



Agenda Item #: \_\_\_\_\_

# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Tell and Members of the City Council

**THROUGH:** David N. Carmany, City Manager

**FROM:** Jim Arndt, Director of Public Works  
Richard Thompson, Director of Community Development  
Richard Gill, Director of Parks & Recreation

**DATE:** November 15, 2011

**SUBJECT:** Review and Approve:

1. Schematic Option for the Los Angeles County Manhattan Beach Library;
2. Interim Library Services to Include 20 Hours/Week of Bookmobile Services and Two Story Time Sessions/Week;
3. Select representatives from the City of Manhattan Beach to serve on the Los Angeles County Library Cultural Arts Selection Committee

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### **RECOMMENDATION:**

Staff recommends that the City Council pass a motion to accept the recommended schematic design option for the Los Angeles County Manhattan Beach Library; establish level of interim services for the bookmobile and story time for the duration of construction of the new Library; and appoint members to the Los Angeles County Cultural Arts Selection Committee.

### **FISCAL IMPLICATION:**

There are no City General Fund monies in the estimated \$22,571,000 project cost. There are City costs associated with staff involvement in the participation with Los Angeles County as the Library moves from conceptual through construction stages.

### **BACKGROUND:**

The County of Los Angeles owns and operates the existing 45-year old, 12,188 square feet Manhattan Beach Library located at 1320 Highland Avenue in Manhattan Beach. This location in the County's Library system is extremely popular. Because of its high use, the motivation increased over the years for greater square footage, a more modern design, larger community space, and more advanced technological resources.

As part of its Facilities Strategic Plan which began development in the 1990s and concluded in 2007, the City of Manhattan Beach held discussions with Los Angeles County regarding the renovation or reconstruction of the Library. Conceptual plans were submitted in 2008 by MDA Johnson-Favaro and in 2010 the Manhattan Beach City Council directed City staff to resume

discussions with the Library and hired MDA Johnson-Favaro and Linda Demmers to oversee Pre-Design.

The City Council appointed Council members Wayne Powell and David Lesser as subcommittee members to help direct staff in representing the City in planning discussions. The City has held multiple meetings to discuss the project and provide an opportunity for public comment to the County regarding operations, programs, interim services, and the aesthetics of the new library. Most recently, the City's Planning, Library, and Cultural Arts Commissions received identical presentations from the County and consultants as to the status of the project. Recent meetings, agendas, presentation power points, and meeting summaries are available on the City's website, as posted under "New Library."

The project's architects, Johnson Favaro have just completed their contractual obligation of schematic option recommendation with submittal to Los Angeles County on November 3, 2011. On November 8, 2011, the City held their second public meeting to review the recommended schematic option, as well as receive a report on project financing from Jan Takata, Los Angeles Chief Executive's Office; project budgeting and a schedule update from Jason Kim, Los Angeles County Public Works; and library programs and space planning from consultant Linda Demmers. All presentations, power points, and agenda are currently posted on the City's website under "New Library."

The County is currently reviewing the recommended schematic option and is seeking the City's approval prior to their November 30<sup>th</sup> deadline for approval, after which the consultant will proceed into the Design Development portion of their contract.

In his Project Financing presentation, Mr. Takata presented the funding methodology of the estimated \$22,571,000 project, as well as the estimated annual operating costs and property tax revenue and resulting surplus calculated to retire the required construction bonds. Projected operating cost and property tax increases were presented, as well as the limiting maximum bond interest rate, beyond which the revenue surplus would not cover the bond repayment. The County will be responsible for any bond debt service payments. Any surplus revenue, annual or cumulative over the years of bond retirement could be applied to either enhanced operational costs or capital reserve, and may be discussed/determined in the annual review of Library operations as provided in the MOU between Los Angeles County Library and the City of Manhattan Beach. A copy of Mr. Takata's presentation report is attached.

Highlights of Mr. Kim's presentation of the Project budget and schedule (attached) include a breakdown of project costs, indicating major component costs such as construction costs of \$16,487,000, plan and specification costs of \$1,200,000, furniture, fixtures, and equipment costs of \$1,640,000, County Services of \$2,180,000 and various other miscellaneous costs. The Project Schedule notes Library demolition beginning in January, 2013 and the new Library opening in December, 2014.

