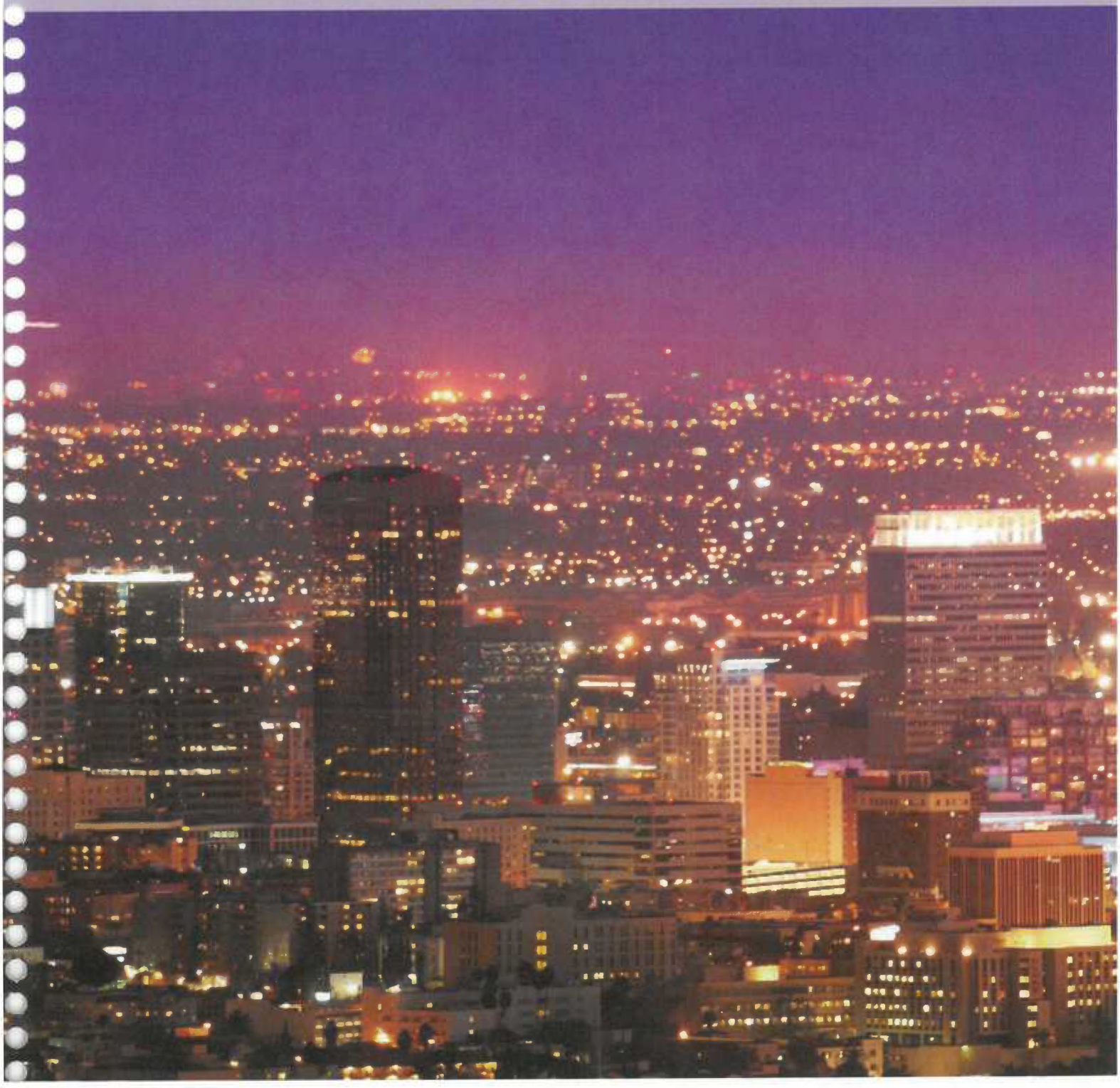
- Determine new Parker Center building scope and specifications, finalize cost estimates
- Undertake a detailed risk analysis of preferred delivery options
- Determine preferred financing and delivery method for the new Parker Center (this would include a full assessment of technical considerations related to potential delivery methods available to the City to deliver the Parker Center phase led by the Bureau of Engineering) through a detailed business case analysis
- Develop a more detailed financial plan focusing on the near-term (new Parker Center) phase; complete an additional assessment of any contemplated P3 structure
- Undertake a detailed real estate and retail market analysis and confirm planning and development strategy for the City Hall South and 911 Building phases
- Define preferred potential stacking scenarios and existing assets' strategy, as a means to further refining estimations and projections for outfitting and relocation costs
- Undertake an industry outreach effort to fully evaluate developer and investor interest in various proposed developments

