

0150-10705-0005

TRANSMITTAL

TO Eugene D. Seroka, Executive Director Harbor Department	DATE 10/11/2024	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 15	

**RESOLUTION NO. 24-10413 AND PROPOSED SECOND AMENDMENT TO
REIMBURSEMENT AGREEMENT NO. 19-3706 WITH THE SAN PEDRO PUBLIC
MARKET, LLC TO EXTEND THE TERM BY TWO YEARS AND ADJUST
COMPENSATION FOR ENVIRONMENTAL ANALYSIS SERVICES RELATED
TO THE PROPOSED IMPROVEMENTS INCLUDING THE ADDITION OF A CONCERT
VENUE AT THE SAN PEDRO WATERFRONT IN THE PORT OF LOS ANGELES**

Transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.


MAYOR

(Carolyn Webb de Macias for)

Attachment

MWS/PJH/JVW:JAS:10250071t

CAO 649-d

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 2, 2024

CAO File No. 0150-10705-0005

Council File No.

Council District: 15

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Harbor Department dated August 22, 2024; Resolution No. 24-10413 from the Board of Harbor Commissioners adopted at its August 22, 2024 meeting; referred by the Mayor for a report on August 22, 2024

Subject: **RESOLUTION NO. 24-10413 AND PROPOSED SECOND AMENDMENT TO REIMBURSEMENT AGREEMENT NO. 19-3706 WITH THE SAN PEDRO PUBLIC MARKET, LLC TO EXTEND THE TERM BY TWO YEARS AND ADJUST COMPENSATION FOR ENVIRONMENTAL ANALYSIS SERVICES RELATED TO THE PROPOSED IMPROVEMENTS INCLUDING THE ADDITION OF A CONCERT VENUE AT THE SAN PEDRO WATERFRONT IN THE PORT OF LOS ANGELES**

RECOMMENDATIONS

1. Approve Los Angeles Harbor Department (Harbor Department) Resolution No. 24-10413 authorizing the proposed Second Amendment to Reimbursement Agreement No. 19-3706 with the San Pedro Public Market, LLC to extend the contract term by an additional two years from December 10, 2024 through December 9, 2026, for a total term of seven years, and increase compensation by \$30,000, from \$795,000 for a new contract authority of \$825,000, to complete an environmental assessment for proposed improvements, including the addition of a concert venue, at the San Pedro Waterfront in the Port of Los Angeles;
2. Adopt the August 22, 2024 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 Harbor Department Executive Director, or designee, to execute the proposed Amendment, already approved as to form by the City Attorney, and return the Resolution to the Harbor Department for further processing, including Council consideration.

SUMMARY

The Los Angeles Board of Harbor Commissioners (Board) requests approval of its August 22, 2024 Resolution No. 24-10413 (Attachment 1) which authorizes the approval of the proposed Second Amendment to Reimbursement Agreement No. 19-3706 (Amendment) between the Los Angeles Harbor Department (Harbor Department) and the San Pedro Public Market, LLC (SPPM). The approval will extend the contract term by an additional two years from December 10, 2024 through December 9, 2026, for a total term of seven years. The additional time is necessary to complete the environmental evaluation of the West Harbor (formerly known as San Pedro Public Market) Modification Project (Project) at the Port of Los Angeles (Port) for proposed modifications including the addition of a concert venue at the San Pedro Waterfront. Through the Amendment, compensation would increase by \$30,000, from \$795,000 to a new maximum contract authority of \$825,000. Under the Agreement, SPPM is financially responsible and agrees to reimburse the Harbor Department for all staff and consultant costs, as well as any outside legal defense costs associated with the preparation of an environmental assessment. All other terms and conditions of the Agreement remain the same.

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.