**DISCUSSION:**

The City of Manhattan Beach Zoning Code requires the approval of a Use Permit and a Coastal Development Permit for the new Library project. Both applications require noticed public hearings before the Planning Commission, and the public hearings will be held concurrently. The site is zoned Public and Semi-Public, and the General Plan designation for the site is Public

Facilities. Findings that the project is consistent with the purpose of the Zone, as well as the goals and policies of the General Plan, will be required. Libraries are classified as Cultural Institution and Chapter 10.28 of the Manhattan Beach Municipal Code requires a Use Permit for a library. This Chapter also indicates that the Use Permit establishes the development standards for the site.

Use Permits are regulated by Chapter 10.84 of the Manhattan Beach Municipal Code. This Chapter has Sections that detail the requirements for a Use Permit including the purpose, authority of the Planning Commission, notice and public hearing requirements, duties of the Planning Commission and required findings. Section 10.84.060 – Required Findings of the Manhattan Beach Municipal Code – requires that the Planning Commission make all of the following four findings in order to approve a Use Permit:

1. The proposed location of the use is in accord with the objectives of this title and the purposes of the district in which the site is located;
2. The proposed location of the use and the proposed conditions under which it would be operated or maintained will be consistent with the General Plan; will not be detrimental to the public health, safety or welfare of persons residing or working on the proposed project site or in or adjacent to the neighborhood of such use; and will not be detrimental to properties or improvements in the vicinity or to the general welfare of the city;
3. The proposed use will comply with the provisions of this title, including any specific condition required for the proposed use in the district in which it would be located; and
4. The proposed use will not adversely impact nor be adversely impacted by nearby properties. Potential impacts are related but not necessarily limited to: traffic, parking, noise, vibration, odors, resident security and personal safety, and aesthetics, or create demands exceeding the capacity of public services and facilities which cannot be mitigated.

The City of Manhattan Beach has a certified Local Coastal Program (LCP) and is therefore able to issue its own Coastal Development Permits. The project is not located in the appealable area of the Coastal Zone and therefore is not appealable to the California Coastal Commission. Chapter A.96 of the Local Coastal Program details the requirements for the Coastal Permit including the required findings. The adopted Coastal Policies and Implementation Measures are found in Chapter 4 of the Local Coastal Program.

Through the Use Permit and Coastal Permit process the Commission will evaluate the site plan, circulation (including vehicular, pedestrian and bicycle), as well as parking, relationship of the Library to the Civic Center complex and the surrounding neighborhood and environment, exterior site features and building finishes.

An Environmental Impact Report (EIR) for the Metlox/Civic Center project, including the Library component, was certified by the City of Manhattan Beach City Council on April 17, 2001, in accordance with the requirements of the California Environmental Quality Act (CEQA). The City of Manhattan Beach and the County are working together to determine the appropriate environmental review for the Library project. The California Environmental Quality Act defines

the County as the Lead Agency for the project and they will therefore be responsible for the environmental review. The City as a responsible agency will rely on the environmental documentation prepared by the County.

The project is now at a point where the City Council must approve the recommended Schematic Design option in order that the project continues on schedule and proceed to the Design Development portion of the project. Staff's recommendation is based on the input received by the County through various public meetings and the incorporation of public and staff input into the architect's recommended option.

It is also recommended that the City Council approve the Library Commission recommendation for interim services to include 20 hours per week of Library Bookmobile services, and a continuation of two story time sessions per week. All programs would be within the budgeted project costs for providing interim services.

Finally, the City Council should select City representatives to serve on the Los Angeles Cultural Arts Committee responsible for selecting the art component for inclusion in the project.

Presentation of the staff report on November 15 will be brief, relying heavily on the material already presented in public meetings and available on the City's webpage. The report will include a staff summary of financing, project budget and schedule, and a short presentation by the architect of the recommended option. County Library representatives, consultants and City staff will be available to answer questions.

