



Date: March 25, 2016

To: Patrick H. West, City Manager 

From: John Gross, Director of Financial Management 

For: Mayor and Members of the City Council

Subject: **Reduction of Civic Center Annual Cost**

This is an update on the continued progress with regard to the new Civic Center. As we move forward, we are always on the lookout to ensure the lowest possible cost for the new Civic Center. As a result, we have found a way to further reduce costs by rearranging how existing and expected construction costs are paid. To accomplish this, we will disburse \$7.375 million for certain expected construction costs such as technology equipment and contingency at financial close, projected to be in April 2016 per the Early Works Agreement. This amount will be fully reimbursed from Plenary Edgemoor Civic Partners' (PECP) private financing upon occupancy in 2019. This will save an estimated amount in excess of \$50,000 a year for 40 years, approximately \$2 million in savings. We are directing PECP to make this change in their financing strategy. An appropriation adjustment to reflect this transaction will be made in the next Budget Adjustment Report to the City Council. Because this is only a rearrangement of cash flow, there will be no net impact on the budget or funds available.

If you have any questions or require additional information, please contact John Gross at (562) 570-6427.

PHW:JG
K:\EXEC\JOHN GROSS\TFF RE REDUCTION OF CIVIC CENTER ANNUAL COST

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