Subsequent next steps:

- Prepare for the City Council action to approve a final project delivery and financial plan and, if applicable, the initiation of a P3 procurement for the Parker Center phase.
- Engage a workplace strategy analysis to determine the specific quantity and type of space needed for the new Parker Center and second civic office building; develop details for L.A. Mall phase, and define a strategy regarding existing properties
- Initiate planning and environmental work for the City Hall South, L.A. Mall and 911 Building phases,
- Review all outstanding real estate leases and determine if any extensions or renewals are required
- Review all owned assets and consider engaging the disposition process if a sale-leaseback option is viable
- Consider which upcoming phases require an Environmental Impact Review and initiate the work to complete this review

Section 2-8 – Appendices

8. Appendices



8. Appendices

Appendix A – Leases & sales supporting information

Appendix B – Cost Savings Assumptions

Appendix C – Comparison of Traditional and DBFOM Delivery Options for the Civic Office Facilities

Appendix A– Leases & sales supporting information

Ground Leases (Sections 3.1.2 and 4.2.2)

As part of a high-level analysis, the market range for ground lease payments for City Hall South and 911 the Facility were estimated based on recent comparable land transactions. Analysis was limited to transactions in Downtown Los Angeles which occurred within the past two years (approximately). Land prices ranged from $130 per square-foot to $435 per square-foot, with an average of $314 per square-foot. Comparable land transactions on a per unit basis were also evaluated since the current highest and best use of the subject land parcels are multi-family development. On a per unit basis, the comparable land transactions range from $30,374 to $60,833, with an average of $42,865 per unit.

Table 38 – Summary of Comparable Land Sales (Los Angeles, CA)

Address	Zoning	Current improvement	Proposed development	Proposed No. of units	Land area (SF)	Sales Date	Sale Price	Price/unit	Price/Land SF
228 E 2nd St	C2	Empty lot	Multifamily	240	75,794	Jul-16	$9,848,864	$41,037	$130
1100 E 5th St	M3	Industrial	Hotel	NAV	44,134	Jun-16	$15,000,000	NAP	$340
732-742 Spring St	LAC2	Parking lot	Multifamily	308	30,492	Oct-14	$13,250,000	$43,019	$435
737-751 S Spring St	LAC5	Parking lot	Multifamily	320	38,333	Oct-14	$12,500,000	$39,063	$326
708 N Hill St	C2	Retail	NAV	NAV	36,155	Jan-15	$10,500,000	NAP	$290
348 S Hill St	C2	Parking lot	Multifamily	428	41,945	Jul-14	$13,000,000	$30,374	$310
427 W 5th St	C2	Parking lot	Multifamily	600	98,881	Jun-14	$36,500,000	$60,833	$369
Minimum								**$30,374**	**$130**
Maximum								**$60,833**	**$435**
Average								**$42,865**	**$314**

Source: CoStar, Real Capital Analytics, BuildZoom

Based on the comparable land transactions and the estimated number of entitled units at the Subject Properties, City Hall South and 911 Facility property values are estimated to range from $33.0 million to $47.1 million and $35.5 million to $50.7 million, respectively.

Table 39 – Summary of Property Value Estimates for the Subject Properties (Los Angeles, CA)

Subject Property	Land area (SF)	Gross building area (SF)	Est. No. of units	Range per unit	Range
City Hall South	81,546	659,000	820 - 940	$40k - $50k	$33.0m - $47.1m
911 Facility	192,109	610,000	760 – 870	$40k - $50k	$30.5m - $43.6m
Total	**273,655**	**1,269,000**	**1,580 - 1,810**		**$63.5m - $90.7m**

The Subject Properties' ground lease payments were estimated based on a market supported capitalization rate of 6.0% to 8.0%. The Subject Properties' ground leases are assumed to be long-term, ranging from 40 years (with extension options up to 99 years) to 99 years.

