RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO EXECUTE A CONTRACT WITH LUCAS BUILDER, INCORPORATED FOR THE CONSTRUCTION OF PARK IMPROVEMENTS PURSUANT TO AWARD UNDER IFB HA-2022-28-MX FOR A TOTAL AMOUNT NOT-TO-EXCEED $2,393,307

Purpose: To authorize the President & CEO, or designee, to execute a contract with Lucas Builders Inc. (“G.C.”), pursuant to award under IFB HA-2022-28-MX, for the construction of all the improvements that constitute the Harbor Boulevard Improvement Project (“Project”).

Regarding: This action is tied to the Housing Authority of the City of Los Angeles (“HACLA”) Board of Commissioners (“BOC”) Resolutions 9376 and 9432, authorizing the original application to the Department of Housing and Urban Development for a Choice Neighborhood Planning Grant and the acceptance of $1.3 million in grant funding and a HACLA match of $300,000 for planning and action activities.

Issues:
Background: In 2018, HACLA was awarded a FY17 United States Department of Housing and Urban Development (“HUD”) Choice Neighborhoods Planning Grant (“CNI Grant”) in the amount of $1,300,000 to support the redevelopment of Rancho San Pedro and transform the Barton Hill-Downtown San Pedro neighborhood, allocating $350,000 for planning activities and $950,000 for an action activity. After a several months long process of resident engagement and community outreach that started in the Summer of 2019, The Harbor Boulevard Parkway Improvement Project emerged as the primary Action Activity to be funded by the CNI Grant in the Spring of 2020.

The Project site is located between 1st and 3rd Street along the east side of Harbor Boulevard. It encompasses the existing rail tracks (former Red Car Trolley Line) right of way (ROW) which is approximately 668' long and varies in width between 21' and 35'. The project site is owned by the Port of Los Angeles (“POLA”) and is adjacent to the existing waterfront promenade. The proposed Project includes demolition of the existing rail tracks with accessories, and then expanding the existing waterfront promenade to create a new park with new recreation amenities for the community. The new amenities include a flex-space plaza for food vendors, multi-purpose lawn area, a shade structure with swinging benches, a children's play area, adult exercise equipment, picnic tables, game tables, and benches. The Port of Los Angeles has taken appropriate actions to allow for the construction of the Project, including environmental review and committed funding and took action to demolish the tracks and clean up the existing soil in the area. HACLA, through an MOU with the Port of Los Angeles and an Access Agreement will be responsible for financing and constructing the park improvements. The Project will be maintained by POLA.
**Procurement:** On March 22, 2022, HACLA advertised Invitation for Bid No. HA-2022-28-MX ("IFB") to solicit bids for the Project. Bidders were asked to substantiate having a minimum of five (5) years’ experience performing projects of similar scope and work. On April 12, 2022, HACLA received and opened two (2) sealed bids. The following base bid amounts and alternates were recorded:

<table>
<thead>
<tr>
<th>Description</th>
<th>MARINA LANDSCAPE, INC.</th>
<th>LUCAS BUILDERS, INC.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lump Sum Base Bid</td>
<td>$0.00</td>
<td>$2,663,205.00</td>
</tr>
<tr>
<td>Additive Alternates: Not Selected</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternate No. 1 Lighting</td>
<td>$104,000.00</td>
<td>$159,495.00</td>
</tr>
<tr>
<td>Alternate No. 2 Upsize Trees</td>
<td>$61,800.00</td>
<td>$61,220.00</td>
</tr>
<tr>
<td>Alternate No. 3 Fencing Upgrade</td>
<td>$104,665.00</td>
<td>$34,969.00</td>
</tr>
<tr>
<td>Alternate No. 4 Concrete Pad at Picnic Tables</td>
<td>$9,589.50</td>
<td>$74,585.00</td>
</tr>
<tr>
<td>Total bid sum</td>
<td>$0</td>
<td>$2,663,205.00</td>
</tr>
</tbody>
</table>

After reviewing and evaluating the two (2) bid packages received, HACLA determined not to award the alternates due to budget constraints. HACLA then determined that Marina Landscape Inc.’s bid was non-responsive as they did not provide a Lump Sum Base Bid as required. The bid submitted by Lucas Builders Inc. ("Lucas") was then determined to be the sole bid eligible for award consideration.

Since the base bid submitted by Lucas Builders Inc. ("Lucas") was higher than the Project’s Independent Cost Estimate ("ICE") and the Development Services Department Project budget, Development Services engaged in discussions with Lucas in an attempt to identify opportunities for cost reductions (i.e., value engineering). As a result of the negotiations, the firm agreed to provide HACLA with $363,205 in value engineering credits, thereby reducing its base bid from $2,663,205 to $2,300,000, a decrease of approximately 14%. To ensure sufficient funding is available for unforeseen costs, a contingency of $93,307 is being added for a total recommended contract award of $2,393,307. Additional information regarding the IFB is included in Attachment 2, Summary of Procurement and Outreach.

**Management & Operations:** The Harbor Boulevard Improvement Project, upon completion of the all construction work, will consist of a flex-space plaza for food vendors, multi-purpose lawn area, shade structure with swinging benches, children’s play area, adult exercise equipment, picnic tables, game tables, and benches. The newly constructed project will be an expansion of the existing LA Waterfront’s Harbor Boulevard Parkway. On April 15th, 2021, a Memorandum of Understanding ("MOU") was entered into by and between The City of Los Angeles Board of Harbor Commissioners ("Harbor Department") and The Housing Authority of City of Los Angeles ("HACLA") to coordinate on the Harbor Boulevard Improvement Project ("Project"). The MOU obligates the Harbor Department and HACLA to cooperate in the completion of the HUD’s Choice Neighborhood Planning Grant funding approval process and the environmental review of the Project. The MOU also obligates the Harbor Department to be responsible for ongoing maintenance of the Project upon completion. See Attachment 3 for the MOU between Harbor Department and HACLA.
If the recommendations included in this Board Report are approved, it is expected that site preparation and construction will begin in May 2022 and the Project will be completed before December 31, 2022.

