


<b>TRANSMITTAL</b>		0150-12550-0000
TO Eugene D. Seroka, Executive Director Harbor Department	DATE 02/01/2024	COUNCIL FILE NO.
FROM The Mayor		COUNCIL DISTRICT 15
<p style="text-align: center;"><b>RESOLUTION NO. 23-10288 AND PROPOSED FIRST AMENDMENT TO REIMBURSEMENT AGREEMENT NO. 21-9795 WITH BELLWETHER FINANCIAL GROUP, INC. FOR ENVIRONMENTAL SERVICES RELATED TO THE BERTH 44 BOATYARD DEVELOPMENT PROJECT IN THE PORT OF LOS ANGELES</b></p> <p style="text-align: center;">Approved and transmitted for further processing including Council consideration. See the City Administrative Officer report attached.</p> <div style="text-align: center;">   <b>MAYOR</b>            (Carolyn Webb de Macias for)         </div>		
<p>Attachment MWS/PJH/JVW:SHF:10240137t CAO 649-d</p>		

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: December 27, 2023

CAO File No. 0150-12550-0000

Council File No.

Council District: 15

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from Los Angeles Board of Harbor Commissioners (Board) dated December 7, 2023 regarding December 7, 2023 Board Resolution; referred by the Mayor for report on December 7, 2023

Subject: **RESOLUTION NO. 23-10288 AND PROPOSED FIRST AMENDMENT TO REIMBURSEMENT AGREEMENT NO. 21-9795 WITH BELLWETHER FINANCIAL GROUP, INC. FOR ENVIRONMENTAL SERVICES RELATED TO THE BERTH 44 BOATYARD DEVELOPMENT PROJECT IN THE PORT OF LOS ANGELES**

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### RECOMMENDATIONS

1. Approve Los Angeles Harbor Department (Port) Resolution No. 23-10288 which authorizes the proposed First Amendment to Reimbursement Agreement No. 21-9795 with Bellwether Financial Group, Inc. to extend the contract term by two years from April 27, 2024 through April 26, 2026, with no change to estimated cost of \$375,000, to complete the environmental assessment for the Berth 44 Boatyard Development Project in the Port of Los Angeles;
2. Adopt the December 7, 2023 Board of Harbor Commissioners findings that the proposed action is administratively exempt from the requirements of California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines; and
3. Authorize the Port Executive Director, or designee, to execute the proposed agreement, already approved as to form by the City Attorney, and return the Resolution to Port for further processing, including Council consideration.

### SUMMARY

The Los Angeles Board of Harbor Commissioners (Board) requested approval of the December 7, 2023 Resolution No. 23-10288 (Attachment 1) which authorizes the proposed First Amendment to Reimbursement Agreement No. 21-9795 between the Los Angeles Harbor Department (Port) and Bellwether Financial Group, Inc. (Bellwether) to extend the contract term by two years from April 27, 2024 through April 26, 2026, with no change to the estimated cost of \$375,000. The additional time is needed to complete environmental evaluation of the Berth 44 Boatyard Development project. Under the Agreement, Bellwether agrees to reimburse the Port for 100

percent of staff and consultant costs, as well as any outside legal defense costs (if necessary) associated with the preparation of the environmental assessment, with the exception of costs related to assessment of contaminated soil and/or water impacts and historical resources. Under the Agreement, Bellwether is financially responsible for all costs for the environmental assessment, even if the actual cost exceeds the estimated amount.

The proposed amendment has been reviewed and approved as to form by the City Attorney. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds three years. Our office has reviewed the request and recommends approval.

## BACKGROUND

*Berth 44 Boatyard Development (Project)* - In July 2018, the Port released a Request for Proposals (RFP) to develop the vacant land located at Berth 44 in the POLA (Site) for a boat and ship maintenance and repair facility (Boatyard). The Site, formerly known as San Pedro Boat Works, was used as a boatyard from 1923 to 2002. The Site includes existing structures that are eligible historic resources. Furthermore, the soil under the eligible structures needs to be assessed and remediated. The Project aligns with the Port's efforts to attract private investment to achieve its long-term development goals for the LA Waterfront and would support the needs of the maritime industry and Southern California boater community. On October 8, 2019, as a result of this RFP, the Board approved an Exclusive Negotiating Agreement (ENA) with Bellwether for a term of 12 months, with options to extend up to three years, to allow both parties to perform due diligence, refine the development concept, prepare analysis, and negotiate detailed terms for a intended long-term ground lease.

*Reimbursement Agreement No. 21-9795 (Agreement)* – The Board approved the Agreement on April 1, 2021 for Bellwether to reimburse the Port for 100 percent of staff and consultant costs associated with the preparation of California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) environmental evaluations of the Project, as well as any outside legal defense costs (if necessary) pertinent to the Agreement, with the exception of costs related to assessment of contaminated soil and/or water impacts and historical resources. The Agreement is for a term of three years from April 27, 2021 through April 26, 2024 with an estimated cost of \$375,000. The Port has consulting agreements in place for as-needed environmental documentation and services, and retained Aspen Environmental Group, LLC as the lead consultant to perform the work as prescribed in the Agreement. Table 1 below provides the scope of work and estimated budget.

Table 1: Scope of Work and Estimated Budget	
Scope of Work	Budget
Consultant – Prepare/oversee environmental document in compliance with CEQA and NEPA.	\$325,000
Port Staff – Review and provide oversight of the CEQA and NEPA environmental document	35,000
U.S. Army Corps of Engineers – Prepare/oversee the NEPA environmental document	7,500
Project Fees – Filing and advertising	7,500
<b>Total Amount</b>	<b>\$375,000</b>

*Proposed First Amendment to the Agreement* – The proposed amendment would extend the contract term by two years from April 27, 2024 through April 26, 2026, for a total term of five years, with no change to the estimated cost of \$375,000. The initial remediation of the Site is currently underway. Yet, a Notice of Preparation of an Environmental Impact Report for public review and comment has not been released. The Port anticipates the need for additional two years to complete the environmental assessment. Bellwether will continue to be financially responsible for the costs associated with the preparation of the environmental document, even if the actual costs are higher than the estimated cost.

*Anticipated Reimbursements by Fiscal Year* – The anticipated receivable of reimbursements by fiscal year for the environmental assessment of the Project is provided in Table 2 below. The Port has invoiced Bellwether \$57,301 for costs incurred through June 2023.

<b>Table 2: Anticipated Reimbursements by Fiscal Year (FY)</b>						
FY	Prior FYs	2023-24	2024-25	2025-26	2026-27	Total
Amount	\$57,301	\$100,000	\$100,000	\$100,000	\$17,699	<b>\$375,000</b>

## **CITY COMPLIANCE**

*California Environmental Quality Act (CEQA)* – On December 7, 2023, the Board determined that the proposed action is administratively exempt from requirements of CEQA pursuant to Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

The City Attorney has reviewed and approved the proposed amendment as to form. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds three years. Our office recommends approval.

## **FISCAL IMPACT STATEMENT**

Under the Agreement terms, Bellwether Financial Group, Inc. is required to reimburse the Harbor Department for all staff and consultant costs, and, if necessary, legal defense costs associated with the preparation of the environmental assessment for the Project. The recommendations in this report and proposed actions comply with the Department's Financial Policies. There is no impact on the City's General Fund.

Attachment 1 – December 7, 2023 Harbor Board report, Resolution 23-10288

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