

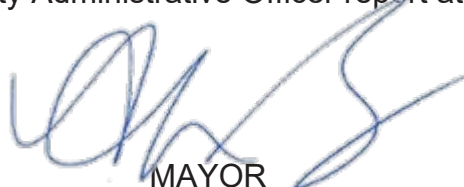
0150-11786-0000

TRANSMITTAL

TO Eugene D. Seroka, Executive Director Harbor Department	DATE 06/18/21	COUNCIL FILE NO. 13-1634-S2
FROM The Mayor	COUNCIL DISTRICT 15	

PROPOSED TERMINATION OF U.S. DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ADMINISTRATION GRANT AWARD AGREEMENT NO. 16-3422 WITH ALTASEA AT THE PORT OF LOS ANGELES

Transmitted for further processing and Council consideration.
See the City Administrative Officer report attached.



MAYOR

(Ana Guerrero for)

RHL:JCY:10210090t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 14, 2021

CAO File No. 0150-11786-0000

Council File No. 13-1634-S2

Council District: 15

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer 

Reference: Correspondence from the Harbor Department dated October 1, 2020; referred by the Mayor for report October 22, 2020

Subject: **PROPOSED TERMINATION OF U.S. DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT ADMINISTRATION GRANT AWARD AGREEMENT
NO. 16-3442 WITH ALTASEA AT THE PORT OF LOS ANGELES**

RECOMMENDATION

Approve Harbor Department (Port) Resolution No. 20-9705 authorizing a proposed termination of United States Department of Commerce Economic Development Administration grant award and resulting Memorandum of Understanding Agreement No. 16-3442 between the Port and AltaSea at the Port of Los Angeles; and, return the Resolution document to the Port for further processing, including Council consideration.

SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) requests approval of Resolution No. 20-9705 authorizing the proposed termination of United States Department of Commerce Economic Development Administration (DOCEDA) grant award and its related Memorandum of Understanding (MOU) Agreement No. 16-3442 (Agreement) between the Port and AltaSea at the Port of Los Angeles (AltaSea). AltaSea, which initiated the grant application, requested this termination because it is unable to complete the terms of the grant by the expiration date of September 28, 2021 and needs to terminate this grant as it plans to apply for additional DOCEDA grant opportunities.

On December 23, 2013, the Port granted AltaSea Lease No. 904 (Original Lease) for the construction, operation, and maintenance of an urban marine research facility at the Port of Los Angeles (POLA) for a term of 50 years (C.F. 13-1634). AltaSea is an independent non-profit benefit organization incorporated to develop the marine research facility. Conditions of the Original Lease allowed for development of up to 11 parcels at City Dock No. 1, a more than 100-year old degraded pier at POLA, for AltaSea and subtenant use for research, public education and waterfront access, and job creation and economic activities. On May 5, 2016, the Board approved an MOU between

the Port and AltaSea to apply for DOCEDA grant funding to partially fund an \$8.6 million portion of the development to accelerate construction on the premises. In accordance with DOCEDA regulations, the Port, as the property owner, was required to be a co-applicant with AltaSea in order to be awarded a grant. DOCEDA approved the joint application for \$3 million for a term of five years, and the MOU was amended and restated as the current Agreement to incorporate the DOCEDA acceptance and terms. Concurrently, AltaSea worked with the Port to amend the Original Lease to accommodate the accelerated development and add public access infrastructure among other changes. Those changes resulted in the amended and restated Lease No. 904A, adopted by the Council on August 16, 2017 (C.F. 13-1634). However, as preparations for construction began, AltaSea identified additional work required to meet tenant needs, which resulted in a change in grant project terms and delay in planned construction commencement. Further, requests for design and construction proposals issued in April 2019 resulted in bids that came in well over original cost estimates, which set the project back further. Finally, the Port and AltaSea report that the Covid-19 pandemic, which effectively shut down or modified large swaths of economic activity starting in March 2020 set progress back even further to the point that AltaSea determined it could no longer meet the grant requirement timeline.

Under the terms of the Agreement, AltaSea is solely responsible for meeting the financial and obligational terms of the DOCEDA grant. The Port reports that, according to AltaSea, the DOCEDA will not allow extensions to the five-year term of the grant. AltaSea anticipates that federal stimulus and other financial support in the wake of the Covid-19 pandemic will increase available DOCEDA funding for its projects and requests termination of this grant and the related Agreement. The Port reports that there are no financial impacts to the Port associated with terminating the grant award and Agreement.

The City Attorney has approved the proposed termination as to form and legality. In accordance with Charter Section 373 and Administrative Code Section 10.5(a), the termination of the Agreement requires Council approval because the term of the Agreement exceeds three years. The Port states that the proposed action is an administrative activity, and is therefore administratively exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles CEQA Guidelines.

FISCAL IMPACT STATEMENT

The proposed termination of United States Department of Commerce Economic Development Administration grant award and Agreement No. 16-3422 between the Port and AltaSea at the Port of Los Angeles (AltaSea) is solely the fiscal responsibility of AltaSea. There is no financial impact to the Port, the Harbor Revenue Fund, or the City General Fund.