

DATE: JUNE 14, 2023

FROM: ENVIRONMENTAL MANAGEMENT

**SUBJECT: RESOLUTION NO. _____ - PROPOSED
REIMBURSEMENT AGREEMENT BETWEEN THE CITY OF LOS
ANGELES HARBOR DEPARTMENT AND HOWARD INDUSTRIAL
PARTNERS, LLC.**

SUMMARY:

Staff requests approval of a proposed Reimbursement Agreement (Agreement) with Howard Industrial Partners, LLC (Howard) to reimburse the City of Los Angeles Harbor Department (Harbor Department) one hundred percent of staff and consultant costs associated with the review and oversight of an environmental document for the construction of a proposed short-term trailer parking facility (Project) located at 1599 West John S. Gibson Boulevard. The Project is not located on Port of Los Angeles property, but a portion of the property is located within the Port Master Plan area, requiring the Harbor Department to issue a Coastal Development Permit (CDP) for site development. The Harbor Department has agreed to serve as Lead Agency for the purposes of the California Environmental Quality Act (CEQA) and as such must review the environmental document prepared by Howard's selected consultants for consistency and accuracy. The proposed Agreement is for a term of three years with an estimated amount of \$150,000. Howard is financially responsible for reimbursement of 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 CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the proposed Reimbursement Agreement with Howard Industrial Partners, LLC to reimburse the City of Los Angeles Harbor Department for review and oversight costs of the environmental assessment for the construction of a proposed acre short-term trailer parking facility located at 1599 West John S. Gibson Boulevard for a contract term of three years and for an estimated base amount of \$150,000;
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. _____.

SUBJECT: HOWARD REIMBURSEMENT AGREEMENT

DISCUSSION:

Background/Context – Howard Industrial Partners, LLC is a real estate development and investment company focused primarily on industrial developments. Howard currently does not have any outstanding agreements or contracts with the Port of Los Angeles. Howard proposes to construct a short-term trailer parking facility and to grade and install a concrete paved parking lot on approximately 405,600 square feet within an approximately 18.7-acre site (Transmittal 1). Howard would also install a prefabricated guard booth and restroom for use by truck drivers and employees. A portion of the Project site is on land that was formerly owned by the Harbor Department. On October 24, 2016, the Board of Harbor Commissioners approved the authorization of the sale of 13.75-acres of surplus property located between John S. Gibson Boulevard and the CA-110 Freeway. While the Project site is not owned by the Harbor Department, a portion of this property still lies within the Port Master Plan area. As such, the Harbor Department only retains Coastal Development Permit jurisdiction authority for this portion of the project. The remaining portion of the project lies within the City of Los Angeles Planning Department Coastal Zone jurisdictional authority. Previously, the Harbor Department entered into Agreement No. E7131-RC with Howard for the reimbursement of funds incurred to prepare the environmental documentation required for compliance with CEQA for the proposed development of the 18.7-acre site into a container parking lot. The previous agreement was for one-year and up to \$150,000. The Harbor Department's Environmental Management Division (EMD) had previously prepared a Negative Declaration to analyze impacts associated with the previously proposed project but did not bring this item forward for Board consideration due to issues raised by comment letters and questions about jurisdiction.

Proposed Project and Schedule – Now, Howard plans to prepare an environmental document themselves that must be completed before construction of the Project can occur. The Harbor Department as lead agency will oversee the work performed for consistency and accuracy. The oversight work by the Harbor Department will be required whether or not the proposed Agreement is approved by the Board. Howard has agreed to pay all staff and consultant costs for the review and oversight of the environmental document for the Project, as well as any outside legal defense costs (if necessary) associated with the preparation of the environmental document. The Harbor Department, the City of Los Angeles Planning Department, and any other Responsible Agencies will rely on this environmental document to issue a Port Master Plan Amendment that pending the approval by the Board of Harbor Commissioners and certification by the California Coastal Commission. Furthermore, the Project would require the issuance of a Coastal Development Permit from the Harbor Department, a Coastal Development Permit from the City of Los Angeles and/or California Coastal Commission, and other City of Los Angeles Department of Building and Safety permits.

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ENVIRONMENTAL ASSESSMENT:

CEQA Documentation and Schedule – The Harbor Department, as the CEQA lead agency, would review and provide oversight of 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 but is estimated to take approximately 12-18 months to complete.

Environmental Assessment Cost and Consultant Selection – The Harbor Department’s standard practice is to require applicants to pay for the cost of preparation and/or review of their environmental documents whenever possible. The total estimated cost to review and provide oversight of the environmental assessment for the Project, including staff charges and consultant services, is approximately \$150,000. Actual costs may be higher or lower than these estimates. EMD has consulting agreements in place for as-needed CEQA environmental services and will select the lead consultant to perform quality control and quality assurance of the preparation of the environmental document. Staff review and oversight for the environmental assessment will begin following Board approval of this proposed Agreement. Should the Board decide not to approve the proposed Agreement, the Harbor Department will need to cover the costs associated with the oversight work through the Harbor Department’s existing operational budget.

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 associated with the review and oversight of the environmental document for the construction and operation of short-term trailer parking facility at 1599 West John S. Gibson Boulevard (Transmittal 2), 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.

FINANCIAL IMPACT:

Approval of the proposed Agreement will require Howard to reimburse the Harbor Department for one hundred percent of all staff and consultant costs and project fees for the oversight and review of the environmental document being prepared to assess the construction of a proposed short-term trailer parking facility at 1599 West John S. Gibson Boulevard.

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) for work as follows:

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FY 2023/24	\$	75,000
FY 2024/25	\$	75,000
FY 2025/26	\$	<u>0</u>
TOTAL	\$	150,000

The Harbor Department will bill Howard on an up to monthly basis upon agreement execution. As the Harbor Department receives reimbursement payments from Howard for the consultant costs and project fees, the reimbursement payments will clear the associated receivable transactions. If payment is not received, the Harbor Department has the right to stop all work contemplated by this Agreement until such time that Applicant has submitted all monies due.

CITY ATTORNEY:

The Office of the City Attorney has prepared and approved this agreement as to form and legality.

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TRANSMITTAL:

1. Site Map
2. Reimbursement Agreement with Howard Industrial Partners, LLC.

FIS Approval: MB

CA Approval: SO


CHRISTOPHER CANNON
Director of Environmental Management

Michael DiBernardo
MICHAEL DiBERNARDO.
Deputy Executive Director

APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director

CC/MRX
AUTHOR: N. ENCISO

FILE: Y:_ADMIN_BOARD REPORTS_CEQA\HOWARD INDUSTRIAL\Environmental_Howard Reimbursement Agreement_Board Report - FINAL.docx
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