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Public Administration Quandary

The needs of public sector entities are becoming increasingly complex.

As finance plans and local funding models are evaluated with consideration to the needs of stakeholders and communities, what resources can building departments and public sector officials explore to meet the needs of their constituency?


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Today: Tools

1. Innovative Practices
2. Economic Forecasting & Data
3. Public-Private Partnerships: Long Beach, California

Economic Forecasting & Data

In today's world we are constantly looking at the economic indicators to assess the future.
How are your fortune telling ski




What does today's economy really look like and how does that information contribute to our forecast?



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Consumer Sentiment




- Temperature of today's economy
- Do the numbers support the sentiment
- Future so bright we have to wear shades or is it?
- Labor markets / growth
- Ability or the appetite to obtain loans for home, auto, credit cards
- Existing debit load or ratio

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Job Growth

- More jobs available than skilled labor to fill them
- If you want a job, they are available
- Are we growing the job market, or are we simply backfilling the jobs that we lost in the economic downturn?
- Where do we find, or cultivate, our labor market?




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Vision

Compare what you are seeing to what is in the planning pipeline

- Expectation of when it will move from concept to reality
- Planning approval vs. commitment to infrastructure
- Interest Rates
- Does the new code cycle skew the numbers
- Fee Increases
- Cautiously interpret the data
- Applications are not permits
- What is your policy going to be on extensions



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Real Estate


How do you see the real estate market?

- New Homes
- Existing Homes
- Multifamily
- Multi-use
- New Commercial
- Tenant Improvement



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Real Estate




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Indicator Alerts & Impacts


Slowing real estate sales or lending opportunities

- Market / Interest rate changes may keep consumers from taking risks
- Construction may slow down
- Inventory shrinks
- Construction related labor (skilled labor, manufactures, suppliers) shrinks
- Economy slows
- Labor moves where work is available.
- Shortage of skilled labor when market returns
- Slow to recover



Innovative Practices

The Case of the Long Beach Civic Center



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Setting


Long Beach, California

In 2006, concerns over the viability and future maintenance costs of the current City Hall became a concern to Long Beach officials. Discussions ensued, with the largest trepidation being the need to seismically retrofit the existing 14-story City Hall.




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Setting



In 2013, the City Council considered an unprecedented joint-venture model of planning and development to construct a new multi-faceted Civic Center. The new Civic Center would be privately owned, but financed partially with public capital on city furnished land.

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The Plenary Group, 2016

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Case Study

Given:

- City Administration seeks to improve the delivery of public services under a new private-public venture model.

Essential Questions:

- Are public funds being appropriately disseminated and awarded to private sector entities?
- Is it appropriate for public buildings and assets to be owned by private entities?
- How will the needs of the public and local constituency come before the developer and their 40-year contract?
- Were the stakeholder concerns appropriately addressed?

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Timeline

Long Beach City Hall. Seismic concerns were the primary concern with estimates between \$119-194M to retrofit.

- **February 2013:** Long Beach City Council releases RFP outlining project proposal.
- **October 22, 2013:** Long Beach City Council votes 8-1 to move forward with new Civic Center plans.
- **2014-2015:** Long Beach City Officials cite over 100 meetings being held with community to solicit feedback on proposed plans and hear stakeholder concerns.
- **December 2014:** Plenary Edgemoor Civic Partners selected as "preferred proposer" with a \$1.13M consulting contract approved by Long Beach City Council at the advise of city staff.

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Timeline

- **August 11, 2015:** California Governor Jerry Brown signs SB 562 (Lara) authorizing Long Beach to move the revitalization project through under private contract
- **December 15, 2015:** Long Beach City Council approves plan and awards Plenary Edgemoor/The Plenary Group with the joint-venture contract.
- **June 8, 2016:** Ground breaking ceremony on project site
- **Mid-2019:** Opening of City Hall, Port Headquarters and Main Library
- **Mid-2021:** Public open spaces ("New Lincoln Park") to open
- **Mid-2022:** "Mixed-Use" facilities to open

