



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the
Board of Harbor Commissioners

DATE: AUGUST 22, 2018

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ APPROVE FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING (AGREEMENT NO. 16-3442) WITH ALTASEA AT THE PORT OF LOS ANGELES AND FIRST AMENDMENT TO U.S. DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ADMINISTRATION GRANT AWARD NO. 07-01-07315

SUMMARY:

Staff requests approval of the First Amendment to the Memorandum of Understanding (MOU First Amendment) with AltaSea at the Port of Los Angeles (AltaSea), Agreement No. 16-3442. In addition, staff requests approval of a First Amendment to the U.S. Department of Commerce Economic Development Administration Award No. 07-01-07315 (EDA Grant Award First Amendment).

The MOU First Amendment would incorporate the EDA Grant Award First Amendment into Agreement No. 16-3442. Additionally the MOU First Amendment would provide delegated authority to the Executive Director to approve additional amendments to the EDA Grant Award pertaining to scheduling modifications within AltaSea's Business Hub Infrastructure Project (Project) timeframe and/or re-allocation of the \$3,000,000 budget within the authorized Project scope of work, and incorporation of such amendments into Agreement No. 13-3442.

Staff requests approval of the EDA Grant Award First Amendment to extend the construction start time for the Project from September 28, 2018 to September 28, 2019, with the construction completion date remaining the same at September 28, 2020.

The Harbor Department's financial responsibility is limited to staff time for the review of documents as co-recipient of the EDA Grant Award.

RECOMMENDATION:

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

1. Find that the Director of Environmental Management has determined that the proposed actions are 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;

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2. Approve the First Amendment to Agreement No. 16-3442 with AltaSea at the Port of Los Angeles, including delegated authority to the Executive Director for future amendment approvals;
3. Approve the First Amendment to the U.S. Department of Commerce Economic Development Administration Award No. 07-01-07315;
4. Direct the Board Secretary to transmit both First Amendments to the City Council for approval pursuant to Charter Section 373 of the Los Angeles City Charter and Section 10.5(a) of the Los Angeles Administrative Code;
5. Authorize the Executive Director to execute and the Board Secretary to attest to the First Amendment to Agreement No. 16-3442 upon approval by City Council;
6. Authorize the Executive Director or designee to execute the First Amendment to the U.S. Department of Commerce Economic Development Administration Award No. 07-01-07315 upon approval by City Council; and
7. Adopt Resolution No. _____.

DISCUSSION:

Background – On December 23, 2013, AltaSea at the Port of Los Angeles (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 at City Dock No. 1 (Transmittal 1). In August 2017, Lease No. 904 was amended and restated in order to expedite activation and development of the premises; reduce each party's financial obligation without compromising the original mission and goals including providing comparable public access infrastructure, educational and public programming, job creation and economic activity; and provide clarity and efficiency in lease administration. The rent and rent credit structure remained unchanged, as well as the Lease expiration date of December 23, 2063. The Lease provides conditions under which AltaSea may occupy eleven (11) parcels totaling 34.75 acres.

AltaSea's \$8,588,000 Project qualified for a \$3,000,000 EDA grant, which required the Harbor Department to be a co-applicant. The Project scope includes the development of the area between Berths 57 and 58 (Berth 57.5) for visiting research vessels, wharf rehabilitation including structural modification of the wharf, installation of concrete pilings and new decks, structural modification of the wharfs, and installation of timber fenders, Signal Street improvements, entrance and signage improvements to Warehouses 58-60, and installation of subsurface utilities and restrooms. No Harbor Department funds are being requested for the proposed Project.

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Agreement No. 16-3388, approved by the Board on May 5, 2016, established the relationship between AltaSea and the Harbor Department as co-applicants for an EDA grant.

On September 28, 2016, AltaSea and the Harbor Department received EDA confirmation of the acceptance of the grant application for \$3,000,000, assigned EDA Award No. 07-01-07315 (EDA Grant Award), and the accompanying grant recipients' obligations (EDA Award Conditions). Agreement No. 16-3388 was restated into a new Memorandum of Understanding, Agreement No. 16-3442, which incorporated the EDA Grant Award documents and the EDA Award Conditions. Agreement No. 16-3442 was approved by the Board of Harbor Commissioners on December 1, 2016 and by the Los Angeles City Council on December 14, 2016. AltaSea remains solely responsible for complying with all obligations of the EDA Grant Award, including all Project costs above \$3,000,000 and the creation of new jobs.

Proposed Amendments – Primarily due to the lack of sufficient power and the long permitting process to obtain power for the Project site, AltaSea requested and received approval from the EDA to extend the construction start time deadline from September 28, 2018 to September 28, 2019. As a co-recipient of the EDA Grant Award, the Harbor Department is required to sign off on the EDA Grant Award First Amendment. The Project construction completion date remains the same at September 28, 2020.

Agreement No. 16-3442, the Memorandum of Understanding that established the relationship of AltaSea and the Harbor Department as co-recipients, has no provision to incorporate EDA Grant Award amendments. Therefore, staff requests Board approval of the MOU First Amendment (Transmittal 2), which will allow the EDA Grant Award First Amendment (Exhibit C-1) to be incorporated. Additionally, staff also requests that the Executive Director be provided with delegated authority to approve additional amendments to the EDA Grant Conditions so long as such amendments are limited to scheduling modifications within the 60-month Project timeframe and/or re-allocation of the \$3,000,000 budget within the existing authorized Project scope of work. Such amendments shall also be incorporated into the Agreement No. 16-3442.

ENVIRONMENTAL IMPACT:

The proposed actions are the approval of the First Amendment to the EDA Grant Award and the First Amendment to Agreement No. 16-3442, which are administrative activities. Therefore, the Director of Environmental Management has determined that the proposed actions are 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's approval of the MOU First Amendment and the EDA Grant Award First Amendment between AltaSea and the Harbor Department as it relates to the EDA Grant Award. The Harbor Department's financial responsibility is limited to staff time for the review of documents as co-recipient of the EDA Grant Award.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the MOU First Amendment and the EDA Grant Award First Amendment as to form and legality.

TRANSMITTALS:

1. Site Map
2. MOU First Amendment to Agreement No. 16-3442
3. EDA Award First Amendment (Award No. 07-01-07315)

FIS Approval: MB
CA Approval: me



FOR

MICHAEL J. GALVIN
Director of Waterfront & Commercial Real Estate



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



FOR

EUGENE D. SEROKA
Executive Director

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