

Long Beach Civic Center Project, Long Beach, California, United States

Full Description

Project Summary:

Background

The City of Long Beach has an abundance of land but was facing significantly inadequate public facilities, maintenance deferral problems, underutilized public parks and downtown areas, and budget constraints. In parallel, the Port of Long Beach needed a new location for its headquarters (HQ), preferably closer to City Hall. In light of this, the City and the Port of Long Beach decided to cooperate with the private sector to develop a new Long Beach Civic Centre and move the Port HQ downtown.

Project Structure

To build the new Long Beach Civic Centre, the City and the Port of Long Beach selected the Plenary Properties Long Beach LLC (PPLB) through a competitive bidding process. The total project cost has been forecasted at USD 520 million. The civic center facilities to be developed by the private sector include a new city hall and port HQ, civic plaza, a central utility plant, main library, new underground parking, a three-rooftop solar array system that would provide up to 25 percent of the Civic Center's energy needs, a refurbished Lincoln Park with a playground, outdoor performance stage, cultural loop, and history walk, as well as a mixed-use, commercial development that would include up to 580 residential units and up to 200 hotel rooms, as well as some retail space. This was the first project in North America to combine both public infrastructure and private development components within a single project.

PPLB is responsible for financing the project's investment costs, through an equity contribution and commercial loans from financiers that include HSBC, Allianz, and Sumitomo Mitsui Banking Corp. In return, PPLB receives an operational concession for 40 years, after which the facilities will be transferred to the City, with the condition that the Civic Center be transferred in 85 percent "like new" condition. During the concession period, PPLB is entitled to an annual availability payment from the government, which will be adjusted by CPI over the 40-year term. The availability payment is meant to repay the debt and cover the operating and maintenance cost for the Civic Center. The annual payment for 2016 amounted to USD 15.2 million. The project will also generate significant revenue from private developments, such as commercial leases and mixed-use residential developments.

The project is also expected to produce more than USD 1 million in annual tax revenue for the City of Long Beach and create an estimated 8,000 jobs. The overall economic impact of the project is estimated at over USD 1.3 billion.

Lessons Learned

By using a PPP, the City of Long Beach was able to redevelop the Civic Center at a lower cost than it had been paying to maintain its existing facilities, without assuming any new debt or levying any new tax measures. The private solution also offered lower financing costs than tax-exempt lease revenue bonds and better risk allocation for the City of Long Beach.

As of December 2018, the project was still under construction. It is scheduled to be completed in 2019.¹

Footnote 1: Source(s): [https://www.cacities.org/Resources- Documents/ Education-and-Events-Section/Municipal- Finance/2016- Session-Materials/ Municipal-P3-Case- Study-Long-Beach- Civic-Center](https://www.cacities.org/Resources-Documents/Education-and-Events-Section/Municipal-Finance/2016-Session-Materials/Municipal-P3-Case-Study-Long-Beach-Civic-Center)

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