**Vision Plan:** Place Strategy 5 – Expand HACLA’s role in the broader communities it serves to improve neighborhood-wide health and well-being

HACLA pursued grant opportunities, including funding from HUD, the County of Los Angeles and City of Los Angeles to build and invest in neighborhood-wide improvements as part of its Transformation Plan for Rancho San Pedro to build out additional open and recreation space in this disadvantaged, park-poor community. The site selected for the Project is directly across the street from Rancho San Pedro on Harbor Boulevard.

**Funding:**

The Chief Administrative Officer confirms the following:

*Source of Funds:* HACLA has secured $3,780,000 in grant and in-kind funding from HUD, the City of Los Angeles and the County of Los Angeles to fund the construction of the Project and will commit $500,000 for the completion of the Project. The approved HACLA FY 2022 Budget for Rancho San Pedro CNI Match includes $420,000 for construction and design costs. Approval is requested to utilize an additional $80,000 in proceeds from the unrestricted non-public housing portfolio to complete HACLA’s match commitment to this project. The full Sources and Uses Budget is included in Attachment 4.

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUD CN Funds</td>
<td>$950,000</td>
</tr>
<tr>
<td>City of LA - CDBG</td>
<td>$700,000</td>
</tr>
<tr>
<td>County LA Measure A</td>
<td>$700,000</td>
</tr>
<tr>
<td>Port of LA</td>
<td>$1,430,000</td>
</tr>
<tr>
<td>HACLA</td>
<td>$500,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,280,000</strong></td>
</tr>
</tbody>
</table>

*Budget and Program Impact:* As mentioned in the Management & Operations Section above, the Port of Los Angeles will be responsible for the ongoing maintenance of the Project. Hence the Project budget does not include any maintenance costs. HACLA’s Development Services Department is adequately staffed to oversee this contract and the construction of improvements as well as report to all grant sources and process draw requests.

**Environmental Review:**

*CEQA*  
The Harbor Boulevard Improvement Project site is owned by the City of Los Angeles through its Los Angeles Harbor Department (“Port of Los Angeles”). The Port of Los Angeles has removed existing rail, ties, ballast, Waterfront Red Car Line (WRCL) poles, and fencing and HACLA will construct new park improvements in place of the removed rail. In October 2021, the Port of Los Angeles, as Lead Agency for purposes of California Environmental Quality Act (CEQA), through its governing body, the Board of Harbor Commissioners, determined in accordance with the provisions of the California Environmental Quality Act Guidelines Section 15164, that the Harbor Boulevard Parkway Improvements Project (“Project”) as set forth in the 2009 Joint Final Environmental Impact Statement/Environmental Impact Report for the San Pedro Waterfront...
Project (“2009 Final EIS/EIR”), including the extensive mitigation measures incorporated into the 2009 Final EIS/EIR that would continue to apply to the Project, will not result in any new significant environmental impacts relative to the 2009 Final EIS/EIR, or any substantial changes to impact areas previously analyzed in the 2009 Final EIS/EIR. Therefore, the Board of Harbor Commissioners determined that none of the conditions set forth in Section 15162 of the CEQA Guidelines requiring a subsequent EIR or a Negative Declaration had occurred and, as such, no further environmental review for the Project was required.

NEPA

For the purposes of National Environmental Policy Act (NEPA), the responsible entity for the Project is the City of Los Angeles through its Los Angeles Housing Department (“LAHD”). In that capacity, on February 8, 2022, LAHD issued its Request for Release of Funds for $700,000 in CDBG and $950,000 in HUD Choice Action Activity Funds and NEPA certification determining that, due to the type and degree of the Project’s environment effects, the Project did not require the preparation and dissemination of an Environmental Impact Statement.

Section 3:

Lucas Builders, Inc. has submitted an Economic Opportunity Plan (EOP) in conformity with the requirements of the HACLA’s Section 3 Guide and Compliance Plan. Under its EOP, Lucas Builders, Inc. is committed to hiring two Section 3 Residents as laborers.

Attachments:

1. Resolution
2. Summary of Outreach
3. MOU between Harbor Department and HACLA
4. Project Budget
RESOLUTION NO.______________

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO EXECUTE A CONTRACT WITH LUCAS BUILDER, INCORPORATED FOR THE CONSTRUCTION OF PARK IMPROVEMENTS PURSUANT TO AWARD UNDER IFB HA-2022-28-MX FOR A TOTAL AMOUNT NOT-TO-EXCEED $2,393,307

WHEREAS, through Resolution 9376 and Resolution 9432, the Housing Authority of the City of Los Angeles (“HACLA”) applied for and received $1.3 million from the Department of Housing and Urban Development (“HUD”) which included $950,000 in funding for an Action Activity, which had to be constructed in the selected Choice Neighborhood but could not be constructed on the HACLA-owned public housing site;

WHEREAS, HACLA undertook significant community engagement during 2019 and early 2020 and the community of residents at Rancho San Pedro and the surrounding San Pedro area proposed and selected the Harbor Boulevard Parkway Improvement Project (“Project”), which will build out park and community amenity space on a currently vacant rail line located on property along Harbor Boulevard between 1st St. And 3rd St. owned by the City of Los Angeles through Harbor Department (“Site”);

