



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

DATE: FEBRUARY 10, 2015

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - PROPOSED REIMBURSEMENT AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND ALTASEA AT THE PORT OF LOS ANGELES

SUMMARY:

AltaSea at the Port of Los Angeles (AltaSea) has proposed modifications to the City Dock No.1 Marine Research Center Project (proposed modified Project) as originally approved by the Board of Harbor Commissioners (Board) and described and analyzed in the certified Final Environmental Impact Report (EIR) dated October 18, 2012, and as modified by Final EIR Addendum dated September 2013. AltaSea submitted its proposed modifications to the City of Los Angeles Harbor Department (Harbor Department) in an Application for Port Permit (APP) in June 2014. After review of this APP and ongoing discussion of the proposed changes with AltaSea, Harbor Department staff is ready to initiate the environmental review process for these changes.

In the meantime, and parallel to discussions with AltaSea regarding its proposed project changes, the Harbor Department has also undertaken a review of ways to save costs on modifications to certain wharf improvements associated with improvements at Berth 57 that will eventually be required for this location in any event, regardless of the tenant. To facilitate that effort, on October 16, 2014, the Board approved an engineering design agreement and guaranty for studying alternative design concepts of wharf and ground improvements at Berth 57. Though this review is still being finalized, it now appears likely that the most efficient wharf design identified by staff will require modification to the environmental review carried out in the City Dock No.1 Marine Research Center Project EIR and Addendum. As a result, and in order to be efficient, staff proposes to combine environmental review of AltaSea's proposed project modifications and the Harbor Department's alternative wharf design.

While the AltaSea lease requires that AltaSea reimburse the Harbor Department one hundred percent (100%) of all staff and consultant costs for preparation of the

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environmental assessment associated with its proposed project scope, to facilitate environmental review of these two elements, the parties agree that the Harbor Department shall be responsible for the portion of the environmental assessment costs associated with its proposed wharf improvements at Berth 57. The cost to prepare the environmental assessment for all project elements will be split 75% by AltaSea and 25% by the Harbor Department

Staff therefore recommends approval of a proposed Reimbursement Agreement (Agreement) for a term of three years, with an estimated amount of \$1,000,000 to pay for the aforementioned environmental assessment activities, whereby the Harbor Department's cost to fund the portion of the environmental assessment of wharf improvements at Berth 57 is 25% of the total estimated cost or approximately \$250,000, and AltaSea's cost to fund the portion of the environmental assessment is 75% of the total estimated cost or approximately \$750,000.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the proposed Agreement with AltaSea at the Port of Los Angeles for the environmental assessment of the proposed modified Project for a contract term of three years and for an amount of \$1,000,000 shared between the parties 75% by Alta Sea and 25% by the City of Los Angeles Harbor Department;
2. Authorize the Executive Director to execute and the Board Secretary to attest to, said Agreement for and on behalf of the Board; and
3. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – On October 18, 2012, the Board certified the Final EIR and approved the City Dock No. 1 Marine Research Center Project. As envisioned, the City Dock No. 1 Project involves the development of a marine research center within a 28-acre portion of the 400-acre San Pedro Waterfront Plan area along the west side of the Los Angeles Harbor's Main Channel known as City Dock No. 1.

Subsequent to lease negotiations, a 50-year lease extending operations from 2046 to 2064 was analyzed in an EIR Addendum which was considered by the Board when Lease No. 904 with AltaSea was approved on November 7, 2013.

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Proposed Modified Project and Schedule – On June 10, 2014, AltaSea submitted to the Harbor Department the proposed Project modifications. Additional information on interim uses as well as conceptual design plans have also been provided to the Harbor Department by AltaSea. Based on the information received to date, AltaSea is proposing revised building designs, a new sea wall, and extensive landscaped outdoor spaces at Berth 56. Other changes include extensive outdoor landscaped spaces at Berth 57; addition of a pump house and filtration facilities to support the seawater system; possible new locations for the seawater system intake and outtake infrastructure; a new café, new two-story office building, and new sculptural element for capturing atmospheric moisture for misting are being added to Phase I; the realignment of E. 22nd Street with a new curved segment at Berth 56; new outdoor spaces and new floating docks with 36 or more slips are being added at Berths 58-60 as part of Phase II; and future elements at Berths 69-71 involving a new conference center and café, a multi-use building, and greenhouses. Interim uses at Berths 58-60 involving storage, office space, and research activities prior to the buildout of a new marine research facility are also being proposed. The overall schedule for buildout of Phase I of the new marine research facilities at Berths 56-58 and seawater system infrastructure commences in 2019.

