



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

**DATE:** JULY 25, 2024

**FROM:** WATERFRONT & COMMERCIAL REAL ESTATE

**SUBJECT:** RESOLUTION NO. \_\_\_\_\_ – APPROVAL OF EXCLUSIVE NEGOTIATING AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND BELLWETHER FINANCIAL GROUP

**SUMMARY:**

Staff requests approval to enter into an Exclusive Negotiating Agreement (ENA) with Bellwether Financial Group (Bellwether) to exclusively negotiate a long-term lease with the City of Los Angeles Harbor Department (Harbor Department) for the development of a boatyard (Project) at Berth 44 (Development Site) with a six-month initial term and three separate six-month renewal options, at the Executive Director's discretion, for a total duration not to exceed two years from the effective date. Approval of the proposed ENA will not have a financial impact on the Harbor Department as any long-term lease negotiated under the ENA would require approval by the Board of Harbor Commissioners (Board) under a separate action.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

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 Successor ENA with Bellwether;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the Agreement for and on behalf of the Board; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background – On July 18, 2018, the Harbor Department issued a Request for Proposals for the Project at the Development Site. Bellwether submitted a proposal and was subsequently selected as the successful respondent. Prior to the execution of a final lease, an environmental assessment of the Project site must be performed in conformance with the National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA). Furthermore, an Environmental Impact Report (EIR) must be considered by the Board. On October 8, 2019, the Board approved the initial ENA between the Harbor Department and Bellwether to exclusively negotiate a long-term lease for the Project at the Development Site.

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The first ENA, which expired on April 7, 2022, consisted of a one-year initial term with four separate six-month renewal options at the Executive Director’s discretion, allowing for a total term of up to three years.

Furthermore, on April 1, 2021, the Board approved a Reimbursement Agreement with Bellwether that provides reimbursement to the Harbor Department for staff and consulting costs associated with the environmental assessment of the Project at the Development Site. The Reimbursement Agreement’s effective date is April 27, 2021. Additionally, on November 30, 2023, the Board approved the Reimbursement Agreement’s First Amendment that extended the expiration date of the agreement to April 26, 2026, effectively increasing the term from three years to five years.

On April 8, 2021, the Harbor Department and Bellwether executed a non-binding Term Sheet, which requires the Harbor Department to deliver the premises to Bellwether in clean and developable condition. Unfortunately, various technical issues related to site remediation caused delays that impacted the original timeline of the initial ENA. These issues were exacerbated by economic uncertainty stemming from the COVID-19 pandemic, which cumulatively led to the aforementioned expiration of the first ENA on April 7, 2022.

In the past year, significant progress was made in the NEPA/CEQA process for the Project at the Development Site. The Harbor Department’s Environmental Management Division (EMD) released the Project’s Notice of Preparation of a Draft Environmental Impact Report. During this time, Bellwether has remained engaged with EMD and the Harbor Department’s Engineering Division to continue the environmental assessment and processing of waterside permits through the Army Corp of Engineers.

Proposed Successor ENA – To continue this recent momentum, Staff proposes to enter into a second ENA (Successor ENA) with Bellwether that provides an initial six-month term and allows for three separate six-month renewal options at the Executive Director’s discretion, for a total duration not to exceed two years. Prior to each six-month renewal option, Staff will provide updates to the Board in Closed Session on progress to date and the status of each party’s required deliverables. Such deliverables are as shown within the table below.

SCOPE OF NEGOTIATIONS <i>Overview</i>		
Phase	Duration	Required Deliverable(s)
1	6 Months	<ul style="list-style-type: none"> <li>Harbor Department will deliver final draft Lease to Bellwether.</li> </ul>
2	6 Months	<ul style="list-style-type: none"> <li>Bellwether will deliver final Project Business Plan and anticipated schedule to Harbor Department.</li> </ul>
3	6 Months	<ul style="list-style-type: none"> <li>Staff will submit complete NEPA/CEQA document and Final negotiated Lease to the Board for consideration.</li> </ul>
4	6 Months	<ul style="list-style-type: none"> <li>Harbor Department will submit Final negotiated Lease to the Los Angeles City Council for consideration.</li> </ul>

The proposed Successor ENA (Transmittal 1) is required to complete: (1) negotiations of the

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long-term lease; and (2) the NEPA/CEQA process, which is estimated to require 18 to 24 months to complete. The Successor ENA requires deliverables for Bellwether and the Harbor Department prior to the end of each six-month renewal to ensure continued engagement and forward progress towards the final objective of executing a long-term lease.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of the Successor ENA with Bellwether, 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. Additional CEQA assessment will need to be performed on any project that may come out of the ENA process, prior to project approvals.

**FINANCIAL IMPACT:**

Approval of the proposed Successor ENA will enable Harbor Department staff to continue exclusively negotiating a long-term lease with Bellwether over a maximum two-year term for the development of the Project. If the proposed action is approved, there will be no financial impact to the Harbor Department as any long-term lease negotiated under the Successor ENA would require approval by the Board under a separate action.

**CITY ATTORNEY:**

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

**TRANSMITTAL:**

1. Proposed Successor ENA

*Michael J. Galvin*  
MICHAEL J. GALVIN  
Director of Waterfront & Commercial Real Estate

FIS Approval: *JJ*  
CA Approval: *JC*

*Michael DiBernardo*  
MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:

*Erica M. Calhoun* for

EUGENE D. SEROKA  
Executive Director

Author: Taji Abdullah