WHEREAS, HACLA determined that the most effective and feasible manner for developing the Project is obtaining qualified general construction services;

WHEREAS, on March 22, 2022, HACLA issued Invitation for Bid Number No. HA-2022-28-MX (“IFB”), seeking firm fixed-price bids for the Project;

WHEREAS, following review of the bids received in response to the IFB, as detailed in the Report of the President and CEO of the same date herewith, it was determined that Lucas Builders, Inc. (“Lucas”), submitted the lowest, responsive and responsible bid; and

WHEREAS, HACLA desires to enter into a contract with Lucas to construct the Project pursuant to award under the IFB in an amount not to exceed $2,393,307.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners authorizes the President and Chief Executive Officer, or designee, to execute a contract with Lucas to construct the Project in a total contracting amount not-to-exceed $2,393,307, pursuant to award under the IFB.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM:  

HOUSING AUTHORITY OF THE  
CITY OF LOS ANGELES

BY: ___________________________  
James Johnson, General Counsel  
BY: ______________________  
Cielo Castro, Chairperson

DATE ADOPTED: ________________________
Summary of Procurement and Outreach

IFB No. HA-2022-28-MX
Harbor Blvd. Improvements

A. Funding Source

☐ Federal    ☐ Non-Federal ☒ Mixed Funding

B. Advertisement; Minority/Women Outreach

General Services advertised the Invitation for Bid (“IFB”) on the Regional Alliance Marketplace for Procurement (“RAMP”) website starting on March 22, 2022, until the bid submission deadline of April 12, 2022, for a total of twenty-one (21) days. A total of one hundred seventy-four (174) vendors viewed the IFB on the RAMP website.

In support of HACLA’s policy to contract with Minority-Owned Business Enterprises (“MBEs”), Women-Owned Business Enterprises (“WBEs”), and Labor Surplus Area (“LSAs”) businesses for the delivery of goods and services to the extent possible, notice of this IFB was provided to the businesses identified on HACLA’s list of recognized MBE’s/WBE’s and to the local office of the U.S. Small Business Administration (“SBA”) for their further dissemination.

C. Pre-Bid Conference

A pre-bid conference was not held due to COVID-19 restrictions. Bidders were provided a site map and encouraged to visit the publicly-accessible location, to examine the site conditions.

D. Addenda

Addendum No. 1, was posted on RAMP on March 30, 2022, in response to questions received by the March 28, 2022, submission deadline.

E. Sealed Bids (“Bids”) Received and Opened

Bids were due on April 12, 2022. A total of two (2) bids were received by the submission deadline, and immediately thereafter publicly opened using a GoToMeeting link provided in the IFB. The following two (2) bids were received:
The bid results were posted on the HACLA website at: http://www.hacla.org/contractingprocess. Bidders were asked to submit Lump Sum Base Bids and Alternates No. 1-4 pricing.

**F. Review of Bids for Responsiveness and Bidder Responsibility**

The Contract Administrator with the assistance of the Section 3 Compliance Administrator and the Development Services Department (“Department”) deemed the bid from Marina Landscape, Inc. to be non-responsive. Its bid failed to include the required Lump Sum Base Bid or total bid sum, thereby precluding a determination of either. The bid submitted by Lucas Builders, Inc. (“Lucas”) was determined to be the lowest, responsive, and responsible bid.

**G. No Project Alternates; Value Engineering Applied**

Since Lucas’ Lump Sum Base Bid was, by itself, higher than the Project’s Independent Cost Estimate (“ICE”) prepared by Lenax Construction Services Inc. and the Development Services Department (“Development Services”)’s Project budget, Development Services elected not to select any of the Project Alternates included in the IFB. With HACLA having received only one (1) responsive bid Development Services engaged in discussions with Lucas in an attempt to identify opportunities for cost reductions (i.e., value engineering). As a result of the negotiations, the firm agreed to provide HACLA with $363,205 in value engineering credits, thereby reducing its base bid from $2,663,205 to $2,300,000, a decrease of approximately 14%. To ensure sufficient funding is available for unforeseen costs, a contingency of $93,307 is being added for a total recommended award of $2,393,307. Below is a Table reflecting the original and revised Based Bid amounts.

<table>
<thead>
<tr>
<th>Bidder’s Name</th>
<th>Original Base Bid Price</th>
<th>Project’s Construction Cost Estimate</th>
<th>Decreased Bid Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lucas Builders, Inc.</td>
<td>$2,663,205.00</td>
<td>$1,777,478.00</td>
<td>$2,300,000.00</td>
</tr>
</tbody>
</table>

The negotiated lower bid price and necessary changes to the project scope of work and design drawings will be reflected in the final construction contract.

The negotiated base bid price is determined to be fair and reasonable based on current market conditions, which have seen the market prices for concrete and steel significantly increase over the course of the pandemic.
H. **Workforce Profile**

Lucas Builders, Inc., submitted a Workforce Profile that revealed the following workforce composition:

<table>
<thead>
<tr>
<th>Company</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lucas Builders, Inc.</td>
<td>Total: 49</td>
</tr>
<tr>
<td></td>
<td>43 minorities = 88%</td>
</tr>
<tr>
<td></td>
<td>4 women = 8%</td>
</tr>
</tbody>
</table>

