



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: AUGUST 7, 2024

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - FIRST AMENDMENT TO REIMBURSEMENT AGREEMENT NO. 21-9834 WITH ORCEM AMERICAS, INC.

SUMMARY:

Staff requests approval of the proposed First Amendment to the Orcem Americas, Inc. (Orcem) Reimbursement Agreement No. 21-9834 (Agreement) to reimburse the City of Los Angeles Harbor Department (Harbor Department) 100% of staff and consultant costs associated with review and oversight of the preparation of an environmental assessment for the low-carbon cement processing facility at Berths 191-194. If approved, the proposed First Amendment would extend the duration of the existing Agreement by an additional two years, for a total term of five years. No other modifications are proposed. Orcem will continue to be financially responsible for payment of costs associated with the preparation of the environmental assessment.

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 Reimbursement Agreement No. 21-9834 with Orcem Americas, Inc.;
3. Direct the Board Secretary to transmit said First Amendment to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5(a) of the Los Angeles Administrative Code;
4. Authorize the Executive Director to execute and the Board Secretary to attest to, said First Amendment for and on behalf of the Board; and
5. Adopt Resolution No. _____.

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DISCUSSION:

Project Background/Context – On July 14, 2015, the Harbor Department released and posted on the Port of Los Angeles website a Request for Proposals to solicit a qualified entity to develop land located at Berths 191-194. Orcem was the sole proposal received. The associated environmental document began in 2018, under a previous reimbursement agreement approved by the Board under Resolution No. 18-8227. Per the reimbursement agreement, Orcem directly retained the environmental consultant, with the Harbor Department providing review and oversight of the preparation of the environmental documents. In 2018, new geotechnical data was collected causing the environmental document to go on hold, while the applicant redesigned their project. The reimbursement agreement expired in February 2021.

On October 7, 2021, the Board approved the Agreement, which required Orcem to reimburse the Harbor Department for 100% of staff and consultant costs associated with the review and oversight of the preparation of an Environmental Impact Report (EIR). The EIR analyzed the proposal to operate a new facility on the backlands adjacent at Berth 192-194 that would import raw materials to provide a low-carbon binder (ground granulated blast furnace slag) and the utilization of the wharf at Berth 191 (Project). Orcem directly retained a consultant to prepare the environmental document. The Harbor Department's Environmental Management Division has consulting agreements in place for as-needed California Environmental Quality Act (CEQA) environmental services and selected Leidos, Inc. as the lead consultant to perform the work in connection with the Harbor Department's review and oversight of the preparation of the environmental assessment. The Harbor Department, as the CEQA lead agency, began conducting the necessary environmental assessment activities and special studies to satisfy the requirements of CEQA. A Notice of Preparation of a Draft Environmental Impact Report (EIR) for public review and comment was released on March 10, 2022. The Draft EIR was then released on October 12, 2023. Per the established reimbursement agreement, Orcem will be financially responsible for all costs associated with the preparation of the environmental assessment. The proposed First Amendment (Transmittal 1) is required at this time to extend the Agreement and align its term with the amended Project timeline.

ENVIRONMENTAL ASSESSMENT:

The proposed action is an amendment to the Agreement with Orcem, which is an administrative activity. 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.

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FINANCIAL IMPACT:

Approval of the proposed First Amendment will extend the reimbursement Agreement by two years, for a total term of five years. Per the Agreement terms, Orcem is required to reimburse the Harbor Department for 100% of all staff and consultant costs related to the preparation of the environmental assessment for the Project.

Initial payments from the Harbor Department for consultant costs and project fees are recognized as receivables to Account 11225, Center 7000, Program 000. The Harbor Department bills Orcem monthly as expenses are incurred.

To-date, Orcem has reimbursed the Harbor Department, \$140,912, or 47% out of \$300,000 in total estimated costs under the Agreement. It is anticipated that the remaining balance of \$159,088 will be reimbursed in the remaining fiscal years. Orcem is responsible for any cost estimate increases that may occur during the evaluation of the Project.

Defense costs associated with the environmental review of the Project are not included in this estimate due to the uncertainty of estimating the existence or nature of potential litigation costs.

CITY ATTORNEY:

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

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TRANSMITTAL:

1. First Amendment to Reimbursement Agreement No. 21-9834

FIS Approval: JS
CA Approval: SO

Lisa Ochoner

for LISA WUNDER
Acting Director of Environmental Management

Michael DiBernardo

MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

Erica M. Calhoun for

EUGENE D. SEROKA
Executive Director

LW:NE:MRX
AUTHOR: C. SANCHEZ ZELAYA

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