

**DATE: AUGUST 6, 2024**

**FROM: ENVIRONMENTAL MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - SECOND AMENDMENT TO REIMBURSEMENT AGREEMENT NO. 19-3706 WITH THE SAN PEDRO PUBLIC MARKET, LLC**

**SUMMARY:**

Staff requests approval of the proposed Second Amendment to the San Pedro Public Market, LLC (SPPM) Reimbursement Agreement No. 19-3706 (Agreement) to reimburse the City of Los Angeles Harbor Department (Harbor Department) 100% of staff and consultant costs associated with the preparation of an environmental assessment for proposed modifications associated with the West Harbor (formerly known as San Pedro Public Market) Modification Project. The proposed Second Amendment would extend the duration of the existing Agreement by an additional two years, from five years to seven years, as proposed. No other modifications are proposed. SPPM will continue to be financially responsible for these expenditures.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the Second Amendment to the San Pedro Public Market, LLC Reimbursement Agreement No. 19-3706;
3. Direct the Board Secretary to transmit said Amendment to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5(a) of the Los Angeles Administrative Code;
4. Authorize the Executive Director to execute and the Board Secretary to attest to, said Amendment to the Agreement for and on behalf of the Board; and
5. Adopt Resolution No. \_\_\_\_\_.

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**DISCUSSION:**

*Project Background/Context* – The Board approved the San Pedro Waterfront Project Final Environmental Impact Statement/Environmental Impact Report in September 2009 and considered the Addendum to the San Pedro Waterfront Project for the San Pedro Public Market Project in May 2016. The proposed addition of a concert venue and other modifications to the previously approved project requires additional environmental analysis.

On November 21, 2019, the Board approved the Agreement for SPPM to provide reimbursement to the Harbor Department for 100% of staff and consultant costs associated with the preparation of an environmental assessment to determine any changes in environmental impacts associated with the development of a concert venue at the West Harbor Modification Project (Project). The Harbor Department, as the CEQA lead agency, began conducting the necessary environmental assessment activities and special studies to satisfy the requirements of CEQA and released the Notice of Preparation of a Supplemental Environmental Impact Report for public review and comment on April 14, 2022. The original Agreement and First Amendment had a total estimated cost to complete the environmental assessment for the Project, including staff charges and consultant services, to be approximately \$375,000. Due to additional analysis and Project changes, the cost estimate was increased to \$675,000 in January 2023 and increased to \$795,000 in January 2024. Due to Project changes, additional analysis is needed, and costs are expected to increase by \$30,000 for a total cost estimate of \$825,000 (Transmittal 1). To date, SPPM has reimbursed the Harbor Department \$600,668. The Harbor Department's 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 in connection with the preparation of the environmental assessment.

Defense costs associated with the environmental review of the Project are not included in this estimate due to the uncertainty of estimating the existence or nature of potential litigation costs.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is an Amendment to an Agreement with SPPM which 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.

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**FINANCIAL IMPACT:**

Approval of the proposed Second Amendment extends the reimbursement Agreement by two years. Per the Agreement terms, SPPM is required to reimburse the Harbor Department for 100% of all staff and consultant costs related to the preparation of the environmental assessment for the Project.

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 estimated cost for the environmental assessment is \$825,000 of which \$600,668 has been reimbursed. It is anticipated that the remaining balance of \$224,332 will be expensed in FY 2025.

**CITY ATTORNEY:**

The Office of the City Attorney has reviewed and approved the proposed Second Amendment as to form and legality.

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**TRANSMITTAL:**

1. Second Amendment to the San Pedro Public Market, LLC (SPPM) Reimbursement Agreement No. 19-3706

FIS Approval: JS

CA Approval: SO



LISA WUNDER  
Acting Director of Environmental Management



DINA ARYAN-ZAHLAN, P.E.  
Deputy Executive Director  
Development

APPROVED:

*Erica M. Calhoun* for

EUGENE D. SEROKA  
Executive Director

LW:SW:ba  
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