I. **Recommendation for Award**

The General Services Department has determined that the bid submitted by Lucas is the lowest, responsive and responsible bid. The Development Services Department recommends Lucas Builders, Inc., for contract award as noted above.
<table>
<thead>
<tr>
<th></th>
<th>MBE/WBE ORGANIZATIONS MAILING LIST</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Asian American Architects and Engineers Association</td>
</tr>
<tr>
<td>2</td>
<td>Asian Business Association of Los Angeles</td>
</tr>
<tr>
<td>3</td>
<td>Asian Business League of Southern California</td>
</tr>
<tr>
<td>4</td>
<td>Asian Pacific Islander Small Business Program</td>
</tr>
<tr>
<td>5</td>
<td>Korean American Chamber of Commerce</td>
</tr>
<tr>
<td>6</td>
<td>Pacific Asian Consortium in Employment (PACE) Business Center</td>
</tr>
<tr>
<td>7</td>
<td>Black Business Association</td>
</tr>
<tr>
<td>8</td>
<td>Greater L.A. African American Chamber of Commerce (GLAAACC)</td>
</tr>
<tr>
<td>9</td>
<td>Regional Black Chamber of Commerce of San Fernando Valley</td>
</tr>
<tr>
<td>10</td>
<td>US Black Chambers</td>
</tr>
<tr>
<td>11</td>
<td>Southern California Black Chamber of Commerce</td>
</tr>
<tr>
<td>12</td>
<td>National Black Contractors Association</td>
</tr>
<tr>
<td>13</td>
<td>Young Black Contractors Association</td>
</tr>
<tr>
<td>14</td>
<td>California Hispanic Chamber of Commerce</td>
</tr>
<tr>
<td>15</td>
<td>LA Metropolitan Hispanic Chamber of Commerce</td>
</tr>
<tr>
<td>16</td>
<td>Latin Business Association (LBA)</td>
</tr>
<tr>
<td>17</td>
<td>Los Angeles Latino Chamber of Commerce</td>
</tr>
<tr>
<td>18</td>
<td>National Latina Business Women Association (NLBWA-LA)</td>
</tr>
<tr>
<td>19</td>
<td>Regional Hispanic Chamber of Commerce</td>
</tr>
<tr>
<td>20</td>
<td>American Indian Chamber of Commerce</td>
</tr>
<tr>
<td>21</td>
<td>Build Plus Community Marketplace</td>
</tr>
<tr>
<td>22</td>
<td>Greater San Fernando Valley Chamber of Commerce</td>
</tr>
<tr>
<td>23</td>
<td>Los Angeles Area Chamber of Commerce</td>
</tr>
<tr>
<td>24</td>
<td>Los Angeles Minority Business Enterprise Center USC (MBDA)</td>
</tr>
<tr>
<td>25</td>
<td>National Association of Minority Contractors</td>
</tr>
<tr>
<td>26</td>
<td>National Association of Women Business Owners Los Angeles</td>
</tr>
<tr>
<td>27</td>
<td>Pacific Coast Regional Small Business Development Corp (SBDC)</td>
</tr>
<tr>
<td>28</td>
<td>Small Business Majority</td>
</tr>
<tr>
<td>29</td>
<td>Southern California Minority Supplier Development Council</td>
</tr>
<tr>
<td>30</td>
<td>The New Ninth Business Resource Center</td>
</tr>
<tr>
<td>31</td>
<td>US Small Business Administration</td>
</tr>
<tr>
<td>32</td>
<td>US Veteran Business Alliance</td>
</tr>
<tr>
<td>33</td>
<td>Valley Economic Development Center/Women's Business Center</td>
</tr>
<tr>
<td>34</td>
<td>Vermont Slauson Economic Development Corporation</td>
</tr>
<tr>
<td>35</td>
<td>Vernon Networking Committee</td>
</tr>
<tr>
<td>36</td>
<td>City of LA Bonding Program: Merriwether &amp; Williams Insurance Services, Inc</td>
</tr>
</tbody>
</table>
MEMORANDUM OF UNDERSTANDING

By and Between

THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

AND

THE CITY OF LOS ANGELES HARBOR DEPARTMENT

This Memorandum of Understanding ("MOU") is made and entered into this April 15, 2021 ("Effective Date") by and between the City of Los Angeles, a municipal corporation, acting by and through its Board of Harbor Commissioners ("Harbor Department") and the Housing Authority of the City of Los Angeles, a public body, corporate and politic ("HACLA," and together with the Harbor Department, the "Parties").

RECITALS

WHEREAS, HACLA is a public body, corporate and politic, duly created, established and authorized on June 2, 1938 to transact business and exercise powers under and pursuant to the provisions of the Housing Authorities Law, consisting of Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code; and

WHEREAS, HACLA owns and operates the Rancho San Pedro Housing Development comprised of 478 public housing units located in the Barton Hill-Downtown San Pedro community ("Rancho San Pedro"); and

WHEREAS, HACLA has determined that Rancho San Pedro has surpassed its useful life and should be redeveloped to transform the Rancho San Pedro community into a mixed-income, mixed-use environmentally friendly vibrant urban village, conducive to healthy living and economically progressive conditions (the "Redevelopment"); and

WHEREAS, in August 2017 HACLA submitted an application for a United States Department of Housing and Urban Development ("HUD") Choice Neighborhoods Initiative Planning Grant ("CNI Grant"), which aims to assist in transforming neighborhoods with distressed public or HUD-assisted housing through a comprehensive approach to neighborhood transformation; and

WHEREAS, in February 2018 HUD notified HACLA of its selection as an awardee of CNI Grant funding to be used toward planning activities and limited physical improvements of Rancho San Pedro and the surrounding Barton-Hill Downtown San Pedro community; and

WHEREAS, on March 29, 2018, HACLA’s Board of Commissioners ("BOC"), via Resolution No. 9432, authorized the HACLA’s President and CEO to accept the CNI Grant funding; and

