



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: SEPTEMBER 18, 2014

FROM: REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ APPROVAL OF
PROPOSED GUARANTY AGREEMENT BETWEEN THE CITY OF
LOS ANGELES HARBOR DEPARTMENT AND THE ANNENBERG
FOUNDATION RELATING TO PERMIT NO. 904 (THE ALTASEA
PROJECT)**

SUMMARY:

In November 2013, the Board of Harbor Commissioners (Board) approved Lease No. 904 (Lease) for the AltaSea marine research facility project. Under the terms of the Lease, AltaSea is required to perform various tasks and meet certain conditions prior to the City of Los Angeles Harbor Department (Harbor Department) initiating any work it is required to perform. To date, AltaSea has not met all of the conditions necessary to initiate the Harbor Department's obligations under the Lease. However, the Harbor Department wishes to perform certain limited work prior to AltaSea meeting all of its performance requirements. Specifically, the Harbor Department would conduct conceptual engineering design work related to the Berth 57 wharf retrofit and ground improvements to determine the feasibility and potential cost savings of an alternative design. AltaSea also proactively wishes to initiate said work to help maintain AltaSea's established project schedules. In order to induce the Harbor Department to begin work prior to its obligations under the Lease, The Annenberg Foundation (Annenberg), AltaSea's principal donor, is willing to guarantee reimbursements to the Harbor Department of up to \$500,000 in engineering consultant costs related to the conceptual design work for Berth 57 in the event AltaSea fails to perform all of its obligations under the Lease.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the Guaranty Agreement with The Annenberg Foundation for reimbursement of up to \$500,000 to the City of Los Angeles Harbor Department in the event that AltaSea fails to perform its Lease obligations;
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 and Context:

On November 7, 2013, the Board approved the Lease with Rockefeller Philanthropy Advisors, Inc. (RPA) and the subsequent assignment to the California non-profit public

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benefit corporation known as AltaSea at the Port of Los Angeles. On December 17, 2013, the Los Angeles City Council approved the Lease. The Lease provides AltaSea up to five years to complete certain tasks and conditions related to fundraising, design, permitting and other items as more fully detailed in Transmittal 1, prior to accepting Berths 56 and 57 referred to in the Lease as Parcels 1A and 2A (Transmittal 2). On September 9, 2013, the Harbor Department issued a Request for Proposals (RFP) for engineering design work related to the Harbor Department's obligations under the Lease. The selected design consultant, Moffatt & Nichol, suggested an alternative design that could result in significant cost savings to the Harbor Department. The Harbor Department, recognizing that although AltaSea has not yet completed all of the tasks and conditions called for in the Lease, wishes to initiate the conceptual design work for the Berth 57 wharf retrofit and ground improvements at Parcel 2A in order to determine what changes in scope and cost may be afforded. AltaSea also prefers that such planning and design work be initiated promptly to help maintain the project's established schedule. Annenberg, on behalf of AltaSea, has provided the Harbor Department with a written guaranty to reimburse up to \$500,000 to the Harbor Department for costs incurred for the conceptual design work in the event that AltaSea fails to accept Parcel 2A in compliance with the terms of the Lease. The conceptual design work at issue will be performed pursuant to the Personal Services Agreement with Moffatt & Nichol, presented to the Board for approval concurrently with this item, and more fully described in Exhibit B of the attached Guaranty Agreement (Transmittal 3).

ENVIRONMENTAL ASSESSMENT:

The proposed action is acceptance and approval of a Guaranty Agreement with Annenberg for reimbursement to the Harbor Department for design work related to the AltaSea project. This action is limited to approval of the Guaranty Agreement and does not involve approval of any project. Any proposed project resulting from the design work would be subject to separate environmental assessment pursuant to the California Environmental Quality Act (CEQA) and approval by the Board. Therefore, as an administrative activity, the Director of Environmental Management has determined that this proposed action is exempt from the requirements of CEQA in accordance with Article II Section 2 (f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

This Board action will have no employment impact in the five-county region.

FINANCIAL IMPACT:

The Guaranty Agreement allows for reimbursements of up to \$500,000 from the Annenberg Foundation to the Harbor Department for conceptual design work costs, if AltaSea does not perform required tasks and meet necessary conditions pursuant to the terms of the Lease.

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CITY ATTORNEY:

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


TRANSMITTALS:

1. Parcel 2A Acceptance and Possession Requirements and AltaSea Status Update
2. Permit No. 904 (Lease) Site Map
3. Guaranty Agreement

FIS Approval: WP (initials)
CA Approval: guc (initials)



JACK C. HEDGE
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APPROVED:



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