

DATE: AUGUST 16, 2022

FROM: ENVIRONMENTAL MANAGEMENT

**SUBJECT: RESOLUTION NO. _____ - REIMBURSEMENT AGREEMENT
BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND
SA RECYCLING, LLC**

SUMMARY:

Staff requests approval of a proposed Reimbursement Agreement (Agreement) with SA Recycling, LLC (SA Recycling) to reimburse the City of Los Angeles Harbor Department (Harbor Department) one hundred percent of staff and consultant costs associated with the preparation of an environmental document associated with a lease extension at the SA Recycling facility located at 901 New Dock Street (Project). The proposed Agreement is for a term of three years with an estimated amount of \$500,000. SA Recycling 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 SA Recycling, LLC to reimburse the City of Los Angeles Harbor Department for preparation of the environmental assessment for the SA Recycling facility at 901 New Dock Street for a contract term of three years and for an estimated base amount of \$500,000;
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. _____.

DATE: AUGUST 16, 2022

PAGE 2 OF 4

SUBJECT: SA RECYCLING REIMBURSEMENT AGREEMENT

DISCUSSION:

Background/Context – In 2019, SA Recycling submitted an Application for Port Permit (APP) 190916-128 to the Harbor Department expressing interest to extend their existing Permit No. 750. In February 2020, the Board previously approved a 1-year Reimbursement Agreement between the Harbor Department and SA Recycling for preparation and review of the documentation required for compliance with CEQA. Under this previous Reimbursement Agreement, an Addendum assessing an extension to the Permit was prepared by SA Recycling’s consultant and was released for public review from August 12 to October 12, 2021. Comments received from regulatory agencies and the community requested the Harbor Department evaluate the proposed Project through a more robust analysis, such as an Environmental Impact Report. After considering the comments received, the Harbor Department has decided to follow these recommendations and evaluate a Permit extension under a Subsequent Environmental Impact Report.

Proposed Project and Schedule – The Harbor Department will prepare an environmental document that must be completed prior to the current lease expiration in August 2024. SA Recycling has agreed to pay all staff and consultant costs for the preparation of the environmental document for the Project, as well as any outside legal defense costs (if necessary) associated with the preparation and legal defense of the environmental document.

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.

Environmental Assessment Cost and Consultant Selection – The total estimated cost to prepare the environmental assessment for the project, including staff charges and consultant services, is approximately \$500,000. This cost assumes that the environmental document would be a Subsequent Environmental Impact Report (SEIR). Actual costs may be higher or lower than these estimates. The Harbor Department Environmental Management Division has consulting agreements in place for as-needed CEQA/National Environmental Policy Act (NEPA) environmental services and will select the lead consultant to prepare the environmental document. Staff review and oversight for the environmental assessment will begin following Board approval of this proposed Agreement.

DATE: AUGUST 16, 2022

PAGE 3 OF 4

SUBJECT: SA RECYCLING REIMBURSEMENT AGREEMENT

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 preparation of the environmental document. The preparation of the environmental document, which would assess the Project, is estimated to cost \$500,000 (Transmittal 1). 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 SA Recycling to reimburse the Harbor Department for one hundred percent of all staff and consultant costs and project fees for the preparation of the environmental document being prepared to assess the construction and proposed development of the Project.

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:

FY 2022/23	\$ 250,000
FY 2023/24	<u>\$ 250,000</u>
TOTAL	\$ 500,000

The Harbor Department will bill SA Recycling on an up to monthly basis upon agreement execution. As the Harbor Department receives reimbursement payments from SA Recycling 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.

DATE: AUGUST 16, 2022

PAGE 4 OF 4

SUBJECT: SA RECYCLING REIMBURSEMENT AGREEMENT

TRANSMITTAL:

1. Reimbursement Agreement with SA Recycling, LLC

FIS Approval: MB
CA Approval: SO



CHRISTOPHER CANNON
Director of Environmental Management



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director

CC/YO
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