Table 40 – Summary of Ground Lease Payments for the Subject Properties (Los Angeles, CA)

Subject Property	Land area (SF)	Est. No. of units	Cap Rate Range	Annual Ground Lease Range
City Hall South	81,546	820 - 940	6.0% - 8.0%	$2.0m - $3.8m
911 Facility	192,109	760 – 870	6.0% - 8.0%	$1.8m - $3.5m
Total	**273,655**	**1,580 - 1,810**		**$3.8m - $7.3m**

Note that the 911 Building phase (Development Sequence D) is anticipated to include new facility space on the Parker Center site (Development Sequence A) by expanding the Parker Center podium. This space is captured in the ground lease analysis through increased building size and land area.

The summary of ground lease estimates is based on the following key assumptions:

- The approximate land area and gross building area for the Subject Properties are provided by the Client. Please note that this indicates an implied FAR ratio of 8.1 for City Hall South and 4.9 for 911 Facility. On a consolidated basis, the FAR is approximately 6.0, which is in line with the FAR for Downtown Los Angeles.
- A preliminary high-level analysis was completed to determine if multi-family or hotel development is the highest and best for the Subject Properties. Hotel development is eliminated due to: 1) low estimated return on cost for the developer, and 2) the potential need for a transient occupancy tax incentive from the City in order for the development to be financially feasible for the developer.
- For the purposes of our analysis, it is assumed that the Subject Properties will be rezoned to allow for the highest and best use as a multi-family development. If these Subject Properties cannot be re-zoned, this would have a significant impact on the potential value of the Subject Properties. This has not been considered in our analysis; we have assumed that the Subject Properties will be re-zoned to their highest and best use.
- Demolition costs of any existing improvements on the Subject Properties or any cost associated with off-site improvements that may needed for the entitlements are not evaluated. Further, no assumptions are included for any costs (if needed) associated with preparing the site for development.
- Estimates are based on the assumption that the Subject Properties will be entitled for a certain number of at-market multi-family units.
- Assuming the Subject Properties comprise of up to 20% affordable housing units, the range of ground lease payments would be at the lower end of the indicated range above This is due to lower rental rates per unit and higher overall capitalization rates for affordable housing properties.
- The analysis does not include TFAR, which is the transfer of floor area ratio from one site to another. It is understood that the majority of the central business district in Downtown Los Angeles has an FAR of 6.0. However, a higher density project can exceed the

allowable FAR with a density transfer from one site to another; typically from a low-density parcel to a high-density parcel under certain regulated conditions that demonstrate public improvements and community benefits. According to the City, the additional development rights are priced at 40% of the land value FAR, in addition to a TFAR transfer payment of the greater of 10% or $5 per square-foot of TFAR (i.e., the additional building area).

Retail Leases (Sections 3.1.3 and 4.2.2)

As part of a high-level analysis, the market range of potential cash flows to the City of Los Angeles-from owned retail operations for Parker Center and L.A. Mall were estimated. The analysis is based on market based retail rental rates and expenses in Downtown Los Angeles. Retail market rent per square foot ranges from $24.35 to $66.00 with an average of $38.71 per square foot for anchor tenants and from $48.00 to $78.00 with an average of $58.20 per square foot for in line tenants.

Table 41 – Summary of Comparable Market Rents: Anchor Tenants

Name	Address	City, State	Year built	Lease type	Total building area (SF)	For lease (SF)	Rent per square foot
Olympic & Hill	940 S Hill Street	LA, CA	NAV	NNN	33,400	30,000	$66.00
6th & Bixel	611 S Bixel Street	LA, CA	NAV	NNN	32,240	16,500	$30.00
REIS Submarket Data	Westside/Downtown Anchor	LA, CA	NAV	NNN	NAV	NAV	$24.35
Ralph's Supermarket	345 E Main Street	Alhambra, CA	1994	NNN	32,848	32,848	$39.00
Trader Joes	3035 Huntington Drive	Pasadena, CA	1961	NNN	27,946	27,946	$34.20
Minimum							**$24.35**
Maximum							**$66.00**
Average							**$38.71**