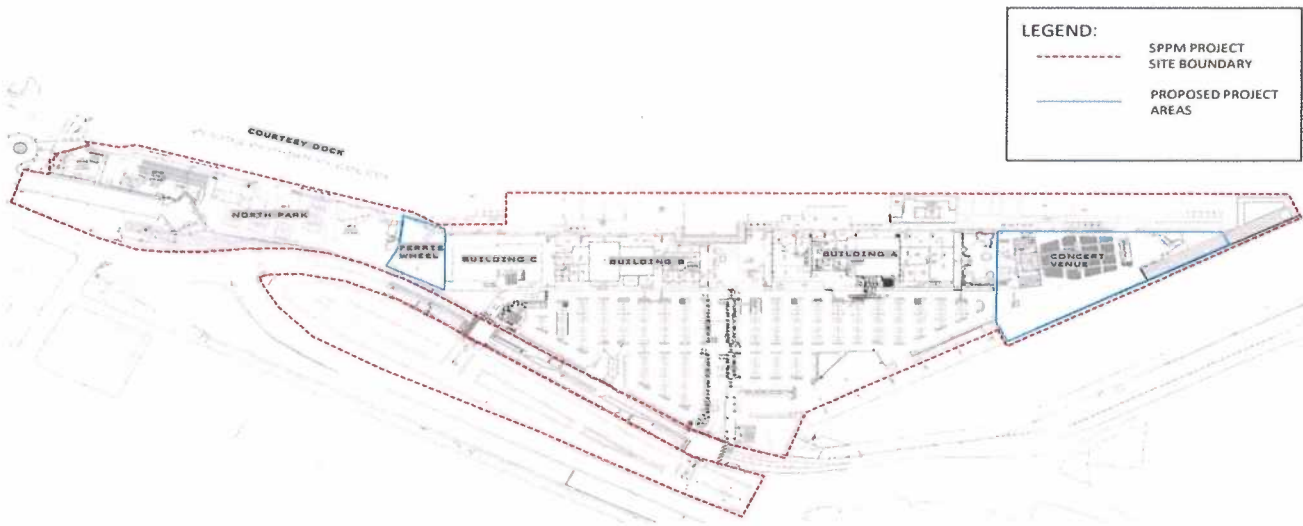
BACKGROUND

The Board approved the San Pedro Waterfront (SPW) Project Final Environmental Impact Statement/Environmental Impact Report (SPW Final EIS/EIR) for the initial redevelopment plans in September 2009 (SCH No. 2005061041). The Board further considered the Addendum to the SPW Project in May 2016 and Addendum 2 to the SPW Project in November 2019. Through Agreement No. 19-3707, the Council approved a 50-year lease (Lease No. 915) with SPPM on June 10, 2016 (C.F. 16-0642), and approved extension of the lease period to 66 years on February 14, 2020, under the First Amendment to the Agreement (C.F. 20-0128), for the commercial redevelopment of the Ports O' Call site. The Council has approved two additional lease amendments to-date as the Project found financing and continues to take shape (C.F. 20-0127, 21-1355).

The West Harbor Modification Project (Project) is a 40-acre commercial development by SPPM to build a retail, dining, and entertainment space on the former Ports O' Call site at the Port. SPPM proposed modifications to the previously approved Project from a 500-seat outdoor amphitheater to a 6,200-seat outdoor amphitheater and entertainment lawn venue, and replacing a previously analyzed 100-foot diameter Ferris wheel with a 150-foot tall by 50-foot-wide tower attraction/observatory deck along the San Pedro Waterfront, as depicted in Figure 1. The Project would include the creation of an approximately 50,000 square-foot sloped and terraced lawn area to be used as an outdoor amphitheater and entertainment venue, an approximately 35,000-square-foot stage, backstage, and box office area, as well as an approximately 22,000-square

space to accommodate concessions and restrooms. The tower attraction would allow up to 15 passengers to enjoy a panoramic view of the Port from approximately 115 feet in the air. The Harbor Department determined that additional environmental analysis was needed for these proposed modifications in accordance with CEQA.

Figure 1: Proposed West Harbor Modification Project at the San Pedro Waterfront



Original Agreement – On November 21, 2019, the Board approved Resolution No. 21-2019, an Agreement for SPPM to reimburse the Harbor Department, as the California Environmental Quality Act (CEQA) lead agency, for all staff and consultant costs associated with the preparation of environmental assessment activities and special studies of the Project, as well as any outside legal defense costs pertinent to the Agreement. The Agreement was for a term of three years from December 10, 2019 through December 9, 2022 with an estimated cost of \$375,000. The Harbor Department Environmental Management Division has consulting agreements in place for as-needed CEQA environmental services, and selected ICF Jones & Stokes, Inc. as the lead consultant to perform the work as prescribed in the Agreement. A Notice of Preparation of a Draft Supplemental Environmental Impact Report (SEIR) for public review and comment was released on April 14, 2022.

