



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

**DATE: MARCH 2, 2016**

**FROM: CARGO & INDUSTRIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - FIRST AMENDMENT TO OPERATING AGREEMENT NO. 15-3354 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND HECATE ENERGY HARBORSIDE LLC**

**SUMMARY:**

Staff recommends approval of the First Amendment to Operating Agreement No. 15-3354 (Agreement) with Hecate Energy Harborside LLC (Hecate), which will change the list of approved installation sites for solar paneling outlined under Exhibits B and F of the Agreement. The Agreement is for a term of 20 years (January 5, 2016 through January 4, 2036) and lists 12 sites. The First Amendment will substitute four sites in place of six sites originally approved. The City of Los Angeles Harbor Department (Harbor Department) is contemplating a fifth location that may be presented to the Board of Harbor Commissioners (Board) at a later date, but only after more public outreach is completed. As previously conveyed to the Board at the time of the Operating Agreement's approval, all sites were subject to subsequent California Environmental Quality Act (CEQA) review and permitting. It has been determined that the ground-mount installation sites will not be able to be completed before the December 31, 2016 deadline imposed by the Los Angeles Department of Water and Power (LADWP) FiT50 (Feed-In Tariff) program.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Find that the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the First Amendment to Operating Agreement No. 15-3354 with Hecate Energy Harborside LLC;

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3. Authorize the Executive Director to execute and the Board Secretary to attest to the First Amendment to Operating Agreement No. 15-3354 upon approval by the Board; and
4. Adopt Resolution No. \_\_\_\_\_

**DISCUSSION:**

Background/Context - As discussed when the Operating Agreement with Hecate was originally approved, the Harbor Department must install 10 Megawatts (MW) of photovoltaic (PV) solar power within the Port of Los Angeles (Port) boundary as a general greenhouse gas reduction measure to replace electricity at the Port that would otherwise be provided by the LADWP electrical grid.

On October 15, 2015, the Board approved the Operating Agreement between Hecate and the Harbor Department. The Operating Agreement provides for each PV System to be in service for a term of 20 years on site locations that include warehouse roofs, parking lots, and under-utilized ground areas. The sites were subject to CEQA review before obtaining necessary permits and approvals. The original site locations set forth in Exhibit F are listed in the below table:

NO.	PV SYSTEM INSTALLATION TYPE	SITE LOCATION
1	BUILDING ROOF TOP	BERTH 54-BERTH 55 CARGO SHEDS
2	BUILDING ROOF TOP	BERTH 153 CARRGO SHED
3	BUILDING ROOF TOP	BERTH 154-155 CARGO SHED
4	PARKING LOT CANOPY	PARKING LOT AT 22ND STREET PARK
5	PARKING LOT CANOPY	PARKING LOT AT 22ND ST AND MINER ST
6	PARKING LOT CANOPY	PARKING LOT AT LIBERTY HILL PLAZA
7	PARKING LOT CANOPY	BERTH 161 C&M EMPLOYEE PARKING LOT
8	GROUND MOUNT	TRIANGLE NORTH OF "LAXT" RAIL LOOP
9	GROUND MOUNT	NORTH SHORE OF SEAPLANE LAGOON
10	GROUND MOUNT	WEST SHORE OF PIER 400 TRANS. CORRIDOR - NORTH
11	GROUND MOUNT	WEST SHORE OF PIER 400 TRANS. CORRIDOR - SOUTH
12	GROUND MOUNT	PIER 400 FACE F EMBANKMENT

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Due to the deadline for installation under the FIT50 program with LADWP and the time it would take to complete CEQA approval for the ground-mount installations, Hecate and staff recommend deleting five sites numbered 8 through 12 from the original site list summarized above. A sixth site (No. 5) will be deleted in favor of holding the site for future development. These six sites (shaded in yellow above) will be substituted with the following four replacement sites listed below (Transmittal 1):

NO.	PV SYSTEM INSTALLATION TYPE	SITE LOCATION
5	PARKING LOT CANOPY	MARINA PARKING SOUTH (2734-2816 MINER ST.)
8	PARKING LOT CANOPY	DOUBLETREE HOTEL PARKING LOT
9	BUILDING ROOF TOP	WWL ADMINISTRATION (500 E. WATER ST)
10	BUILDING ROOF TOP	PORTION OF FORMER CUSTOMS BUILDING (300 FERRY ST)

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of a First Amendment to Operating Agreement No. 15-3354 with Hecate to substitute six solar sites outlined under Exhibits B and F of the Agreement with four new sites. In accordance with the requirements of the Operating Agreement, environmental review pursuant to CEQA will be required for each of the PV solar sites at the time the Operator submits an Application for Port Project and prior to obtaining all necessary permits and approvals. Therefore, as an administrative activity involving an Amendment to an Operating Agreement, the Director of Environmental Management has determined that 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.

It should be noted that the State legislature recognized the environmental benefits of solar programs, and streamlined the CEQA review process by creating a statutory exemption for rooftop and parking lot solar canopy projects (California Public Resources Code Section 21080.35). It is likely that some of the PV solar sites identified in this First Amendment may qualify for the CEQA statutory exemption once the environmental review commences.

**FINANCIAL IMPACT:**

Percentage compensation over the term of the Operating Agreement is estimated to remain flat due to the Power Purchase Agreements with LADWP and does not include any compensation escalation over the term of the Operating Agreement. Total annual revenue to the Harbor Department was previously estimated to be \$141,090, with total revenue over the term of the Operating Agreement being approximately \$2,821,800 (present value of \$2,307,024) for 10 Megawatts. The total estimated megawatts under the revised list of sites is estimated to be approximately 8 Megawatts, or a 20 percent decrease. Compensation is estimated to be reduced to approximately \$112,872 per year, or \$2,257,440 (present value of \$1,845,619), unless another substitute site is added at a later date.

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**CITY ATTORNEY:**

The First Amendment to Operating Agreement No. 15-3354 (Transmittal 2) has been reviewed and approved as to form and legality by the Office of the City Attorney.

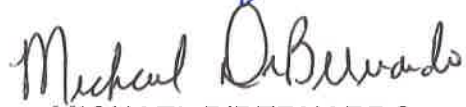
**TRANSMITTALS:**

1. Map of Revised Sites
2. First Amendment



JACK C. HEDGE  
Director of Cargo & Industrial Real Estate

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



MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA  
Executive Director

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