

DATE: JUNE 22, 2021

FROM: ENVIRONMENTAL MANAGEMENT

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

SUMMARY:

Staff requests approval of a proposed Reimbursement Agreement (Agreement) with Vopak Terminal Los Angeles, Inc. (Vopak) to reimburse the City of Los Angeles Harbor Department (Harbor Department) one hundred percent of staff and consultant costs associated with the preparation of an environmental assessment for the improvements at Berth 191 and the continued operation of a Cement Processing Facility at Berth 191. The environmental assessment of the Cement Processing Facility will be included as a portion of an environmental document (anticipated Environmental Impact Report (EIR)) currently being prepared to assess the Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) improvements at the Port of Los Angeles (Port) Berths 187-190. The proposed Agreement is for a term of three years with an estimated base amount of \$327,000. Vopak 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 Vopak Terminal Los Angeles, Inc. to reimburse the City of Los Angeles Harbor Department for preparation costs of the environmental assessment for improvements at Berth 191 and the continued operation of the Cement Processing Facility for a contract term of three years and for an estimated base amount of \$327,000;
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. _____.

SUBJECT: VOPAK REIMBURSEMENT AGREEMENT

DISCUSSION:

Background/Context – In addition to the MOTEMS upgrades, Vopak is pursuing operation of the Cement Processing Facility at Berth 191. The Cement Processing Facility, whose frequency of use has traditionally fluctuated in response to changes in market and demand, has not been in operation since 2008. Due to recent changes in the market, Vopak has decided to reinstate use of the Cement Processing Facility. The return of this use to the project site after over 12 years of inactivity, results in the need for additional environmental analysis.

Proposed Project and Schedule – The Harbor Department plans to prepare an environmental document (anticipated EIR) that must be completed before operation of the Cement Processing Facility and MOTEMS modifications to the project site can begin. Vopak has agreed to pay all staff and consultant costs for the environmental assessment of the Cement Processing Facility portion of the document, 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, is currently conducting the necessary environmental assessment activities and special studies to satisfy the requirements of CEQA. The environmental assessment for the MOTEMS portion of this project is currently underway.

Environmental Assessment Cost and Consultant Selection – The total estimated base cost to complete this environmental assessment of the anticipated EIR for the project, including staff charges and consultant services, is approximately \$327,000. In addition to the base cost, several optional tasks dependent on initial analyses may also be required. This includes any requirements needed for National Environmental Policy Act (NEPA) compliance. These optional tasks are cumulatively estimated at \$158,000. 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 has selected the lead consultant to perform the work in connection with the preparation of the environmental document. Work for the Cement Processing Facility related 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 for the preparation of the Cement Processing Facility portion of the environmental document, with a base cost estimated at \$327,000 (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.

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FINANCIAL IMPACT:

Approval of the proposed Agreement will require Vopak to reimburse the Harbor Department for one hundred percent of all staff and consultant costs and project fees for the preparation of the Cement Processing Facility portion of the Vopak environmental document.

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 2021/22	\$ 250,000
FY 2022/23	\$ <u>77,000</u>
TOTAL	\$ 327,000

The Harbor Department will bill Vopak on an up to monthly basis upon agreement execution. As the Harbor Department receives reimbursement payments from Vopak 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.

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SUBJECT: VOPAK REIMBURSEMENT AGREEMENT

TRANSMITTAL:

1. Reimbursement Agreement with Vopak Terminal Los Angeles, Inc.

FIS Approval: MB
CA Approval: JS



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Director of Environmental Management

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