Source: REIS, Costar, LoopNet

Table 42 – Summary of Comparable Market Rents: In Line Tenants

Name	Address	City, State	Year built	Lease type	Total building area (SF)	For lease (SF)	Rent per square foot
Arts District Retail	527 Coylton Street	LA, CA	NAV	NNN	12,000	12,000	$51.00
South Park Collection	301 W Olympic Blvd	LA, CA	NAV	NNN	14,500	12,400	$48.00
Gas Company Lofts	810 S Flower Street	LA, CA	NAV	NNN	3,082	2,546	$78.00
Wilshire & Hope	716 Wilshire Blvd	LA, CA	NAV	NNN	100,000	2,218	$60.00
Ten50	1050 S Grand Ave	LA, CA	NAV	NNN	5,820	5,820	$54.00
Market Participant	Downtown Los Angeles	LA, CA	NAV	NNN	NAV	NAV	$60.00
Minimum							$48.00
Maximum							$78.00
Average							$58.20

Source: LoopNet, Market Participants

Table 43 – Retail Analysis Assumptions: Parker Center

Assumption	Amount
In line stores square footage (SF)	37,500
In line rental rate - NNN ($/SF/Year)	$50.00
Other income ($/SF)	$1.30
Expense reimbursement revenue (%)	80.0%
Expenses ($/SF)	$12.00
Vacancy rate (%)	4.0%
Tenant improvements, new ($/SF)	$50.00
Leasing commissions, new (%)	6.0%
Capital reserves ($/SF)	$0.25

Table 44 – Retail Analysis Assumptions: L.A. Mall

Assumption	Amount
Anchor tenant square footage (SF)	15,000
In line stores square footage (SF)	35,000
Anchor rental rate - NNN ($/SF/Year)	$36.00
In line rental rate - NNN ($/SF/Year)	$50.00
Other income ($/SF)	$1.30
Expense reimbursement revenue (%)	80.0%
Expenses ($/SF)	$12.00
Vacancy rate (%)	4.0%
Tenant improvements, new ($/SF)	$50.00
Leasing commissions, new (%)	6.0%
Capital reserves ($/SF)	$0.25

The Subject Properties' future retail cash flows were estimated based on market-supported rental rates and the above listed assumptions. Additionally, the Subject Properties were assumed to be able to procure stable, national credit tenants with leases signed for a minimum of five years.

Table 45 – Summary of City of Los Angeles-Owned Retail Estimates (Los Angeles, CA)

Subject Property	Net retail area (SF)	Est. leasing commissions	Est. tenant improvement allowances	Est. cash flow per year (upon stabilization)
Parker Center	37,500	$518,000	$1,875,000	$1.5m - $1.8m
LA Mall	50,000	$648,000	$2,500,000	$2.0m - $2.2m
Total	**87,500**	**$1,166,000**	**$4,375,000**	**$3.5m - $4.0m**

The summary of potential retail cash flows is based on the following key assumptions:

- For the purposes of our analysis, the Subject Properties were assumed able to be rezoned to allow retail / commercial development. If these Subject Properties cannot be re-zoned, this would have a significant impact on the potential value of the Subject Properties.

- Demolition costs of any existing improvements on the Subject Properties or any cost associated with off-site improvements that may needed for the entitlements were not assumed. Further, any costs associated with preparing the site for development (if needed) were not considered.
- Retail assumptions, particularly surrounding lease up period and vacancy, were made without calculating the effects of new retail supply in the Downtown Los Angeles market, nor the timing of the development cycle.
- Potential retail income is assuming the Subject Properties are professionally third-party managed and leased to national credit tenants with minimum five year leases.
- We have assumed there is sufficient parking for the retail operations at the Subject Properties

Property Disposals (Section 4.2.1)

Figueroa Plaza Towers (221 and 201)

Estimates for the Figueroa Plaza Towers are based on the appraisal dated June 11, 2015, performed by CBRE and delivered to the City of Los Angeles CAO. The market value conclusions of the CBRE appraisal are shown below, excluding selling costs:

