



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: APRIL 30, 2019

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ - ENVIRONMENTAL FUNDING
AGREEMENT BETWEEN CHEVRON ENVIRONMENTAL
MANAGEMENT COMPANY AND THE CITY OF LOS ANGELES**

SUMMARY:

Staff requests approval of an Environmental Funding Agreement (Agreement) between Chevron Environmental Management Company (EMC) and the City of Los Angeles Harbor Department (Harbor Department). The Agreement is required at this time in order to facilitate the timely completion of a Soil Management Plan which guides soil cleanup and corrective actions to be undertaken at a contaminated site located at Berth 78 (Site) within the footprint of the San Pedro Public Market development. In an effort to avoid the potential for different contractors to be on the Site simultaneously and duplicating work, as part of the Agreement, the Harbor Department's on-call contractors will perform soil remediation work at the Site with expenses of up to \$904,641 to be paid by EMC. Expenses incurred under the Agreement will be the ultimate financial responsibility of EMC, with the Harbor Department's financial responsibility limited to staff time.

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 requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the Environmental Funding Agreement with Chevron Environmental Management Company;
3. Authorize the Executive Director to execute and Board Secretary to attest to the Agreement; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background - From approximately 1950-1999, Union Oil leased the fuel storage and dispensing site under Revocable Permit No. 93-34. The Site comprises approximately 0.2 acres of land and is bordered to the north by the San Pedro Fish Market, to the south by the Los Angeles Harbor Cruise and Whale Watching Offices, to the east by a seawall, and to the west by a sidewalk and Nagoya Way. Union Oil operated a marine bulk diesel

SUBJECT: ENVIRONMENTAL FUNDING AGREEMENT WITH CHEVRON EMC

fuel storage and dispensing station for tugboats and fishing vessels. The Revocable Permit terminated on its own terms.

In 2002, the Site was excavated to remediate petroleum hydrocarbon contamination of soil and groundwater. Union Oil received case closure from the Regional Water Quality Control Board (Regional Board) in a "no further action" letter dated December 9, 2004.

Residual contamination remains at the Site and has migrated to adjacent properties. Chevron has been unable to access and excavate the residual contamination due to existing buildings and overhead and underground utilities.

On May 6, 2010, the Regional Board reopened the case and issued a new directive to Chevron to take additional assessment and corrective action in response to elevated levels of petroleum hydrocarbons in soil and the presence of light non-aqueous phase liquid on the groundwater. Chevron submitted several revisions of a Soil Management Plan (Plan). The Regional Board approved the Plan in April 2018. The Plan will be implemented not only in connection with development of the promenade but as needed during demolition and redevelopment of Ports O' Call Village.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of an Environmental Funding Agreement (Agreement) between Chevron Environmental Management Company, a California corporation, for itself and as Attorney-in-Fact for Union Oil Company of California, a California corporation, and the City of Los Angeles, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively 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.

FINANCIAL IMPACT:

The proposed Environmental Funding Agreement facilitates the timely completion of the Los Angeles Regional Water Quality Control Board's approved Soil Management Plan for the Site. As part of the proposed Environmental Funding Agreement, EMC will pay the invoices submitted by the Harbor Department's contractors associated with soil cleanup and corrective actions undertaken in accordance with the Soil Management Plan.

As per the terms of the Agreement, the Harbor Department's contractors have estimated that soil cleanup and corrective actions undertaken in accordance with the Soil Management Plan would total \$753,868. In the event that there are any unforeseen issues associated with the soil cleanup and corrective action activities, a contingency fund of \$150,773 has been established to supplement the \$753,868 estimate, such that EMC's aggregate financial responsibilities under the Agreement are \$904,641.

Staff has utilized an existing on-call contract to begin soil cleanup at the Site and corrective actions.

DATE: APRIL 30, 2019

PAGE 3 OF 3

SUBJECT: ENVIROMENTAL FUNDING AGREEMENT WITH CHEVRON EMC

CITY ATTORNEY:

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

TRANSMITTAL:

1. Environmental Funding Agreement

FIS Approval: MB
CA Approval: CA&D



MICHAEL J. GALVIN
Director of Waterfront & Commercial Real Estate



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

ES:MD:KFM:raw
BL786raw Chevron EMC