First Amendment – On December 6, 2022, the Board approved Resolution No. 22-10073, the first Amendment, to extend the term of the Agreement by two years, from December 10, 2022 to December 9, 2024, for a total term of five years, to provide the additional time needed to complete the environmental assessment.

On June 20, 2023, in accordance with Section 4.B. of the Agreement, the Harbor Department notified SPPM of a change in total estimated costs for the Project, increasing compensation by \$300,000, from \$375,000 to \$675,000. The Harbor Department notified SPPM again on January 22, 2024 of another change in total estimated costs for the Project, increasing compensation by \$120,000, from \$675,000 to \$795,000.

Proposed Second Amendment – The proposed Second Amendment would extend the contract term an additional two years from December 10, 2024 through December 9, 2026, for a total term of seven years, and increase compensation by \$30,000, from \$795,000 to a new maximum contract authority of \$825,000. The Harbor Department anticipates that the Draft SEIR will be released for public review by the end of 2024, and that an additional two-year term is needed to complete the environmental assessment. SPPM will continue to be financially responsible for the costs associated with the preparation of environmental documents.

Table 1 below provides the scope of work and estimated budget, including modifications.

Table 1: Reimbursement Agreement with San Pedro Public Market, LLC Agreement No. 19-3706; Resolution No. 24-10413 Scope of Work and Maximum Contract Authority					
Scope of Work	Original Agreement	1st Amendment	06/2023 Modified Cost Est.	01/2024 Modified Cost Est.	2nd Amendment
Consultant – Preparation of environmental documents in compliance with CEQA, and project management for preparation of documents; outside council as needed	\$340,000	\$340,000	\$610,000	\$695,000	\$723,000
Port Staff - Review and oversight of the Project	\$20,000	\$20,000	\$50,000	\$85,000	\$85,000
Project Fees - County Clerk filing fees, advertising fees	\$15,000	\$15,000	\$15,000	\$15,000	\$17,000
Total Amount	\$375,000	\$375,000	\$675,000	\$795,000	\$825,000

Reimbursements by Fiscal Year – Table 2 below reflects the completed and anticipated reimbursements by fiscal year for the environmental assessment work. The Harbor Department received a total of \$600,668 from SPPM through FY 2023-24 and anticipates \$72,052 to be reimbursed in FY 2024-25 and \$152,280 in FY 2025-26 for a total of \$825,000.

Table 2: Completed and Future Anticipated Reimbursements by Fiscal Year (FY)									
FY	2019-20 Received	2020-21 Received	2021-22 Received	2022-23 Received	2023-24 Received	Subtotal Receipts	2024-25 Anticipated	2025-26 Anticipated	Total Received and Anticipated Receipts
Amount	\$178,804	\$0	\$36,411	\$94,000	\$291,453	\$600,668	\$72,052	\$152,280	\$825,000

CITY COMPLIANCE

California Environmental Quality Act (CEQA) – On August 22, 2024, the Board determined that the proposed action of approving the Amendment to extend the term of the Agreement is an administrative activity, therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with 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, San Pedro Public Market (SPPM) is required to reimburse the Harbor Department for all staff and consultant costs, and any legal defense costs associated with the preparation of the environmental assessment to incorporate analysis of the proposed improvements and development of a concert venue associated with the West Harbor (formerly known as San Pedro Public Market) Modification Project. SPPM is responsible for any cost estimate increase that may occur during the evaluation. Initial payments from the Harbor Department for consultant costs and project fees are recognized as receivables to Account No. 11225 (Reimbursable Costs - Env Projects), Center No. 7000 (Balance Sheet), Program No. 000 (Base Budget). The Harbor Department bills SPPM monthly as expenses are incurred. The total revenues to be received by the Harbor Department for this Agreement is \$825,000 and includes \$600,668 in receipts through FY 2023-24 and anticipated receipts of \$224,332 through the end of the contract. 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 – Harbor Department Correspondence dated August 22, 2024; Proposed Resolution No. 24-10413, Harbor report dated August 22, 2024, and Proposed First Amendment to Reimbursement Agreement No. 19-3706

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