

DATE: SEPTEMBER 28, 2021

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - PROPOSED REIMBURSEMENT AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND ORCEM AMERICAS, INC.

SUMMARY:

Staff requests approval of a proposed Reimbursement Agreement (Agreement) with Orcem Americas, Inc. (Orcem) to reimburse the City of Los Angeles Harbor Department (Harbor Department) one hundred percent of staff and consultant costs associated with the review and oversight of an environmental document for the construction of a proposed seven-acre dry-bulk terminal located at Berths 191-194. The proposed Agreement is for a term of three years with an estimated amount of \$300,000. Orcem 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 Orcem Americas, Inc. to reimburse the City of Los Angeles Harbor Department for review and oversight costs of the environmental assessment for the construction of a proposed dry-bulk terminal located at Berths 191-194 for a contract term of three years and for an estimated base amount of \$300,000;
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: SEPTEMBER 28, 2021

PAGE 2 OF 4

SUBJECT: ORCEM REIMBURSEMENT AGREEMENT

DISCUSSION:

Background/Context – On July 14, 2015, the Harbor Department released and posted on the Port of Los Angeles (Port) website a Request for Proposals (RFP) 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/oversight. The environmental document was placed on hold in the same year and the reimbursement agreement expired in February 2021. Orcem plans to construct a dry-bulk terminal and proposes to import, store, and process damp granulated, dry-bulk, raw material from Asia and Latin America. Orcem would erect a high-efficiency drying and milling system, storage silos, and a truck loading facility for processing and distribution at the Port on an approximately 7-acre development site that is currently vacant and controlled by the Harbor Department.

Proposed Project and Schedule – Orcem plans to prepare an environmental document that must be completed before construction of a proposed seven-acre dry-bulk terminal located at Berths 191-194 can occur. The Harbor Department as lead agency will oversee work performed and Orcem has agreed to pay all staff and consultant costs for the review and oversight of the environmental document for the construction and operation of a dry-bulk terminal, as well as any outside legal defense costs (if necessary) associated with the preparation of the environmental document.

ENVIRONMENTAL ASSESSMENT:

CEQA Documentation and Schedule – The Harbor Department, as the CEQA lead agency, in partnership with the United States Army Corps of Engineers, acting as the National Environmental Policy Act (NEPA) agency, would review and provide oversight of the necessary environmental assessment activities and special studies to satisfy the requirements of CEQA and NEPA. The length of time to complete the environmental assessment is subject to several conditions, but is estimated to take approximately 12-18 months to complete.

Environmental Assessment Cost and Consultant Selection – The total estimated cost to review and provide oversight of the environmental assessment for the project, including staff charges and consultant services, is approximately \$300,000. 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/NEPA environmental services and will select the lead consultant to perform quality control and quality assurance of the preparation of the environmental document. Staff review and

DATE: SEPTEMBER 28, 2021

PAGE 3 OF 4

SUBJECT: ORCEM REIMBURSEMENT AGREEMENT

oversight for the environmental assessment will begin following Board approval of this proposed 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 review and oversight of the environmental document. The review and oversight of the environmental document, which would assess the construction and operation of a dry-bulk terminal at Berths 191-194, is estimated to cost \$300,000 (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 Orcem to reimburse the Harbor Department for one hundred percent of all staff and consultant costs and project fees for the oversight and review of the environmental document being prepared to assess the construction of a proposed seven-acre dry bulk terminal at Berths 191-194.

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 2020/21	\$	5,000
FY 2021/22	\$	140,000
FY 2022/23	\$	140,000
FY 2023/24	\$	<u>15,000</u>
TOTAL	\$	300,000

The Harbor Department will bill Orcem on an up to monthly basis upon agreement execution. As the Harbor Department receives reimbursement payments from Orcem 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: SEPTEMBER 28, 2021

PAGE 4 OF 4

SUBJECT: ORCEM REIMBURSEMENT AGREEMENT

TRANSMITTAL:

1. Reimbursement Agreement with Orcem Americas, Inc.

FIS Approval: MB
CA Approval: SO



CHRISTOPHER CANNON
Director of Environmental Management



for MICHAEL DiBERNARDO.
Deputy Executive Director

APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director

CC/YO
AUTHOR: ZOE IRISH

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