

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: July 30, 2015

To: Municipal Facilities Committee

From: Miguel A. Santana, *MAH*
City Administrative Officer *FW*

Subject: **CIVIC CENTER LAND USE PLAN AND PUBLIC-PRIVATE PARTNERSHIP
FRAMEWORK**

This report provides an update and makes recommendations regarding preparation of a land use plan for municipal facilities and other uses in the Civic Center district, and exploration of public private partnership opportunities to redevelop City-owned properties including the Parker Center site, the Los Angeles Mall, and City Hall South.

Background

The City of Los Angeles owns a significant number of properties and facilities in the Civic Center area anchored by City Hall. Many of these properties house critical municipal functions, while other properties are un-used, underused, reaching the end of their useful life without significant investment, or house non-essential commercial functions. Currently, approximately 5,500 City staff are accommodated in the broader downtown area in facilities that are leased, outmoded, or relatively distant from City Hall – representing approximately 1.6 million square feet of City office space needs. Accordingly, the City's 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. To date, City efforts have focused on developing a new Civic Center Building on the site of the disused Parker Center. Plans for the new building may contain up to 750,000 square feet of municipal office space, leaving a shortfall of at least 450,000 square feet of office space that would need to be accommodated elsewhere in the Civic Center district.

Development of these municipal facilities is a significant endeavor and, given the reality of constrained resources and debt capacity, will require creative strategies to finance and implement. Accordingly, the City should explore alternate methods of financing, including public-private partnership (P3) opportunities to deliver facilities for municipal use, shared investment with other public agencies, and other options.

In order to advance the City's interests in the Civic Center area and provide Council and staff the best information to make these decisions with significant City-wide and budgetary impact, this report recommends engaging the assistance of two consultant teams. Both consultant teams would be solicited from the Council-adopted list of Prequalified Consultants for Asset Management Strategic Planning (AMSP) (C.F. #12-1549-S2). Staff will also consider opening the solicitation for the Land Use Plan to include the Bureau of Engineering's prequalified on-call list of planning and/or architectural consultants list, which includes a larger array of prequalified firms.

Civic Center Land Use Plan

The first proposed consultant team would be engaged to prepare a Land Use Plan to evaluate the City's opportunities for development of municipal facilities and other uses in the Civic Center. The plan should be at a generally conceptual level, focusing on the type of recommended use and amount of gross development potential for each City property through rehabilitation or new

construction. Identifying the optimal spaces for municipal facilities takes precedence. Yet because the City's real estate holdings in Civic Center significantly exceed the expected space needs, the Land Use Plan could also identify potential opportunities for economic development, cultural amenities, and public open space. The Land Use Plan would also consider connectivity within and between Civic Center and adjacent uses, enhancing the value of the Civic Center by linking it to other significant activity centers including Union Station, El Pueblo, Little Tokyo, and the Historic Core.

In addition to providing a strategic blueprint for the City's development activities, the Land Use Plan will also help assess the value of the City's real estate holdings, an important input to the Financial Analysis described below. The plan is expected to be developed within 3-4 months of contracting.

Preparation of a Civic Center Land Use Plan is consistent with instruction from the Municipal Facilities Committee (January 30, 2014), a motion introduced by the Member for the Fourteenth Council District (C.F. #15-0554), and prior Council actions (C.F. #06-0360, C.F. #09-2723).

P3 Framework Conceptual Plan

The second proposed consultant team will help the City plan for the costs of constructing needed facilities in the Civic Center, and evaluate opportunities for cost effective public-private partnerships. The consultant team will propose deal and financing structures to build new municipal facilities, potentially including the planned Civic Center building at Parker Center and/or other facilities to accommodate the projected need of 1.2 million square feet of office space. In particular, the Los Angeles Mall and City Hall South may represent additional sites for P3 development. The consultant will prepare a P3 Framework that evaluates deal structures including public-private partnerships, joint development with other public agencies, and others. This work will be informed by an analysis of the financial feasibility of constructing a new Civic Center building, as proposed under separate cover (C.F. #14-1604). Additionally, if desired by the City, the consultant can assist in preparing and implementing a request for proposals or similar solicitation to identify qualified, interested private partners.

The P3 Framework consultant's initial deliverable, a P3 Framework, is expected to be delivered within 6 months of contracting. Further services to assist with solicitation for a development partner would be ongoing and subject to the City's further approvals.

Fiscal Impact

The costs for the contractual services described here are presently undetermined. Upon completion of a solicitation process from a Council-adopted list of prequalified consultants, project funding will be identified from CAO's AMSP Contractual Services account, or Capital Improvement Expenditure Programs funds identified for planning for the new Civic Center building. Inasmuch as these funds are already included in the FY2015/2016 budget, there is no General Fund impact.

Recommendations

That the Municipal Facilities Committee:

1. Direct the Asset Management Strategic Planning (AMSP) unit of the Office of the City Administrative Officer (CAO), with the assistance of the Office of the Chief Legislative Analyst, Bureau of Engineering (BOE), the General Services Department (GSD), and other City stakeholders as necessary, hire a consultant to prepare a Civic Center Land Use Plan to assess and coordinate redevelopment opportunities in the Civic Center.

2. Direct AMSP, with the assistance of CLA, BOE, GSD, and other stakeholders as necessary, hire a consultant to advise the City on opportunities for public private partnerships to develop municipal facilities in the Civic Center, and to assist the City in preparing a solicitation for development partners.

Attachment A: Project Area
Civic Center Land Use Plan

