

# P3s in Los Angeles



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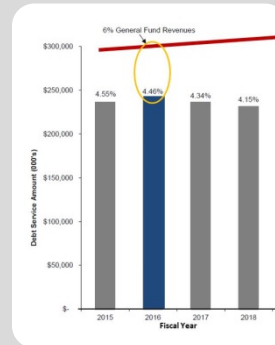
# Why P3s?



## Responsible Fiscal Management

### Debt Capacity

monitoring and financial flexibility are critical components of the City's fiscal management practices



### Holds the Developer

**Accountable** for performance over the life of the asset

**Creates Competition** for performance over the life of the asset

**Manages Risk** related to implementation of the project

## Adopting a Modern Approach

**Addresses future obligations** for capital maintenance

**Incorporates a “cost of ownership” financial plan** by taking a lifecycle cost approach

**Incentivizes Innovation** by creating a competitive procurement and performance-based payment structure with a private development partner.

**Transfers responsibility of cost overruns and schedule delays** to a party with at-risk capital and contractual obligations

# Prior Efforts



## Has Worked

Piloting a range of public-private deal structures; social infrastructure



### LA Convention Center

Private O&M contract with AEG Facilities.



### Discovery Cube

Delivery of new children's museum with public and private funds.



### Best Friends Society

Public investment transferred to private/non-profit operator.

## Hasn't Worked

Overly prescriptive concession, public opposition



### LA Garage Concession

Deal crumbled on all sides (city, business, etc.), hamstrung by public opposition and prescriptive deal terms.

# The Pipeline of Projects



LACC

Civic Center

Sidewalks

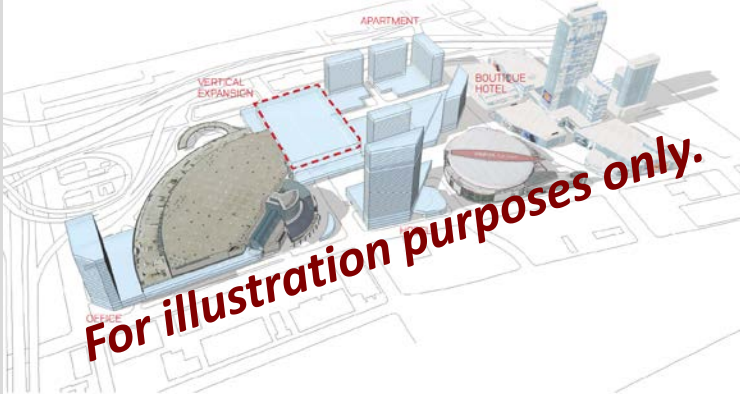
Streetcar

Broadband

## Expansion & Modernization

Reimagining the LACC as part of a convention, sports, and entertainment district

### LA Convention Center



## Project Details

### Convention Center Expansion:

net new 220K SF exhibit hall; 70K SF ballroom, 78K SF meeting rooms

### Mixed-use development: 9 to 14

of developable land for retail, entertainment, office, and hotel uses

### Dual Path Approach

to study DBFOM versus Traditional approach; Council decision in June 2016

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## The Future of LA's Civic Center

Efforts focused on a new Civic Center Master Development Plan to maximize the potential of LA's civic epicenter.



## Project Details

**RFP Release forthcoming** expected release later this month / April 2016

**Consolidate municipal functions:** bring 4,500+ City employees to Civic Center; additional 1.2M – 1.5M SF of civic building space

**Redevelop key sites:** LA Mall, Parker Center, potentially City Hall South, landscaping, etc.

**Potential Market Rate** real estate development opportunities

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## Sidewalk Repair Policy

Implementing a permanent fix to LA's sidewalks

## Sidewalk Repair Program



## Project Details

**Willits v. City of Los Angeles** City violated ADA by failing to maintain sidewalks in an accessible condition

**Settlement Agreement:** approved in April 2015; City rolling out a Sidewalk Repair Policy in 2016.

## Conceptual P3 Structure

Availability Payment mechanism based on settlement terms:

- \$31 million** per year General Fund obligation
- 30 years** of implementation, \$1.4B total
- 10,000 miles** of sidewalk in Los Angeles

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LACC

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Broadband

A more connected,  
active, and productive  
Downtown Los Angeles

3.8 mile, fixed rail modern  
street car

## LA Streetcar



## Project Details

**P3 Consultant hired:** Phase 1 work to develop a financing plan expected to be completed in Summer/Fall 2016

**Capital Costs:** Roughly \$282M (May 2015) with potential value-engineering to reduce costs.

**Project Financing Gap** is estimated to range between \$88M and \$120M

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LACC

Civic Center

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Streetcar

Broadband

A public-private initiative to deploy advanced **broadband** systems (both wire and WiFi) throughout Los Angeles

**CityLinkLA**



## Project Details

**Procurement in progress:** RFP released June 2015; responses submitted in Nov 2015; review in progress.

**Leveraging City-owned resources:** City contributes access and easements as well as expedited permitting.

**Inviting creativity of private party:** proposers had latitude to propose a range of creative options for delivering the outcomes sought – ubiquitous broadband access to all City residences and businesses.