



222 West 6th Street, Suite 1010
San Pedro, CA 90731
www.AltaSea.org

_____, 2020

Tobey Clarkin, PE
Civil Engineer/Project Officer
DOC/Economic Development Administration
Jackson Federal Building, Room 1890
915 Second Avenue
Seattle, WA 98174

Dear Mr. Clarkin,

AltaSea at the Port of Los Angeles is requesting a termination for convenience for project 07-01-07315.

Background

AltaSea was awarded an Economic Development Administration award on September 28, 2016. After working with the Port of Los Angeles and seeking approval from the Los Angeles City Council for executing the grant award document, the Financial Assistance Award was completed December 16, 2016. Starting in 2016, AltaSea began pulling the appropriate permits for this project with an expected construction start date of September 28, 2018. After reviewing the project further and assessing potential tenants' needs, AltaSea decided to expand the scope of the wharf improvement work to include improvements to wharfs 58-60, in addition to wharf 57 1/2. This expansion included altering the approach and design regarding craning at the berths. This revision required updated wharf repair plans from engineers. In addition, the project team determined other areas regarding upgrading electrical to serve tenants adequately. As a result of this expanded scope and the further diligence needed, in June 2018, AltaSea submitted a request for an extension of the Start of Construction timeline with no changes to the end date time limit. On July 13, 2018, EDA approved an extension to the Start of Construction time limit, changing from September 28, 2018 to September 28, 2019. On October 19, 2018, AltaSea submitted a set of project plans and specs to EDA for review. In November 2018, EDA suggested pulling the wharf improvements from the authorized scope of work due to the time required to fully design and permit the wharf improvement work and keep the current construction timeline. A second amendment was submitted for this process in January 2019.

AltaSea formally submitted its bid package to the EDA in early January 2019. However, due to the 2019 U.S. Federal Government shut down, the EDA was not able to approve the bid package until March 19, 2019. After approval AltaSea quickly worked to publish the bid drawings and specifications and did so by April 4, 2019. These steps kept AltaSea in line with our timeline, but after a thorough review of the budgets, which were well over our original estimates, and after receiving a bid protest, all bids were rejected. Subsequently, AltaSea has been working with its partner to revise the bid documents for a second publication.



Reasons for termination

After extensive review of project scope and costs, AltaSea will not meet the grant timeline of September 2021 for project 07-01-0731.

Funding

In 2016, AltaSea believed the project would cost approximately \$15 million to design and construct, as described in the original grant application. However, due to unforeseen site conditions, including lack of electrical and other utility infrastructure, our project team determined that the full scope of work to bring the historic warehouses up to current ADA and building code standards would involve more work than originally contemplated. Therefore, once the final scope was set, and AltaSea went out to bid on this revised scope, the actual cost was closer to \$40 million. Given that this cost was almost three times what was originally anticipated, AltaSea has planned an aggressive fundraising approach to close the gap of funds.

AltaSea has cultivated major donors for this project over the past two years with success, and continues to work on securing gap funding.

Covid-19 pandemic and its effects

As we continued to work towards securing new bids, the Covid-19 crisis struck. California Governor Gavin Newsome and Los Angeles Mayor Eric Garcetti issued “shelter in place” orders on March 19, 2020 in attempt to “flatten the curve” and keep residents healthy and safe. AltaSea at the Port of Los Angeles moved to a telework schedule a week prior to the official ordinances, putting employees’ health and safety first. We initially believed that the current pandemic would not severely affect our construction timeline, and that we would be able to meet the original deadline. But, as the world has seen, the pandemic has had much larger effects on the economy and productivity.

Other actions

AltaSea also considered extending the EDA grant timeline, but we understand that an extension cannot be granted to the original 5-year timeline. Given the implementation of the CARES Act by the United States government in response to the pandemic, AltaSea is exploring options to apply for a larger grant under this program. Many of the jobs that AltaSea will produce once the campus is completed are Covid-19 resilient. Jobs in aquaculture and underwater robotics are largely outdoors and involve a degree of social distancing. Whether it is divers harvesting aquaculture crops or scientists remotely operating new technology, the jobs that AltaSea will produce well not be significantly impacted. This aspect is especially important for the communities we serve as lower income areas have been disproportionately affected by the current pandemic. In addition, our commitment to aquaculture will have effects on food production and accessibility, ensuring a healthy and constant supply of nutrient dense and sustainable foods.

AltaSea sees the CARES act as a way to help close the funding gap so that when we are able to announce a major partnership, we will make significant strides towards completion.



Allowable Costs

AltaSea is seeking reimbursement for allowable costs in the amount of \$326,526.03 for work with Urban Design Center and Gafcon, Inc. Forms are attached to this memo.

Thank you for your assistance during this process.

Sincerely

Tim McOsker
Chief Executive Officer | AltaSea at the Port of Los Angeles
tmcosker@altasea.org | (424) 210-4312