WHEREAS, BOC Resolution No. 9432 further authorized HACLA to partner with the City of Los Angeles Harbor Department, as governed by its Board of Harbor Commissioners ("Harbor Department") to implement the CNI Grant and to undertake a community-driven process toward revitalization; and
WHEREAS, the Harbor Department owns land near Rancho San Pedro running along the eastern side of Harbor Boulevard between 1st Street and 3rd Street that currently includes a decommissioned rail right of way and other underutilized space, including park space (the "Harbor Boulevard Parkway"); and

WHEREAS, after a year-long process of community input and a public prioritization process including formal actions of the Rancho San Pedro Community Advisory Committee, HACLA developed a list of projects to propose for HUD funding to spark transformation in and around the Choice Neighborhood, which included developing a linear park along Harbor Boulevard Parkway; and

WHEREAS, based on preliminary discussions with the Harbor Department, on July 8, 2020, HACLA submitted an Action Activities Proposal to HUD under the CNI Grant, in which HACLA proposed to use $950,000 in HUD funds leveraged with $250,000 in Community Development Block Grant funding from the City of Los Angeles and at least $200,000 from HACLA to partner with the Harbor Department to improve the Harbor Boulevard Parkway by transforming it into a pedestrian and bike-friendly recreational area (the "Parkway Improvements" or "Project"); and

WHEREAS, prior to implementation of the Parkway Improvements, it will be necessary to prepare the Harbor Boulevard Parkway for construction, including removal of the rail tracks; and

WHEREAS, the Harbor Department estimates that preparing the Harbor Boulevard Parkway for construction will cost approximately $1,430,000; and

WHEREAS, on August 13, 2020, HUD responded to the Action Activities Proposal with a letter approving the Parkway Improvements in concept, with final authorization for expenditure of Choice Neighborhoods grant funds contingent upon HACLA providing certain additional information; and

WHEREAS, the additional information that HACLA must provide prior to HUD’s release of Choice Neighborhood grant funds to fund the Parkway Improvements includes, among other things: documentation of a financial commitment covering all aspects of the project; a final scope of work, budget, and schedule; a maintenance plan; verification that all applicable permits are in place; completion of HUD environmental review; and development of a strategy for ensuring meaningful opportunities for community feedback; and

WHEREAS, implementation of the Parkway Improvements is in the interest of both HACLA and the Harbor Department; and

WHEREAS, developing the information required by HUD as well as ultimate design, construction and maintenance of the Project will require significant coordination between HACLA and the Harbor Department; and

WHEREAS, HACLA and the Harbor Department agree to enter into this MOU to identify the roles and responsibilities of HACLA and the Harbor Department in relation to the Parkway
Improvements, and to develop the information required by HUD for final project approval and release of HUD funds for completion of the Parkway Improvements.

**NOW THEREFORE, IN CONSIDERATION** of the mutual agreements, obligations, and representations, HACLA and the Harbor Department hereby agree as follows:

**ARTICLE I: GENERAL TERMS**

1.1 **INCORPORATION OF RECITALS**

The recitals set forth above are incorporated by reference as if fully set forth herein and made a part hereof.

1.2 **GOOD FAITH NEGOTIATIONS**

During the Stage One Term, as defined in Section 1.3, the Parties shall use good faith efforts to accomplish the respective tasks outlined in Article 2.2 and 2.3, facilitate the negotiation of mutually satisfactory terms for work on the Parkway Improvements, and obtain final HUD approval and release of grant funds for the Project.

During the Stage Two Term, as defined in Section 1.3, following HUD’s approval and release of grant funds for the Project, the Parties will negotiate an amended and restated MOU to incorporate HUD-approved terms and other agreed-upon conditions for completion of the Project, conditioned as necessary on approval of said terms and conditions by each party’s respective Board.

1.3 **STAGE ONE TERM AND STAGE TWO TERM**

The negotiating period for Stage One under this MOU (the “Stage One Term”) shall commence on the Effective Date and shall expire either upon the earlier of final HUD approval and release of grant funds for the Project or one (1) year after the Effective Date of this MOU.

If HUD provides final approval for the Project, the second MOU Term (“Stage Two Term”) shall commence upon such approval, and shall continue until November 19, 2022, unless HUD chooses to extend its deadline for completion of the Project, in which case the extended deadline will mark the end of the Stage Two Term. HUD has already indicated that they may consider granting an extension due to the impacts of COVID-19.

If HUD does not provide final approval for the Project, this MOU shall terminate without further action by the Parties.

The term of this MOU shall be three years, subject to the provisions of Section 7.9, DURATION AND TERMINATION OF THIS MOU. The Parties agree that if HUD provides final approval for the Project, and an amended and restated MOU is negotiated as set forth in Sections 1.2 and 2.4 herein, the term will be extended beyond three years.

1.4 **POINTS OF CONTACT**
Single points of contact will be provided by HACLA and the Harbor Department to coordinate efforts of the Parties covered by this MOU.

HACLA’s contact will be Jessica Frazier, Development Officer.

The Harbor Department’s contact will be Michael Galvin, Director of Waterfront & Commercial Real Estate.

Mailing addresses, email addresses, and telephone information for these points of contact ("MOU Administration Contacts") is provided in Section 7.8 of this MOU. The Parties shall provide written notice of new contact names should the listed contacts need to be replaced.

ARTICLE II: MOU TASKS

2.1 ACTION ACTIVITIES PROPOSAL

On July 8, 2020, HACLA submitted a revised Action Activities Proposal ("Proposal") to HUD, proposing four action activities, the fourth of which pertains to the Parkway Improvements. The Proposal, as it relates to the Parkway Improvements, along with Proposal Appendix L ("Harbor Boulevard Parkway Proposed New Design"), Appendix M ("Harbor Boulevard Parkway Improvements Design Narrative"), Appendix N ("Harbor Boulevard Parkway Improvements Cost Detail"), and Appendix O ("Harbor Boulevard Parkway Improvements Letter of Support" from the Harbor Department) are attached hereto as Exhibit A.

