

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: November 21, 2022

CAO File No. 0150-10705-0004

Council File No. 16-0642

Council District: 15

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Harbor Department dated October 6, 2022

Subject: **PROPOSED FIRST AMENDMENT TO AGREEMENT NO. 19-3706 WITH SAN PEDRO PUBLIC MARKET, LLC FOR WEST HARBOR MODIFICATION PROJECT ENVIRONMENTAL ASSESSMENT COST REIMBURSEMENT**

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### RECOMMENDATIONS

Approve Harbor Department (Port) Resolution No. 22-10073 authorizing a proposed First Amendment to extend Agreement No. 19-3706 with San Pedro Public Market, LLC to reimburse the Port for environmental assessment costs related to the West Harbor Modification Project for two additional years; and, return the Resolution documents to the Port for further processing, including Council consideration.

### SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) requests approval of Resolution No. 22-10073 authorizing a proposed First Amendment (Amendment) to Agreement No. 19-3706 (Agreement) with San Pedro Public Market, LLC (SPPM) to reimburse the Port for environmental assessment costs related to the West Harbor Modification Project, namely the addition of a concert venue. The proposed Amendment extends the term of the Agreement by two years, through December 9, 2024, for a total term of five years, to accommodate additional time needed to complete the environmental assessment and consider other project changes. Under the Agreement, SPPM is responsible for 100 percent of the Port's costs to prepare the environmental assessment and provide legal defense, if necessary.

The West Harbor development project (formerly known as San Pedro Public Market) is a \$155 million, 40-acre commercial development by SPPM to build a retail, dining, and entertainment space on the former Ports 'o Call site at the Port of Los Angeles. The Board approved the San Pedro Waterfront Project Final Environmental Impact Statement/Environmental Impact Report (SPW Final EIS/EIR) for the initial redevelopment plans in September 2009 and considered the Addendum to the SPW Project for the project in May 2016 as minor changes to the development project were made. 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). The Council has

approved three additional lease amendments to-date as the West Harbor development found financing and continues to take shape (C.F. 20-0127, 21-1355).

The Port states that SPPM submitted a Port Permit application on May 29, 2019 that included the West Harbor Modification Project (Modification Project), which proposed changing the previously approved 500-seat outdoor amphitheater feature into a 6,200-person capacity concert venue, and a ferris wheel with a 150-foot tower attraction. The Port determined that additional environmental analysis was needed for these proposed modifications in accordance with the California Environmental Quality Act (CEQA). In consideration of the additional environmental analysis needed, the Board approved the original Agreement for SPPM to reimburse the Port for 100 percent of the Modification Project environmental assessment (EA) costs at its meeting on November 21, 2019 for a term of three years, through December 9, 2022. The Covid-19 pandemic subsequently stalled and delayed much of the progress on West Harbor. The Port issued a Notice of Preparation of a Draft Supplemental EIR (SEIR) to the SPW EIR for the Modification Project for public review and comment on April 14, 2022, which closed on June 15, 2022. The Port states that it is currently preparing a Draft SEIR and anticipates a final report for presentation to the Board in the first quarter of 2024. The proposed Amendment extends the Agreement with SPPM by two years, through December 9, 2024, for a total term of five years, to accommodate the additional time needed to complete the EA. Should the Board certify the EA, an amended Lease will be submitted for approval to incorporate the proposed Modification Project.

The Port reports that it bills SPPM on a monthly basis as expenses are incurred and that SPPM has reimbursed the Port \$215,214 to-date under the Agreement. The Port plans to submit a separate approval request to the Board for any additional costs beyond the current limit. SPPM is responsible for any cost increases that may occur during evaluation of the project.

The City Attorney has reviewed the proposed Amendment and Agreement as to form and legality. In accordance with Charter Section 373 and Administrative Code Section 10.5(a) and 10.5(b)(2), the Amendment and Agreement require Council approval because the total term of the Agreement exceeds three years and annual compensation under the Agreement may exceed the 2022-23 exemption limit of \$182,536. The Port reports that the proposed action is an amendment to an agreement, which is an administrative activity, and has therefore determined that it is administratively exempt from CEQA requirements in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

## **FISCAL IMPACT STATEMENT**

The proposed First Amendment to Harbor Department (Port) Agreement No. 19-3706 requires San Pedro Public Market, LLC to reimburse the Port for 100 percent of costs to prepare an environmental assessment for the West Harbor Modification Project for two additional years, through December 9, 2024. The Port's costs are paid from and reimbursed to the Harbor Revenue Fund. The recommendations in this report comply with Port Financial Policies. There is no impact on the City General Fund.