Table 46 – Market Value Conclusion – Combined Property 201 & 221

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Leased Fee Interest	Jun 2, 2015	$170,000,000
As Complete	Leased Fee Interest	Nov 2, 2015	$201,000,000
As Stabilized	**Leased Fee Interest**	**Nov 2, 2017**	**$232,000,000**

Source: CBRE June 2015

Table 47 – Market Value Conclusion – Combined Property 201 Tower Only

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Leased Fee Interest	Jun 2, 2015	$95,000,000
As Complete	Leased Fee Interest	Nov 2, 2015	$97,000,000
As Stabilized	**Leased Fee Interest**	**Nov 2, 2017**	**$114,000,000**

Source: CBRE June 2015

Table 48 – Market Value Conclusion – Combined Property 221 Tower Only

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Leased Fee Interest	Jun 2, 2015	$75,000,000
As Complete	Leased Fee Interest	Nov 2, 2015	$103,000,000
As Stabilized	**Leased Fee Interest**	**Nov 2, 2017**	**$119,000,000**

Source: CBRE June 2015

Public Works Building

The estimate for the Public Works Building is based on the appraisal dated February 10, 2016, performed by Cushman & Wakefield and prepared for the City of Los Angeles Asset Management Group. The market value conclusion of the Cushman & Wakefield appraisal is shown below, inclusive of selling costs. For the purposes of this analysis, the value was reduced by 1% to account for selling costs before any appreciation / inflation effects were applied.

Table 49 – Market Value Conclusion – Public Works Building

Appraisal Premise	Real Property Interest	Date of Value	Value Conclusion
As Is	**Leased Fee**	**Feb 10, 2016**	**$160,000,000**

Source: Cushman & Wakefield Feb 2016

Appendix B– Cost Savings Assumptions

Cost savings used in this analysis were based on data provided by the City for the existing portfolio of projects and, where data was missing or incomplete, assumptions were used. Most assumptions relate to costs for operations & maintenance, utilities, and leases and are outlined below.

Lease Savings

Lease costs were provided by the City for leased facilities for the year ending 2017. These provided lease rates were used for the analysis in this report to estimate potential savings when those leases are terminated. Future lease costs were assumed to be the current (2017) rate escalated at 2.5% per annum to the time period being analyzed.

Leases at the L.A. Mall and 221 tower of Figueroa Plaza sites represent an income source to the City and, as a result, removal or sale of those facilities is a potential drain on the City's cash flow. This cost is represented by the negative values in Table 50. Leases for L.A. Mall, of which 15+ were provided, were also an average of 10+ years old, so significant assumptions had to be made regarding their current rates and amounts. The escalation factor applied was 1.3x on average, however on an individual basis each lease was escalated at 2.5% per annum from the date of execution to estimate the current lease rate and gross proceeds to the City.

Table 50 – Lease Savings Analysis Details

Name	Annual Lease Rate	Lease Rate Base Date	Escalation Factor Applied
Garland Building	$7,002,154	2017	n/a
Media Center	$1,220,000	2017	n/a
CalTrans	$2,718,211	2017	n/a
Paramount Building	$458,942	2017	n/a
350 Figueroa	$528,840	2017	n/a
L.A. Mall	($269,400)	2007*	1.300
Fig. Plaza 221 Tower	($2,825,000)	2017	n/a
Bradbury	n/a – Lease ending 2016, moving to Fig Plaza		

**Average for the portfolio of leases*

Building Maintenance

Where maintenance and other Operations and Maintenance ("O&M") costs could be easily determined from City data, they were included in the analysis. Data provided is shown in Table 51 with notes reflecting the source of the cost, where known. Where the reference date of expenses was historic, they were inflated to current year terms at the specified rate (if provided) or 2.5% per annum. All costs were assumed to escalate at 2.5% annually beginning in 2018.

For several sites, information was not available or sufficient to determine the annual O&M cost, however evidence from the leases or other sources suggests there may be some nominal expense. For other sites, the detail of the expense (as shown in the notes column) indicates there may be other additional O&M expenses not captured. Further analysis should be conducted to estimate those values, where possible.