2.2 ACTION ACTIVITIES PROPOSAL APPROVAL

In its August 13, 2020 letter ("HUD Letter") attached hereto as Exhibit B, HUD provided preliminary approval for the Proposal, and outlined certain steps that would need to be taken prior to HUD releasing funds in support of the Proposal. In relation to the Parkway Improvements, HUD’s release of Choice Neighborhood funds is contingent upon its receipt and acceptance of the following information:

a. Documentation of financial commitments for the complete cost of the project, including a commitment from the Harbor Department for the cost of rail removal and preparing the site for construction.

b. Final scope of work and an accompanying budget and schedule.

c. Maintenance plan for the completed project, including an agreement or commitment letter from the entity that will have primary responsibility for maintaining the improvements.

d. Verification that any applicable permits are in place and that construction or design documents are completed.

e. Completed Request for Release of Funds and Certification (Form HUD-7015.15) ("Release of Funds Form") and Authority to Use Grant Funds (Form HUD-7015.16) demonstrating completed HUD environmental review.

f. Strategy to ensure that Rancho San Pedro residents and other community members have meaningful opportunities to offer input and feedback.
2.3 STAGE ONE TERM TASKS

During the Stage One Term, the Parties will coordinate the development of information required by HUD for Project approval and release of funds for the Parkway Improvements, as outlined in Section 2.2, and in accordance with the HUD Letter and the Proposal. To the extent that authorization from the Board of Commissioners of either Party is necessary for either Party to make the various commitments and certifications required in Section 2.2, the Parties will work diligently and in good faith to obtain such authorization.

In developing the information required by HUD for final approval of the Parkway Improvements, the Harbor Department will be primarily responsible for Project tasks related to preparing the Harbor Boulevard Parkway for construction, including removal of the rail tracks and site preparation ("Demolition Tasks"). This responsibility will include compliance with all applicable California and federal laws and regulations. The Harbor Department will cooperate with HACLA to obtain environmental certification from the Responsible Entity (as defined in 24 CFR 58.2) for the Project, as required for completion of HUD's Release of Funds Form, after which HACLA will finalize the Release of Funds Form by executing as the Recipient Entity.

The Harbor Department will maintain ownership of the Harbor Boulevard Parkway before, during, and after completion of the Parkway Improvements, and as owner will be responsible for developing and implementing a maintenance plan for the completed Parkway Improvements. The Harbor Department will provide the HUD-required information regarding maintenance of the Project to HACLA, which will submit that information to HUD.

In developing the information required by HUD for the Parkway Improvements, HACLA will be primarily responsible for Project tasks related to development of the conceptual design and permit-ready plans and developing a public process for input into the final designs and Project components, obtaining all required permits for improvements, procurement of a public works contract for construction, post-demolition construction of the proposed improvements, as shown in Proposal Appendix L, and all anticipated costs of design and construction which are preliminarily described in the Appendix N Harbor Boulevard Parkway Improvements Cost Detail ("Construction Tasks").

HACLA will be responsible for submitting to HUD final drafts of the various documents required by HUD prior to its release of Choice Neighborhoods funds, and coordinating all NEPA approval through the City's Housing and Community Investment Department. Should HUD require further information after the initial submittal, the Parties will continue to coordinate together to develop and provide the required further information, after which HACLA will submit revised documents to HUD. Upon final approval of the Project by HUD, HACLA will request authorization for the release of HUD funds for the Project.

During the Stage One Term, the Parties will work together to develop a cost-sharing framework for environmental review expenses, including costs associated with NEPA and CEQA review processes ("Environmental Review Costs") for the Project. It is the Parties' preliminary understanding that the Harbor Department will be responsible for the portion of the Environmental
Review Costs pertaining to the Demolition Tasks, and that HACLA will be responsible for the portion of the Environmental Review Costs pertaining to the Construction Tasks.

2.4 STAGE TWO TERM TASKS

Upon notification of HUD’s final approval of the Parkway Improvements, the Stage Two Term shall commence. HACLA and the Harbor Department will negotiate an amended and restated MOU, subject to the review and authorization procedures of their respective Boards. The amended MOU will incorporate the Project terms as approved by HUD, including the final scope of work, budget, schedule, any Harbor Department access permits necessary for construction work by HACLA and its contractors, insurance and indemnification requirements and a plan for maintenance of the Parkway Improvements after the completion of construction.

ARTICLE III: COMMUNICATION AND COORDINATION

3.1 COORDINATION OF COMMUNICATIONS

HACLA and the Harbor Department will coordinate with regard to all formal external communications regarding the Project, including but not limited to press releases and public statements, provided however that any such communication shall be deemed approved should the other Party fail to disapprove the communication in writing within seven (7) calendar days. Both Parties shall be involved in developing a communication strategy to ensure that Rancho San Pedro residents and community members have meaningful opportunities to offer input and feedback throughout the course of the Project.

3.2 CONSTRUCTION-RELATED COMMUNICATIONS

Any construction-related communications obligations between the parties shall be negotiated during the Stage Two Term and be included in the amended and restated MOU.

3.3 ACCESS PERMIT

If HUD approves the final Project, and after the parties execute an amended and restated MOU, the Parties will execute appropriate access and entry permit(s) to allow HACLA and its contractors to enter the Harbor Boulevard Parkway area, subject to Harbor Department conditions.

