



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: APRIL 20, 2016

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND ALTASEA AT THE PORT OF LOS ANGELES FOR GRANT FUNDING FROM THE U.S. DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ADMINISTRATION

SUMMARY:

Staff requests the approval of an Agreement to establish a relationship between AltaSea at the Port of Los Angeles (AltaSea) and the City of Los Angeles Harbor Department (Harbor Department) as co-applicants of a grant from the U.S. Department of Commerce Economic Development Administration (EDA). In accordance with EDA regulations, the Harbor Department, as property owner, is required to be a co-applicant with AltaSea in order for a grant to be awarded.

If awarded, the grant funds would go toward an approximately \$8.6 million project (Project) for developing and activating the AltaSea premises sooner than previously planned. The Agreement provides that AltaSea will be solely responsible for all Project costs or expenditures beyond the grant award of \$3,000,000, as well as complying with all obligations that come with the grant award. The Project will include the development of the area between Berths 57 and 58 which will allow AltaSea to receive visiting research vessels as early as August 2016, and completion of the Launch Plaza between Warehouses 57 and 58 for viewing bleachers and seating, wharf rehabilitation including installation of timber fenders, Signal Street improvements, entrance and signage improvements to Warehouses 58-60, and installation of subsurface utilities and restrooms during 2017. No Harbor Department funds are requested for the proposed Project.

RECOMMENDATION:

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

1. Find that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;

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2. Approve the Agreement with AltaSea at the Port of Los Angeles;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the Agreement upon approval of the Board;
4. Authorize and direct the Executive Director or designee to execute the attached exhibits to the Agreement for the Economic Development Assistance grant, and any subsequent application documents so long as they are consistent with the provisions of the Agreement, and subject to approval as to form and legality by the Office of the City Attorney; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – On December 23, 2013, AltaSea was granted Lease No. 904 (Lease) for the construction, operation, and maintenance of an urban marine research facility with a term of 50 years. The Lease provides conditions under which AltaSea may occupy eleven (11) parcels totaling 35.62 acres located at City Dock 1 (Transmittal 1).

EDA Grant Funding – EDA provides grants and other forms of assistance to support the implementation of regional economic development strategies designed to create jobs, leverage private capital, encourage economic development, and strengthen America's ability to compete in the global marketplace. In accordance with EDA regulations, the Harbor Department, as property owner, is required to be a co-applicant with AltaSea in order to be awarded a grant.

Proposed Project – AltaSea's proposed Project cost is \$8,588,000 (Transmittal 2). The grant award of \$3,000,000 will have with matching funds of \$3,000,000 from AltaSea and \$2,588,000 in additional contributions.

These improvements will allow proposed subtenants, which AltaSea has or will have agreements or MOUs to occupy Berths 58-60. These proposed subtenants include Southern California Marine Institute, Catalina Sea Ranch, Ocean Exploration Trust (Bob Ballard-Nautilus 205), Seatrec, Blue Robotics, Boeing Advanced Technology, Long Beach City College, Cal Tech/JPL, and PermaCity.

The Project's scope includes the area between Warehouses 57 and 58 (Berth 57.5), on which the Launch Plaza will be constructed. The Launch Plaza will consist of viewing bleachers and seating to complement the activities of the visiting research vessels. Other elements of the Project include wharf rehabilitation including installation of timber

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fenders, Signal Street improvements, entrance and signage improvements to Warehouses 58-60, and installation of subsurface utilities and restrooms (Transmittal 3).

Proposed Agreement – Staff requests Board approval of the Agreement (Transmittal 4) between the Harbor Department and AltaSea that governs the responsibilities and obligations of each party as it relates to the EDA grant award. The proposed Agreement sets forth that AltaSea will be solely responsible for any Project costs or expenditures beyond the grant award of \$3,000,000, as well as complying with all obligations that come with the grant award, including the creation of new jobs.

Also included as part of the Agreement are the EDA application forms which require signature by the Executive Director or a designee who can attest to the accuracy of the information provided, documents previously submitted by AltaSea, and forms which still need to be completed.

Award of the Grant – A subsequent Board action is required for the approval of the award of the grant. The award document will indicate the conditions that are associated with the receipt of the funds.

Upon award of the EDA grant, AltaSea would need to take possession of and develop parcels of the leased Premises under conditions different from those specified in its current lease. At this time, AltaSea has not taken possession of any parcels. The proposed Project will involve acceptance of Warehouses 58-60 as authorized under the interim use provisions of the Lease related to Parcel 3. The Project also necessitates a separate entitlement for portions of Parcel Nos. 2A and 3, and certain areas along Signal Street to undertake the Project. The parcel numbers generally indicate the sequence for the acceptance of parcels (Transmittal 5).

A separate Board Action will be required to permit use of the parcels mentioned above in an order that differs from what is provided in the current Lease. Staff is working toward a new lease agreement to address this and other changes that are intended to benefit both the Harbor Department and AltaSea.

ENVIRONMENTAL IMPACT:

The proposed action is approval to enter into an Agreement with AltaSea. This action is limited to an Agreement with AltaSea and any projects that may result from award of EDA grant money would be subject to separate environmental review. Therefore, as an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2 (f) of the Los Angeles City CEQA Guidelines.

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FINANCIAL IMPACT:

There are no financial impacts associated with the Board Action of approving the agreement between AltaSea and the Harbor Department as it relates to the EDA grant. The Harbor Department's financial responsibility is limited to staff time for the review of documents as co-applicant to the EDA grant.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the Agreement as to form and legality.

TRANSMITTALS:

- 1. Site Map
- 2. Proposed Project Scope of Work and Cost
- 3. Rendering of Proposed Project
- 4. Agreement, with EDA application forms
- 5. Proposed Project on Premises Map

FIS Approval: *ME* (initials)
CA Approval: *JD* (initials)



MICHAEL J. GALVIN
Director of Waterfront & Commercial Real Estate


FOR MICHAEL DIBERNARDO
Deputy Executive Director

APPROVED:



FOR EUGENE D. SEROKA
Executive Director