Table 51 – O&M Savings Analysis Details

Name	Annual O&M Cost	Notes
City Hall South	$289,982	Materials
CalTrans	$1,031,454	$815,464 specified in 2005, inflated to 2016 (escalation factor: 1.265)
L.A. Mall	$123,668	Materials and Security
Personnel Building	$265,347	Materials and Security
Public Works	$2,693,962	Landscaping, O&M, Capital Maintenance, Cleaning, Security, and Other
Fig Plaza 221 Tower	$1,855,409	Landscaping, O&M, Capital Maintenance, Cleaning, Security, and Other
Garland Building	$225,000	Some costs passed through per lease
911 Facility	TBD	No data available
Media Center	TBD	Some costs passed through per lease, but values not specified
350 Figueroa	TBD	Some costs passed through per lease, but values not specified

Utilities

Utilities were estimated based on City data provided. Utility costs were generally provided on a per-utility-meter and per-facility basis. Costs were evaluated for the latest year (12-month) period and assumed to be complete, however lease terms will in some cases pass-through the cost of utilities to the tenant. This was observed to be the case for some leased City facilities. Where it could not be determined if was no utility cost or data was simply missing, the cost was omitted. All costs were assumed to escalate at 2.5% annually beginning in 2018.

In some cases utility data for certain utility types (e.g. water heaters) was too cumbersome or not properly formatted for analysis, and so were omitted from totals. These omissions were not considered to be material relative to the Master Plan.

Table 52 – Utilities Savings Analysis Details

Name	Annual Utility Cost	Notes
City Hall South	$195,840	Based on utility bills provided, excludes water heaters
L.A. Mall	$579,355	Based on utility bills provided
Public Works	$1,575,000	Based on operating cost breakout provided
Fig Plaza 221 Tower	$375,000	Based on operating cost breakout provided
CalTrans	n/a	No data provided, passed through per lease
Personnel Building	n/a	No data provided
Garland Building	n/a	No data provided
911 Facility	n/a	No data provided
Media Center	n/a	No data provided
350 Figueroa	n/a	No data provided
Paramount Building	n/a	Included in lease cost

Overhead

Overhead costs mainly apply to owned facilities and were estimated based on City data provided for facility-related payroll, management, insurance, and other administrative items. Costs were evaluated for the latest year (12-month) period and assumed to be complete. All costs were assumed to escalate at 2.5% annually beginning in 2018.

Table 53 – Overhead Savings Analysis Details

Name	Annual Overhead Cost	Notes
City Hall South	$931,901	Labor
L.A. Mall	$228,323	Labor
Personnel Building	$224,498	Labor
Public Works	$244,364	Management, Insurance, and other General & Administrative
Fig Plaza 221 Tower	$282,934	Management, Insurance, and other General & Administrative
911 Facility	n/a	
Media Center	n/a	
350 Figueroa	n/a	
Paramount Building	n/a	

Appendix C– Comparison of Traditional and DBFOM Delivery Options for the Civic Office Facilities