3.4 ENVIRONMENTAL AND SITE PREPARATION OBLIGATIONS

Prior to entering into an amended and restated MOU, all environmental reviews required under state and federal laws, including but not limited to CEQA and NEPA, shall be complete. Additional requirements of the Parties for purposes of completing the Project (e.g. remediation standards, soil studies, etc.), shall be agreed upon in the amended and restated MOU.

Prior to HACLA beginning construction of the Parkway Improvements, the Harbor Department shall provide HACLA with any completed soil studies or relevant environmental documents for the area being improved to the extent such documents are available.
It is the preliminary understanding of the Parties that the area being improved shall be remediated by the Harbor Department to required standard for proposed future use criteria prior to commencement of construction, and that areas of the Harbor Boulevard Parkway that are disturbed by any demolition activity shall be restored to pre-demolition grade and material compacted with suitable fill material rough graded so as to allow for construction of the Parkway Improvements. This preliminary understanding may be subject to change if subsequent developments render performance of the Demolition Tasks prohibitively expensive or otherwise burdensome.

The Parties acknowledge and agree that prior to entering into the amended and restated MOU, the rail line located within the Property boundaries shall be declared abandoned by the Surface Transportation Board ("STB"), thereby authorizing removal of the rail located on the Project property. If the rail is not declared abandoned by the STB within the timeframe necessary to complete the Project within any HUD grant award requirements, this MOU shall be terminated without further obligation of either Party to the other.

ARTICLE IV: HACLA AND HARBOR DEPARTMENT STAGE ONE TERM OBLIGATIONS

4.1 COORDINATION

Each Party is responsible for promptly updating the other Party as to all relevant Project developments during the Stage One Term of the MOU. Additional coordination obligations during Stage Two Term shall be agreed upon as part of the amended and restated MOU.

4.2 CNI GRANT OBLIGATIONS

HACLA shall be solely responsible for compliance with all HUD grant obligations, including pre-construction, post-construction and close-out compliance requirements for the CNI Grant funds. The Harbor Department will cooperate with HACLA to facilitate compliance with these HUD grant obligations.

ARTICLE V: POST-CONSTRUCTION OBLIGATIONS

Following completion of the Project, the Harbor Department will maintain the Harbor Boulevard Parkway as a recreational space accessible to the Public, subject to Harbor Department Board of Harbor Commissioners discretion. Maintenance of the Harbor Boulevard Parkway will be the responsibility of the Harbor Department which will be in accordance with the final maintenance plan prepared by the Harbor Department and approved by HUD.

ARTICLE VI: RECORDS AND AUDITS

6.1 RECORDS AND AUDIT RIGHTS

The Parties shall maintain complete and accurate books of account and records for all funds utilized under this MOU, including records which will permit a speedy and effective audit and which will fully disclose the amount and the disposition of the administered funds. HACLA and
the Harbor Department shall maintain such records as required in conformance with applicable federal, State and local regulations.

Each Party shall have full and free access to all books, papers, documents and records that are pertinent to the performance of the other Party under this MOU, including the right to audit, and to make copies of documents from transactions and reports in compliance with laws, regulations and administrative requirements. The Parties shall comply with applicable audit laws, requirements and provisions.

The Parties shall maintain the records for a period of no less than five (5) years from the day the construction Statement of Completion certificate is issued. The obligations set forth in this Section 6.1 shall survive the expiration or termination of this MOU.

6.2 USE OF PROJECT FUNDS

HACLA shall only expend Project funds on the Parkway Improvements in compliance with applicable City, State and Federal laws, regulations and guidelines, including any HUD regulations and laws. HACLA shall hold harmless and indemnify the City for HACLA's acceptance and use of the HUD grant funding, and shall be solely responsible for compliance with all federal and HUD grant award laws, regulations, rules and requirements. In the event HACLA is ordered to return any grant funds to the federal government, HACLA shall be solely liable for repayment of such funds.

The Parties agree that the City shall not be receiving or using any federal funding, including HUD grant funding for its portion of the Project.

ARTICLE VII: GENERAL CONDITIONS

7.1 OWNERSHIP OF IMPROVEMENTS

The City of Los Angeles Harbor Department is the owner of the Harbor Boulevard Parkway, and such ownership shall continue during Project construction and after construction of the Parkway Improvements is complete. The Harbor Department will be responsible for developing and implementing a long-term maintenance plan for the Parkway Improvements.

7.2 STATUTES AND REGULATIONS

HACLA and the Harbor Department shall each comply with all applicable statutes, rules, regulations and orders of the United States, the State of California, the County of Los Angeles and the City of Los Angeles, including as the same may be amended or renumbered, or if repealed, to such other provisions as may thereafter govern the same subject as the provision to which specific reference was made.

7.3 RELATIONSHIP OF PARTIES
The relationship between HACLA and the Harbor Department under this MOU shall not be construed as a joint venture, equity venture, partnership, or any other relationship. Neither HACLA nor the Harbor Department shall undertake or assume any responsibility or duty of the other or any third party with respect to this MOU. Except as HACLA and the Harbor Department may specify in writing, neither shall have authority to act as an agent of the other or to bind the other to any obligation.

7.4 MUTUAL COOPERATION

The Parties agree that they will each cooperate with the other, and shall provide such information and documentation as is reasonably necessary to fulfill the intent of this MOU, and shall make diligent response to inquiries and requests for information from the other Party.

7.5 INDEMNIFICATION

Until the Parties approve an amended and restated MOU, and except for the sole negligence or willful misconduct of the City, or any of its Boards, Officers, Agents, Employees, Assigns and Successors in Interest, HACLA undertakes and agrees to defend, indemnify and hold harmless the City and any of its Boards, Officers, Agents, Employees, Assigns, and Successors in Interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney’s fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by the City, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever, for any actual or alleged failures to comply with HUD’s grant funding requirements arising in any manner incident to the performance of this MOU.