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Research: Module I

Municipal Realities & Concerns: Arriving at P3

Learning Objective: *To better understand the concept of a public-private partnership, or P3, let's examine the case of the Long Beach Civic Center and hear from those who faced the dilemma of the existing Civic Center.*

Findings:

- As early as 2006, reports and findings were made available to city officials showing concern over the structural stability of the current Long Beach Civic Center.
- Although it was completed in only 1976, studies showed that the 14-story structure was vulnerable and would suffer major damage in the event of an earthquake.
- The Civic Center suffered significant damage in the 1994 Northridge earthquake, and like much of the greater Los Angeles metropolitan area, building and safety preparations for the "big one" are a must.

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Research: Module I

Municipal Realities & Concerns: Arriving at P3

- Over the next six years, Long Beach city officials would study available options:
 - **Option 1:** Retrofit the Existing City Hall
 - **Option 2:** Lease private space and move City Hall
 - **Option 3:** Purchase a new City Hall
 - **Option 4:** Build a new City Hall with public funds/bonds
 - **Option 5:** Public-private Partnership to construct a new City Hall

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Research: Module II

P3 as a Viable Option

Learning objective: *To better understand the risks, rewards and overall development models associated with public-private partnerships through the lens of Long Beach.*

Findings:

- The City Council decision was 8-to-1
- Interviews with members of the council show that the one vote in dissent came from a lack of private sector trust
- Majority of the City Council sided with the "pros" of P3
 - Reduced municipal liability
 - Reduced construction costs (private sector build)
 - Reduced operational costs
 - New structure

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Research: Module II

P3 as a Viable Option

Findings: The P3 Deal

The City of Long Beach:

- Furnished Plenary Group with \$30M in land through permanent ownership
- Paid \$12M in funds to move project forward
- Signed 40-year lease deal at \$13.5M per month to operate (currently \$19M/mo)

The Plenary Group:

- Will "design, build, finance, operate and maintain" the public-sector structures, to include City Hall, the Port Authority Headquarters, the Main Library, City Council Chambers, and Lincoln Park public open space. Project valuation of \$520M.
- Operate and maintain structures under 40-year lease deal
- Construct private structures on permanent land including hotel, high-rise condos, mixed retail and a transit center.
- Service remaining debt

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Research: Module III

Stakeholder Engagement: Hold the bulldozers until the community has spoken

Learning objective: *The public-sector is finding innovative solutions to solve existing problems and constraints. However, are the needs of the public still paramount when these new innovative paradigms are applied and have the voices of the community been heard?*

Findings:

- Skeptical concerns:
 - Was the City Council furnished with all of the information?
 - Location of the new Civic Center
 - Disconnect between the people and their representatives
 - Public perception
 - Associated costs
 - Building ownership at end of partnership
- City Due Diligence:
 - Over 80 documented public meetings and open forums held
 - What happens when citizens do not wish to engage?

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Research: Module IV

The future of P3 and elevated public-sector development models

Learning objective: *With the successes in Long Beach, is the P3 model a viable option for other public-sector entities?*

Findings:

- City Council concluded that the ends justify the means
 - Decreased construction management cost
 - Decreased municipal liability
 - Civic and community pride
 - Seismic concerns alleviated
 - Debt not passed on to future generations
- Large-scale P3 projects
 - Long Beach Courthouse
 - I-495 Beltway
 - University of California, Merced

Future Considerations?




The logo features the words "Public Sector" in a bold, sans-serif font, centered within a circular arrangement of various blue icons. These icons include a speech bubble, a gear, a lightbulb, a magnifying glass, a handshake, a document, a person, a network of nodes, a bar chart, a pie chart, a target, a scale, a clock, a location pin, a mail icon, a social media icon, a question mark, a checkmark, a plus sign, a minus sign, a dollar sign, a percentage sign, a bar chart, a pie chart, a target, a scale, a clock, a location pin, a mail icon, a social media icon, a question mark, a checkmark, a plus sign, a minus sign, a dollar sign, and a percentage sign.


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Thank you.


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**Thank You For
Attending**



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