Traditional

Objectives	Criteria	Evaluation	
1. Affordability	Lowest expected cost	• Ability to finance on a tax-exempt basis will minimize the cost of financing and the project cost if no cost or schedule overruns occur. The project would be more expensive if the City needs to retain larger project contingencies.	●
	Impact on City debt limit	• **Negative.** City retains responsibility for financing the Project. Any lease revenue bonds would impact the City's debt limit.	●
	Flexibility in using funding sources	• New lease revenue bonds would likely need to rely on completed facilities as collateral • Parker Center and LA Mall phases would likely need to keep retail to 5% of the facilities in order to retain ability to finance on a tax-exempt basis, which would constrain revenue planning upside.	●
	Increase net new tax revenues	• City would retain ownership of the parcels and would not accrue new property tax revenue on the Parker Center or LA Mall phases. Indirect development impact on adjacent private parcels would be limited because of the mainly governmental uses in the Civic Center Core.	●
	Private sector innovation and cost reduction opportunities	• **Limited opportunity for innovation**. Under a DBB, contractors would bid on fully developed design plans. While the early involvement of the builder under a CM/GC may contribute to a more cost-effective design, the high degree of control exercised by the City over the design, quality requirements, features, and function may limit private sector innovation.	●
2. Risk Transfer	Risk transfer on capital cost overruns	• **Minimal risk transfer.** The City would retain significant risk for problems, errors, and omissions in the design documents. • **Improved cost management.** However, compared to a DBB, CM/GC would allow the design to benefit from feedback regarding constructability, means and methods implications, logistics, value engineering, and cost management techniques due to the early involvement of the builder.	●
	Risk transfer for schedule delays	• **No risk transfer.** The City retains the risk of a delay in Project delivery. Disaggregation of financing means the City will have to pay debt service even if construction is delayed.	●
	Risk transfer on lifecycle cost overruns	• **No risk transfer.** Construction cost minimization will dominate cost reduction efforts. Without the involvement of contractor risk capital or long-term deferred payment structures, construction cost minimization techniques can prevail at the expense of lifecycle cost benefits.	●
	Procurement Execution Risk	• Unlike the DBFOM delivery method, the City various departments are experienced with delivery and procurement using DBB and CM/GC.	●
3. Project Delivery and Long-Term Maintenance	Procurement and Project completion timeline	• A traditional procurement process would be faster to initiate but require more procurements (note a CM/GC schedule may be faster compared to the two sequential procurement processes required by DBB; however, there is also potential for delay in Project delivery due to a lack of competition for the construction contract - the incentive for the CM to accelerate its proposed schedule is diminished).	●
	Ability to control and amend facilities' design	• **Maximum control. DBB and** CM/GC would allow City technical staff, elected officials, and/or the public exercise decision-making authority over the final design without change orders. Fewer change orders help reduce construction costs. Note stronger City oversight and project management would consume more staff resources.	●
	Commitment to adequately maintain the public facilities over time	• Funding for facilities' maintenance is approved on an annual basis with City budget, which increases the likelihood for deferred maintenance to build-up over time.	●

Availability Payment DBFOM

Objectives	Criteria	Evaluation	
1. Affordability	Lowest expected cost	• **Private risk premium.** The developer's bid may reflect additional contingency to the baseline costs for accepting the risk that the actual costs could exceed budgeted amounts. • **Higher cost of capital.** Due to risk transfer to the developer and use of equity, the cost of capital to private investors will be higher than that available to the City if it were to borrow itself. There may be an opportunity for the developer debt to be tax-exempt, which would reduce the cost premium (and potentially make the DBFOM less expensive)	●
	Impact on City debt limit	• **Limited or no impact.** Private partner assumes responsibility for financing the Project. The City has indicated that Availability Payments are not considered debt and thus do not apply to the City's debt limit.	●
	Flexibility in using funding sources	• **Maximum flexibility.** The DBFOM provides the City maximum flexibility as to the timing of cash payments. The City could potentially pay up to 100% of the developer's costs through the Availability Payments, thereby delaying payment of the developer's costs until the facility opens. Note the assets do not need to be used as security under the availability payment commitment. • Parker Center and LA Mall retail would not be constrained by 5% if taxable private financing is used. However this would apply if developer tax-exempt opportunities are explored to reduce the cost of capital	●
	Increase net new tax revenues	• City would retain ownership of the parcels and would not accrue new property tax revenue on the Parker Center or LA Mall phases. Indirect development impact on adjacent private parcels would be limited because of the mainly governmental uses in the Civic Center Core.	●
	Private sector innovation and cost reduction opportunities	• **Greater opportunity for innovation.** The DBFOM approach allows proposers to incorporate alternative technical concepts s in their bids that would optimize the lifecycle costs throughout the life of the streetcar vehicles and thus reduce the Project's baseline cost.	●
2. Risk Transfer	Risk transfer on capital cost overruns	• **Construction warranty.** In exchange for the risk premium described above, the City would effectively receive a construction warranty for the duration of the concession, as the developer is paid for construction over the life of the contract through Availability Payments. • **Financial discipline and commercial oversight.** The design-builder assumes responsibility for the majority of the design work and all construction activities, together with the risks associated with providing these services for a fixed fee. The introduction of private capital provides an additional level of oversight to the Project from lenders and investors due to the built-in long-term retainage. Since these parties have capital at risk, they are incentivized to ensure the Project is delivered on budget so as to receive payment on their investment. • **Procurement and CEI costs.** The City should incur lower construction engineering and inspection (CEI) costs due to the risk transfer to the design-builder. While the DBFOM likely generates higher legal and financial advisor costs than traditional approaches, the DBFOM requires fewer procurements. These cost differences are fairly limited relative to other Project costs.	●
	Risk transfer for schedule delays	• **Strong risk transfer.** Availability Payments from the City, incorporating the costs of financing, construction, operation, and routine and major maintenance, only commence once the Project is operational. Thus, in the event of construction delays, the number of Availability Payments from the City over the life of the concession would be reduced since the concession end date remains fixed. Conversely, the City may choose to incentivize the developer to accelerate Project delivery by allowing it to receive additional Availability Payments upon an earlier revenue operations date. Equity investors and lenders therefore have a direct interest in closely monitoring the designers and builders to avoid the impact of delayed/reduced Availability Payments on the return of/on equity and full and timely debt repayments.	●
	Risk transfer on lifecycle cost overruns	• **Strong risk transfer.** The DBFOM strengthens the lifecycle cost risk transfer features of the DBOM by including payment for O&M as part of the Availability Payment stream which typically lasts 30 years or more and is at risk. Moreover, the lifecycle maintenance regime is paid for from ring-fenced maintenance funds required by lenders.	●

