

**DATE: SEPTEMBER 21, 2022**

**FROM: ENVIRONMENTAL MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - FIRST AMENDMENT TO REIMBURSEMENT AGREEMENT NO. 19-3706 WITH THE SAN PEDRO PUBLIC MARKET, LLC**

**SUMMARY:**

Staff requests approval of the proposed First Amendment to the San Pedro Public Market, LLC (SPPM) Reimbursement Agreement No. 19-3706 (Agreement) 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 proposed modifications associated with the West Harbor (formerly known as San Pedro Public Market) Modification Project. The proposed First Amendment would extend the duration of the existing Agreement by an additional two years, for a term of five years. No other modifications are proposed. SPPM 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 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 the San Pedro Public Market, LLC Reimbursement Agreement No. 19-3706;
3. Direct the Board Secretary to transmit said Agreement 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 Amendment to Agreement for and on behalf of the Board; and
5. Adopt Resolution No. \_\_\_\_\_.

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**DISCUSSION:**

Project Background/Context – The Board approved the San Pedro Waterfront Project Final Environmental Impact Statement/Environmental Impact Report in September 2009 and considered the Addendum to the San Pedro Waterfront Project for the San Pedro Public Market Project in May 2016. The proposed addition of a concert venue and other modifications to the previously approved project requires additional environmental analysis.

On November 21, 2019, the Board approved an Agreement for SPPM to provide reimbursement to the Harbor Department for 100% of staff and consultant costs associated with the preparation of an environmental assessment. The environmental assessment will determine any changes in environmental impacts associated with the development of a concert venue at the West Harbor Modification Project. 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 Supplemental Environmental Impact Report for public review and comment was released on April 14, 2022. The Agreement has a total estimated cost of \$375,000 to complete the environmental assessment for the West Harbor Modification Project. However, due to project changes, additional analysis is needed and costs are expected to increase. While the proposed First Amendment seeks to extend the term of the original Agreement by two years, staff will request Board-approval for anticipated cost increases, if any, at a later date once those additional costs can be better estimated. Per the established reimbursement agreement SPPM will be financially responsible for all costs associated with preparation of the environmental assessment. The Harbor Department Environmental Management Division has consulting agreements in place for as-needed CEQA environmental services and selected ICF Jones & Stokes, Inc. as the lead consultant to perform the work in connection with the preparation of the environmental assessment.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is an amendment to an Agreement with SPPM 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 extends the reimbursement Agreement by two years. Per the Agreement terms, SPPM 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 West Harbor Modification Project.

Initial payments from the Harbor Department for consultant costs and project fees are recognized as receivables to Account No. 11225 (Reimbursable Costs-Env Projects) Center No. 7000 (Balance Sheet), Program No. 000 (Base Budget). The Harbor Department bills SPPM on a monthly basis as expenses are incurred.

To-date, SPPM has reimbursed the Harbor Department, \$215,214, or 57.4% out of \$375,000 in total estimated costs under the Agreement. It is anticipated that the remaining balance of \$159,786 will be reimbursed in the current fiscal year. SPPM 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 West Harbor Modification 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 proposed Amendment as to form and legality.

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**TRANSMITTAL:**

1. First Amendment to the San Pedro Public Market, LLC (SPPM) Reimbursement Agreement No. 19-3706

FIS Approval: MB  
CA Approval: SO



CHRISTOPHER CANNON  
Director of Environmental Management



ANTONIO V. GIOIELLO, P.E.  
Deputy Executive Director

APPROVED:

*Marla Bleairns* For

EUGENE D. SEROKA  
Executive Director

CC:yo  
AUTHOR: N. ENCISO

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