- Attachments:
1. Project Financing
  2. Project Budget and Schedule

**MANHATTAN BEACH LIBRARY**  
**Financing Fact Sheet**  
**November 8, 2011**

Project Cost Estimate:	\$ 22,571,000
Project Funding	
Operating Surplus (2010-11 to 2013-14)	\$ 12,225,979
Bond Proceeds:	<u>10,345,021</u>
Total	\$ 22,571,000

1. Estimated operating surpluses reflect annual operating costs of \$1,521,000 through 2012-13 and annual property tax revenues of \$2,679,000 in 2010-11 with annual growth of 1.0%.
  - Current County economic forecast projects property tax growth rates of 2.5% in 2012-13, 3.1% in 2013-14, 3.2% in 2014-15, and 3.7% in 2015-16.
2. Operating surplus also reflects operational savings of \$1,200,000 that will be accrued during the 18 month construction period.
3. Bonds will be issued by the County and will be payable from property tax revenue attributable to the Manhattan Beach library operations.
  - The actual par amount of the bonds issued will be based on the actual growth in property tax revenue, which will determine the amount of operating surpluses that are available to fund the project, and the level of interest rates at the time of bond issuance.
  - Assuming the availability of the projected \$12,225,979 in operating surpluses for the project, the maximum interest rate at which the bonds could be issued and still provide the proceeds necessary to complete funding for the project and maintain debt service payments within the projected property tax revenues, would be 4.75%
  - The County will be responsible for any bond debt service payments not funded by the City's library property taxes.
  - City contributions will only be necessary if the City requests changes in the project scope are approved after the bonds are issued.
4. The operating cost projection assumes annual growth in operating costs and property tax revenues of 2.0%.
5. Any surplus revenue after final redemption of the bonds will remain available for library purposes.

**Manhattan Beach Library  
Summary of Financing Options**

**I. Total Project Cost Estimate**

Construction	15,737,000
Fixed Equipment	2,390,000
Plans and Specifications	1,300,000
Consultant Services	870,000
Contract Compliance	35,000
Jurisdictional Reviews & Permits	79,000
County Services	2,160,000
<b>Total Project Cost Estimate</b>	<b>22,571,000</b>

**II. Projected Designation Balance**

Balance: 07/01/11	5,141,000
Surplus: 2010-11 (Projected)	1,158,000
Surplus: 2011-12 (Projected)	1,185,000
Surplus: 2012-13 (Projected)	1,196,850
Surplus: 2013-14 (Projected)	2,345,129
Additional Savings from 1.5 yr. Closure	1,200,000
<b>Balance: 07/01/14</b>	<b>12,225,979</b>

**III. Financing Options**

	<b>Amount Financed</b>
<b>Total Project Cost Estimate</b>	<b>22,571,000</b>
Less: <b>Projected Designation Balance</b>	<b>(12,225,979)</b>
City Contribution	0
<b>Bond Financed Project Cost</b>	<b>10,345,021</b>