Objectives	Criteria	Evaluation	
	Procurement Execution Risk	• Because the City has no experience with a DBFOM procurement method, the execution of the procurement presents a risk (which can be mitigated to some extend with appropriate resource planning)	●
3. Project Delivery and Long-Term Maintenance	Procurement and Project completion timeline	• **Greater upfront investment but fewer procurements.** The City would run an intensive procurement process which may take approximately 18-24 months from the launch of an RFQ-- much longer than a traditional procurement since the City would have to identify up front all design, construction, operations and maintenance specifications. However, the full coordination of the private designers and contractors, and (if desired) focus of the RFP on completion schedule may lead to a more optimized design and construction schedule.	●
	Ability to control and amend facilities' design	• **Limited control and single interface.** Decisions imposed by City technical staff, elected officials, and/or the public over the final design may result in change orders with a corresponding impact on Project costs. Owner changes can be expensive if they lead to additional private financing-related costs. As such, owners relinquish much of the control they exercise with traditional project delivery methods. On the other hand, while the City's role would change from one of involvement in the details of design and delivery to one of monitoring and enforcing contract compliance, and while this role still requires dedicated resources, it is less onerous than under traditional delivery models since the City will interface with a single entity (developer) for design, construction and O&M. Note more limited City oversight and project management would further reduce staff resource needs.	●
	Commitment to adequately maintain the public facilities over time	• There is a long-term contractual commitment to fund the entire availability payment inclusive of operations and maintenance (which includes appropriate maintenance requirements so the facilities are ultimately handed back to the City without undue deterioration levels due to deferred maintenance or malfunctioning systems, etc.). While this would lock-in the City's commitment to adequately maintain the public facilities over time, this approach would also reduce flexibility to adjust maintenance funding during periods of budget crises.	●

EY | Assurance | Tax | Transactions | Advisory

About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

Ernst & Young Infrastructure Advisors, LLC is a registered Municipal Advisor and affiliate of Ernst & Young LLP.

© 2016 Ernst & Young LLP.
All Rights Reserved.

1611-2123471

ED None

Acknowledgments

MAYOR
Office of the Mayor

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

COUNCIL DISTRICT 14

CITY TEAM
Bureau of Engineering
Department of City Planning
Office of the Chief Legislative Analyst
General Services Department
Economic and Workforce Development Department
Information Technology Agency

CONSULTANT TEAM
IBI Group
Ernst & Young Infrastructure Advisors, LLC
Katherine Padilla & Associates

COMMUNITY ADVISORY COMMITTEE
Representatives from:
Arts District Los Angeles
Chinatown BID
Department of City Planning | Urban Design Studio
Downtown Los Angeles Area Neighborhood Council
El Pueblo de Los Angeles Historical Monument
Historic Core BID
Little Tokyo Community Council
Japanese American National Museum

Executive Summary