



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: APRIL 1, 2026

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF THE FIRST AMENDMENT TO THE SECOND MEMORANDUM OF UNDERSTANDING BETWEEN THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES AND THE HARBOR DEPARTMENT FOR THE HARBOR BOULEVARD PARKWAY IMPROVEMENT PROJECT

SUMMARY:

Staff requests approval of the First Amendment to the Second Memorandum of Understanding (MOU) between the Housing Authority of the City of Los Angeles (HACLA) and the City of Los Angeles Harbor Department (Harbor Department) for the Harbor Boulevard Parkway Improvement Project (Project). The First Amendment reflects withdrawal of the Los Angeles County Regional Park and Open Space District (RPOSD) Measure A Grant funds and substitution of Harbor Department funding in the amount of \$400,000. It also removes obligations tied to the Measure A Grant Agreement and incorporates revised cost details (Exhibit B-1).

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 First Amendment to the Second MOU between HACLA and the Harbor Department;
3. Direct the Board Secretary to transmit the First Amendment to the Second MOU to the City Council pursuant to Charter Section 373;
4. Authorize the Executive Director to execute and the Board Secretary to attest to the First Amendment to the Second MOU upon approval by City Council; and
5. Adopt Resolution No. _____.

SUBJECT: FIRST AMENDMENT TO SECOND MOU BETWEEN HACLA AND THE HARBOR DEPARTMENT

DISCUSSION:

Background: HACLA is redeveloping the 478 unit Rancho San Pedro public housing complex with their selected developer, One San Pedro, into a new mixed-income and mixed-use urban village with a much higher unit density than the current development. Rancho San Pedro is located directly west of the LA Waterfront across Harbor Boulevard. In 2018, HACLA was awarded a federal Housing and Urban Development (HUD) Choice Neighborhoods Planning Grant, which identified the Harbor Boulevard Parkway Improvements Project as a priority. The Project is located between 1st and 3rd Streets on Harbor Boulevard and encompasses a 15,600 Square foot area with varying width. Project improvements consist of landscaping, hardscaping, play/exercise areas, safety fencing, signage, site furnishings, picnic areas, flex space, multi-purpose lawn, children's play area, adult exercise area, picnic areas, and game tables arranged in a linear fashion. The flex space area on the north end of the park space is equipped to provide access and space for possible food trucks or pop-up services. HACLA initially secured \$1,400,000 to complete construction of the Project and the Harbor Department committed to providing a development ready site at the Project location.

Construction of the Project was completed in January 2024 by HACLA's contractor, Lucas Buildings, Inc. As a partner in the Project, the Harbor Department committed \$1,430,000 to perform site preparation work for the Project site that included demolition of former Red Car rail infrastructure and site preparation, which included grading and fencing. The Harbor Department spent approximately \$913,519 to complete site preparation leaving a budget surplus of approximately \$516,481.

On April 15, 2021, the Board approved the initial MOU (Resolution No. 21-9801) with HACLA for coordination of the Project. Following approval, the Harbor Department completed all of its responsibilities under the initial MOU to coordinate on environmental review and permits, clear the site for construction, and assist HACLA in finalizing documents for final HUD approval and release of HUD funds.

After approval of the first MOU, HACLA's original project budget of \$1,400,000 was deemed insufficient and HACLA sought additional funding for the Project to meet the increased budget of \$2,850,000. To address the Project budget increases, HACLA identified various alternative funding sources including \$700,000 in RPOSD Measure A Grant funding. The RPOSD Grant Agreement required that HACLA assign, and the Harbor Department assume, HACLA's obligations for the RPOSD Measure A Grant.

On December 6, 2022, the Board approved a Second Memorandum of Understanding Agreement No. 21-9799 (Second MOU) with HACLA. The Second MOU was required to incorporate final permits and approvals, Project design and remaining party responsibilities. Under the Second MOU, the Harbor Department agreed to provide on-going maintenance for the Project upon construction completion and to assume the responsibilities of the RPOSD Measure A Grant.

Following approval of the Second MOU, the Harbor Department entered negotiations to transfer responsibility for RPOSD Measure A Grant funds from HACLA but could not accept terms that required the park to be maintained as open space in perpetuity. The proposed perpetual land use covenant was not acceptable to the Harbor Department due

SUBJECT: FIRST AMENDMENT TO SECOND MOU BETWEEN HACLA AND THE HARBOR DEPARTMENT

to conflicts with the Tidelands Trust and as a result HACLA was unable to accept the \$700,000 grant. Harbor Department staff and HACLA subsequently discussed using the Harbor Department's original budget surplus of \$516,481 to address a portion of the funding gap. Staff proposed offering \$400,000 of the surplus funds to reimburse HACLA in order to offset the lost \$700,000 from the RPOSD Measure A Grant with the remaining \$116,481 amount going back to the Harbor Department Unallocated Capital Improvement Program Fund.

First Amendment:

The First Amendment to the Second MOU (Harbor Agreement No. 22-9799-B) makes the following changes:

- Removes all obligations tied to the RPOSD Measure A Grant Agreement, indemnification provisions, and RPOSD third-party beneficiary status.
- Revises project cost details (Exhibit B-1) to reflect updated funding allocations.
- Provides for a Harbor Department contribution of \$400,000 in construction funding "in lieu of RPOSD."

ENVIRONMENTAL ASSESSMENT:

The proposed action is the First Amendment to the Second MOU with HACLA, which is an administrative action. 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 First Amendment enables the Harbor Department to contribute \$400,000 toward HACLA's Project construction cost as conflicts between the RPOSD Measure A Grant requirements and the Harbor Department's Tidelands Trust obligations disallowed HACLA from accepting \$700,000 in grant funding. Of the \$1,430,000 the Harbor Department budgeted for site prep work for the Project, a total of \$913,519 was spent with \$400,000 set aside to bridge the funding gap with HACLA being unable to accept the \$700,000 RPOSD Measure A Grant. Fiscal Year 2025/26 funding in the amount of \$400,000 is available within Account 161305 (Construction-in-Progress), Division 00000 (Harbor Global), Project 2567500 (San Pedro Waterfront – Harbor Boulevard Parkway Removals – 1st to 3rd Street). The remaining \$116,481 from the original Project budget was transferred to the Harbor Unallocated Capital Improvement Program Fund.

DATE: APRIL 1, 2026

PAGE 4 OF 4

SUBJECT: FIRST AMENDMENT TO SECOND MOU BETWEEN HACLA AND THE
HARBOR DEPARTMENT

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved as to form and legality the First Amendment to the Second Memorandum of Understanding.

TRANSMITTALS:

1. Site Map
2. First Amendment to the Second MOU
3. Exhibit B-1 Revised Cost Details

FIS Approval: JS
CA Approval: GC

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