Although the intended use of the project site as a marine research institution would not change, there are significant changes associated with construction elements, phasing and timing of when construction and operations would occur, an overall increase in total structural square footage, and the addition of new structural elements that were not previously analyzed and are therefore, subject to environmental review under the California Environmental Quality Act (CEQA) and the National Environmental Protection Act (NEPA).

In addition, the Harbor Department is studying alternative design concepts at Berth 57 for wharf and ground improvements involving a new sheet pile-fill based approach with the greatest area of fill estimated at 35,000 square feet that was not previously analyzed in the Final EIR and Addendum and is subject to environmental review under CEQA and NEPA. While this alternative design concept would require additional environmental analysis, the alternative design would save several million dollars in construction costs.

ENVIRONMENTAL ASSESSMENT:

CEQA/NEPA 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. Any project elements requiring in-water work, such as a new sea wall at Berth 56 and placement of fill in waters of the

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United States at Berth 57, will require permits from the United States Army Corps of Engineers (USACE). The environmental assessment will also satisfy the requirements of the USACE as the federal lead agency under NEPA.

In order to streamline the environmental review process, staff will incorporate by reference the prior City Dock EIR analysis to the extent that any information or analysis remains valid and covers any changes associated with the proposed modified Project. Technical studies will be scoped in a manner to satisfy both CEQA and NEPA requirements and prior models, templates, and data that remain relevant will continue to be used. It is estimated that the timeline to complete the environmental assessment is approximately 18 months from a final project description. Any further changes could extend the timeframe.

Environmental Assessment Cost and Consultant Selection - The total estimated cost to complete the environmental assessment for the proposed modified Project, including staff charges, USACE oversight, and consultant services, is approximately \$1,000,000. The Harbor Department Environmental Management Division (EMD) has consulting agreements in place for as-needed CEQA and NEPA environmental services. EMD staff, using a competitive process, will select a consultant from among its pre-approved pool of as-needed CEQA/NEPA environmental consultant firms to perform the work in connection with the preparation of the environmental assessment of the proposed modified Project. In support of preparing the environmental assessment, EMD may also select a second consultant to perform project management oversight and quality assurance/quality control services, the cost for which shall also be the responsibility of AltaSea.

The parties agree that the Harbor Department shall be responsible for costs, to fund the portion of the environmental assessment in the event that the Harbor Department proceeds with any wharf improvements requiring additional environmental review. In the event such costs are incurred, the Harbor Department shall incur those costs up to 25% of the total costs of the CEQA/NEPA analysis up to a maximum \$250,000.

Defense costs associated with the environmental review of the proposed modified Project is not included in this estimate due to the uncertainty of any potential future litigation but may be considered as a future action pursuant to the requirements of the lease.

Proposed Reimbursement Agreement – The proposed action is approval of a proposed Reimbursement Agreement for a term of three years, with an estimated amount of \$1,000,000 to pay for the aforementioned environmental assessment activities. As an administrative activity, the Director of Environmental Management has determined that

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the proposed action is 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 AltaSea to reimburse the Harbor Department for 100% of all staff, USACE oversight, and consultant costs of preparation of the environmental review of AltaSea's proposed modified Project. The Harbor Department's cost to fund the portion of the environmental assessment of wharf improvements at Berth 57 is 25% of the estimated total cost or approximately \$250,000.

Funds for the current fiscal year are available in Account No. 54260, Center No. 1182, Program No. 624. Funds for the next fiscal year will be requested through the budget process. The estimated expenditures and revenue by Fiscal Year (FY) are as follows:

FY	Expenditure	Reimbursements (minus Harbor Department's 25% Contribution Expense)
14/15	\$500,000	\$500,000 – \$125,000 = \$375,000
15/16	\$500,000	\$500,000 – \$125,000 = \$375,000

The total cost incurred by the Harbor Department for the completion of the prior certified City Dock No. 1 Marine Research Center Project EIR, without any NEPA environmental review, was approximately \$962,400.

ECONOMIC IMPACT:

Approval of the proposed Agreement for the environmental assessment of the proposed modified Project will support 17 direct and 11 secondary one-year equivalent jobs for the five county region.

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CITY ATTORNEY:

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

TRANSMITTAL:

1. Proposed Reimbursement Agreement with AltaSea at the City of Los Angeles

FIS Approval: MB (initials)
CA Approval: MB (initials)



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APPROVED:



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Executive Director

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BOARD MEETING: 2/19/2015

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