Any indemnification and insurance requirements as between the Parties for the design and construction of the Project shall be negotiated pursuant to the Stage Two Term requirements of this MOU and incorporated into the amended and restated MOU.

7.6 ASSIGNMENT AND ASSUMPTION

HACLA and the Harbor Department shall not assign any of its interests or obligations under this MOU to any other party, without the prior written consent of the other.

7.7 CONSENTS AND APPROVALS

Any consent or approval of HACLA or the Harbor Department required under this MOU shall be subject to the review and authorization procedures of each Party’s Board of Commissioners and approval by either Board may be withheld in accordance with their independent decision making authority, without liability or obligation to the other Party. Any approval required under this MOU shall be in writing and executed by an authorized representative of the Party granting the approval.

7.8 NOTICES, DEMANDS AND COMMUNICATIONS
Formal notices, demands and communications between HACLA and the Harbor Department shall be sufficiently dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of HACLA and the Harbor Department as follows:

**Harbor Department:**

Contracting Officer: Tony Gioiello  
Deputy Executive Director of Development  
425 S. Palos Verdes St.  
San Pedro, CA 90731  
tg Gioiello@portla.org

MOU Administration Contact: Michael Galvin  
Director of Waterfront & Commercial Real Estate  
425 S. Palos Verdes St.  
San Pedro, CA 90731  
m galvin@portla.org  
(310) 732-3860

Legal:  
Los Angeles Office of the City Attorney,  
Harbor Division  
Attn: Janna Sidley, General Counsel  
425 S. Palos Verdes St.  
San Pedro, CA 90731  
(310) 732-3750  
Email: jsidley@pola.org

**HACLA:**

Contracting Officer: Marlene Garza  
Chief Administrative Officer  
Housing Authority of the City of Los Angeles  
2600 Wilshire Boulevard, 3rd Floor  
Los Angeles, CA 90057  
Email: marlene.garza@hacla.org

MOU Administration Contact: Jessica Frazier  
Development Officer  
Housing Authority of the City of Los Angeles  
2600 Wilshire Boulevard, 3rd Floor  
Los Angeles, CA 90057  
Email: jessica.frazier@hacla.org  
213-219-1401

Legal:  
James Johnson  
General Counsel
7.9 DURATION AND TERMINATION OF THIS MOU

Unless otherwise amended, or earlier terminated by either party, this MOU shall remain in effect for 3 years from the Effective Date. A revised term, and possible options to renew, will be negotiated pursuant to the amended and restated MOU.

Either Party may terminate this MOU by providing thirty (30) days advance written notice setting forth the reason for the termination. In the event that either Party elects to terminate this MOU, the Parties shall conclude their current activities relating to this MOU.

If one Party believes the other Party has materially breached any term of this MOU, said Party shall provide written notice ("Notifying Party") to the breaching Party setting forth the details of the breach. The breaching Party shall either substantially correct such breach or provide details for why the Party is not in breach, within thirty (30) days of receiving the written notice. If the breach is not substantially corrected or explained to the satisfaction of the Notifying Party within thirty (30) days of notice, the Notifying Party may terminate this MOU following the requirements set forth in this Section 7.9.

7.10 STATE TIDELANDS GRANTS

This MOU is entered into in furtherance of and as a benefit to the State Tidelands Grant and the trust created thereby. Therefore, this MOU is at all times subject to the limitations, conditions, restrictions and reservations contained in and prescribed by the Act of the Legislature of the State of California entitled "An Act Granting to the City of Los Angeles the Tidelands and Submerged Lands of the State Within the Boundaries of Said City," approved June 3, 1929 (Stats. 1929, Ch. 651), as amended, and provisions of Article VI of the Charter of the City of Los Angeles relating to such lands. The Parties agree that any interpretation of this MOU and the terms contained herein must be consistent with such limitations, conditions, restrictions and reservations.

7.11 GOVERNING LAW / VENUE

This MOU shall be governed by and construed in accordance with the laws of the State of California, without reference to the conflicts of law, rules and principles of such State. The Parties agree that all actions or proceedings arising in connection with this MOU shall be tried and litigated exclusively in the State or Federal courts located in the County of Los Angeles, State of California, in the judicial district required by court rules.

7.12 INTEGRATION

This MOU contains the entire understanding and agreement between the Parties hereto with respect to the matters referred to herein. No other representations, covenants, undertakings, or
**PROJECT BUDGET**

**Harbor Boulevard Parkway Improvements - Barton Hill/San Pedro Action Activity**

**Project Budget Summary**

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUD CN Funds</td>
<td>$950,000</td>
</tr>
<tr>
<td>City of LA - CDBG</td>
<td>$700,000</td>
</tr>
<tr>
<td>County LA Measure A</td>
<td>$700,000</td>
</tr>
<tr>
<td>Port of LA</td>
<td>$1,430,000</td>
</tr>
<tr>
<td>HACLA</td>
<td>$500,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,280,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architect Design Fees</td>
<td>$344,193</td>
</tr>
<tr>
<td>Environmental Consultant</td>
<td>$12,500</td>
</tr>
<tr>
<td>Excavating/Demo</td>
<td>$1,430,000</td>
</tr>
<tr>
<td>Permitting</td>
<td>$100,000</td>
</tr>
<tr>
<td>Construction Costs (inc. contingency)</td>
<td>$2,393,307</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,280,000</strong></td>
</tr>
</tbody>
</table>