**Manhattan Beach Library  
Debt Service and Operating Surplus Summary**

**Net Interest Cost: 4.75%**

Fiscal Yr.	Amount Financed		County Library Operating Surplus			Debt Service Payment Funding			Available Operating Surplus	Unfunded Debt Service	Fiscal Yr.
	Net Project Cost (2)	10,345,021	Annual Revenue (3)	Annual Operating Cost (4)	Annual Operating Surplus	Annual Debt Svc Payment	Capitalized Interest (5)	Operating Surplus Contribution (6)			
2011-12	0		2,706,000	(1,521,000)	1,185,000	0	0	0	0	0	2011-12
2012-13	314,992		2,733,060	(1,536,210)	1,196,850	314,992	(314,992)	0	0	0	2012-13
2013-14	629,984		2,787,721	(442,592)	2,345,129	629,984	(629,984)	0	0	0	2013-14
2014-15	629,984		2,843,476	(1,949,803)	893,672	629,984	(629,984)	0	893,672	0	2014-15
2015-16	629,984		2,900,345	(1,988,800)	911,546	629,984	0	(629,984)	281,562	0	2015-16
2016-17	906,341		2,958,352	(2,028,575)	929,777	906,341	0	(906,341)	23,436	0	2016-17
2017-18	906,340		3,017,519	(2,069,147)	948,372	906,340	0	(906,340)	42,032	0	2017-18
2018-19	906,341		3,077,869	(2,110,530)	967,340	906,341	0	(906,341)	60,999	0	2018-19
2019-20	906,340		3,139,427	(2,152,741)	986,686	906,340	0	(906,340)	80,346	0	2019-20
2020-21	906,340		3,202,215	(2,195,795)	1,006,420	906,340	0	(906,340)	100,080	0	2020-21
2021-22	906,340		3,266,260	(2,239,711)	1,026,548	906,340	0	(906,340)	120,208	0	2021-22
2022-23	906,341		3,331,585	(2,284,505)	1,047,079	906,341	0	(906,341)	140,739	0	2022-23
2023-24	906,342		3,398,217	(2,330,196)	1,068,021	906,342	0	(906,342)	161,679	0	2023-24
2024-25	906,340		3,466,181	(2,376,800)	1,089,381	906,340	0	(906,340)	183,041	0	2024-25
2025-26	906,340		3,535,505	(2,424,336)	1,111,169	906,340	0	(906,340)	204,829	0	2025-26
2026-27	906,340		3,606,215	(2,472,822)	1,133,392	906,340	0	(906,340)	227,052	0	2026-27
2027-28	906,341		3,678,339	(2,522,279)	1,156,060	906,341	0	(906,341)	249,719	0	2027-28
2028-29	906,340		3,751,906	(2,572,724)	1,179,181	906,340	0	(906,340)	272,841	0	2028-29
2029-30	906,340		3,826,944	(2,624,179)	1,202,765	906,340	0	(906,340)	296,425	0	2029-30
2030-31	906,340		3,903,483	(2,676,662)	1,226,820	906,340	0	(906,340)	320,480	0	2030-31
2031-32	906,340		3,981,552	(2,730,196)	1,251,357	906,340	0	(906,340)	345,017	0	2031-32
2032-33	906,340		4,061,183	(2,784,799)	1,276,384	906,340	0	(906,340)	370,044	0	2032-33
2033-34	906,341		4,142,407	(2,840,495)	1,301,912	906,341	0	(906,341)	395,570	0	2033-34
2034-35	906,340		4,225,255	(2,897,305)	1,327,950	906,340	0	(906,340)	421,610	0	2034-35
2035-36	906,341		4,309,760	(2,955,251)	1,354,509	906,341	0	(906,341)	448,168	0	2035-36
2036-37	906,340		4,395,956	(3,014,356)	1,381,599	906,340	0	(906,340)	475,259	0	2036-37
2037-38	906,341		4,483,875	(3,074,644)	1,409,231	906,341	0	(906,341)	502,890	0	2037-38
2038-39	906,342		4,573,552	(3,136,136)	1,437,416	906,342	0	(906,342)	531,074	0	2038-39
2039-40	906,340		4,665,023	(3,198,859)	1,466,164	906,340	0	(906,340)	559,824	0	2039-40
2040-41	906,341		4,758,324	(3,262,836)	1,495,487	906,341	0	(906,341)	589,146	0	2040-41
			108,727,504	(72,414,286)	36,313,218	24,863,459	(1,574,960)	(23,288,499)	8,297,740	0	

Notes:

- (1) Gross Project Cost reflects total project cost estimate
- (2) Net Project Cost reflect total project cost estimate less projected Designation balance through 2013-14 plus savings from 1.5 year closure or service reduction
- (3) Revenue assumes 1.0% annual growth from 2011-12 to 2012-13 and 2.0% annual growth in 2013-14 and thereafter
- (4) Operating Cost assumes 1.0% annual growth from 2011-12 through 2013-14; a reduction of \$1.2 million in costs during closure or service reduction during construction in 2013-14; a one-time increase of \$360,000 in library opening costs in 2014-15; and 2.0% annual growth in 2014-15 and thereafter
- (5) Reflects interest on bonds that is funded from proceeds of the bond issue
- (6) Reflects application of \$12,225,979 in projected Designation balances through 2013-14 to downsize the Gross Project Cost and funding of annual debt service payments from the Library's annual operating surplus beginning in 2015-16.

# PROJECT BUDGET

Construction:	\$16,487,000
(Includes \$137,000 for Civic Art)	
Plans & Specs:	\$ 1,200,000
Jurisdictional Reviews:	\$ 79,000
Consultant Services:	\$ 870,000
Furniture, Fixture & Equipment:	\$ 1,640,000
Miscellaneous Expenditures:	\$ 115,000
County Services:	\$ 2,180,000
<b>TOTAL PROJECT BUDGET:</b>	<b>\$22,571,000</b>



# PROJECT SCHEDULE

- Scoping Document Contract Award: August 2011
- Prequalify Design Builders: January 2012
- Project Scoping Documents: July 2012
- Award Design-Build Contract: August 2012
- Jurisdictional Approvals: January 2013
- Library Move-Out/Closure: November 2012
- Library Demolition: January 2013
- Construction Start: February 2013
- Substantial Completion: June 2014
- Library Opening: December 2014