

**DATE: MARCH 23, 2021**

**FROM: ENVIRONMENTAL MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - REIMBURSEMENT AGREEMENT  
BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND  
BELLWETHER FINANCIAL GROUP**

**SUMMARY:**

Staff requests approval of a proposed Reimbursement Agreement (Agreement) with Bellwether Financial Group (Bellwether) to reimburse the City of Los Angeles Harbor Department (Harbor Department) one hundred percent of staff and consultant costs associated with the preparation of project documents for an environmental evaluation to develop and occupy Berth 44 and associated premises (Site), with the exception of costs related to assessment of contaminated soil and/or water impacts and historical resources. If the City terminates this Agreement under certain circumstances and conditions, the City would be responsible to reimburse costs paid by Applicant to the City under this Agreement. Expiration of the Exclusive Negotiating Agreement between the City and Bellwether would automatically constitute termination of this Agreement. The proposed Agreement is for a term of three years with an estimated amount of \$375,000. Bellwether is 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 California Environmental Quality Act (CEQA) in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the proposed Reimbursement Agreement with Bellwether Financial Group to reimburse the City of Los Angeles Harbor Department for preparation costs of CEQA and National Environmental Policy Act (NEPA) environmental evaluations associated with the Berth 44 Boatyard Project for a contract term of three years and for an estimated amount of \$375,000;
3. Authorize the Executive Director to execute and the Board Secretary to attest to, said Agreement for and on behalf of the Board; and
4. Adopt Resolution No. \_\_\_\_\_.

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**DISCUSSION:**

Background/Context – In July 2018, the Harbor Department released a Request for Proposals (RFP) to develop vacant land located at the Site within the Port of Los Angeles as a Boatyard. The Site, formerly known as San Pedro Boat Works, was used as a boatyard from 1923 to 2002. The scope of the RFP was to solicit proposals to develop and operate a Boatyard to support the needs of the maritime industry and Southern California boater community. The Harbor Department selected Bellwether as the strongest proposer and the Board approved an Exclusive Negotiating Agreement with Bellwether on October 8, 2019.

The Site is currently unoccupied and secured by the Harbor Department. Initial remediation of the Site is currently underway. The Site also includes existing structures that are eligible historic resources. The soil under the eligible structures will need to be assessed and remediated; actions that are anticipated to occur after further environmental project analysis. Bellwether has agreed to pay all staff and consultant costs, as well as any outside legal defense costs (if necessary) associated with the preparation of the environmental assessment.

Proposed Project and Schedule – CEQA and NEPA evaluations are required because Bellwether will develop and operate a boatyard to support the needs of the maritime industry and Southern California boater community. Preparation of the CEQA and NEPA evaluations will begin after the reimbursement agreement is executed.

**ENVIRONMENTAL ASSESSMENT:**

CEQA Documentation and Schedule – The Harbor Department, as the CEQA lead agency, will conduct the necessary environmental assessment activities and special studies to satisfy the requirements of CEQA. The length of time to complete the environmental assessment is subject to several conditions, including whether the document will be an Environmental Impact Report or a Mitigated Negative Declaration.

Environmental Assessment Cost and Consultant Selection – The total estimated cost to complete the environmental assessment for the proposed Project, including staff charges and consultant services, is approximately \$375,000. Actual costs may be higher or lower than this estimate. The Harbor Department Environmental Management Division has consulting agreements in place for as-needed CEQA and NEPA environmental services to perform the work in connection with the preparation of the environmental evaluations.

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Proposed Reimbursement Agreement – The proposed action is approval of a proposed Agreement for a term of three years, with a one hundred percent reimbursement of costs for the preparation of the environmental assessment estimated at \$375,000 (Transmittal 1). If City terminates this Agreement under certain circumstances and only in the case that 1) City decides not to proceed with locating a boat and ship repair facility at the site substantially as described in the B44 Draft Term Sheet during the term of this Agreement and 2) City's decision is not related to approval of the Project Documents as contemplated by this Agreement; then City shall be responsible for the reimbursement of costs paid by Applicant to City under this Agreement prior to such termination. Costs related to assessment of contaminated soil and/or water impacts and historical resources will be billed separately and not charged to Bellwether. As an administrative activity, 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.

**FINANCIAL IMPACT:**

Approval of the proposed Agreement will require Bellwether to reimburse the Harbor Department for one hundred percent of all staff and consultant costs and project fees for the preparation of the environmental review of Bellwether's Site with the exception of costs related to assessment of contaminated soil and/or water impacts and historical resources.

Initial payments from the Harbor Department for consultant costs and project fees will be recognized as receivables to Account No. 11225 (Reimbursable Costs-Env Projects) Center No. 7000 (Balance Sheet), Program No. 000 (Base Budget) as follows:

FY 2020/21	\$	300,000
FY 2021/22	\$	<u>75,000</u>
<b>TOTAL</b>	<b>\$</b>	<b>375,000</b>

The Harbor Department will bill Bellwether on a periodic basis (not more frequently than monthly) upon agreement execution. As the Harbor Department receives reimbursement payments from Bellwether for the consultant costs and project fees, the reimbursement payments will clear the associated receivable transactions.

**CITY ATTORNEY:**

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

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**TRANSMITTAL:**

1. Reimbursement Agreement with Bellwether Financial Group

FIS Approval: *MB*  
CA Approval: *JS*



CHRISTOPHER CANNON  
Director of Environmental Management



MICHAEL DiBERNARDO  
Marketing and Customer Services

APPROVED:

 For

EUGENE D. SEROKA  
Executive Director

CC/YO  
AUTHOR: LEAH KOHLER

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