



Legislation Details (With Text)

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Title: CONSIDER FOLLOW-UP REPORT ON CLAIMS AND DEMANDS OF THE CARSON RECLAMATION JOINT POWERS AUTHORITY AND CONSIDER RESOLUTION NO. 21-04-CRJPA, A RESOLUTION OF THE CARSON RECLAMATION AUTHORITY RATIFYING CLAIMS AND DEMANDS IN THE AMOUNT OF \$51,559,562.10.

Sponsors:

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Attachments: 1. Exhibit No. 1: CRA_2021-627, 2. Exhibit No. 2: Resolution No. 21-04-CRJPA

Date	Ver.	Action By	Action	Result
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Report to Carson Reclamation Authority

Monday, August 02, 2021

Discussion

SUBJECT:

CONSIDER FOLLOW-UP REPORT ON CLAIMS AND DEMANDS OF THE CARSON RECLAMATION JOINT POWERS AUTHORITY AND CONSIDER RESOLUTION NO. 21-04-CRJPA, A RESOLUTION OF THE CARSON RECLAMATION AUTHORITY RATIFYING CLAIMS AND DEMANDS IN THE AMOUNT OF \$51,559,562.10.

I. SUMMARY

At the June 7, 2021 meeting, Claims and Demands for a period dating from April 2019 were presented for approval. The Board had a number of questions about the nature of the expenditures and the work provided by the vendors. This staff report provides that detail and staff has also provided a spreadsheet organized by vendor (Exhibit 1), and the resolution from June 7 is presented again for approval (Exhibit 2).

II. RECOMMENDATION

1. WAIVE FURTHER READING AND APPROVE RESOLUTION NO. 21-04-CRJPA, A RESOLUTION OF THE CARSON RECLAMATION AUTHORITY RATIFYING CLAIMS AND DEMANDS IN THE AMOUNT OF \$51,559,562.10.

III. ALTERNATIVES

Take another action the Board deems appropriate.

IV. BACKGROUND

At the June 7, 2021 meeting, Claims and Demands for a period dating from April 2019 were presented for approval. These are typically provided each month for the expenditures made in the previous month and are passed on the consent calendar. Because of the extensive nature of this resolution and the amount of expenditures during the period, the Board had a number of questions about the nature of the expenditures and the work provided by the vendors. This staff report provides that detail, and the resolution from June 7 is presented again for approval.

Most of the detail provided here was also provided on June 7 in the staff report for the adoption of the budget. Staff has reformatted these Claims and Demands, which were presented in order of check (or wire) number, so that they are shown by vendor with the amounts subtotaled. A paragraph explaining each is provided here as well, largely similar to that provided on June 7 in the budget staff report.

This Fiscal Year 2021/22 budget and the Fiscal Year 2020/21 budget generally break up expenditures by General Administration; Permits, Legal, and Insurance; Utilities; Construction Costs on Cell 2; Construction Costs on Lenardo Road; and O&M costs. This segmentation provides more explanation of the different tasks undertaken by the CRA, and also clarifies expenditures where one contractor (or type of contractor) may have expenditure line items in different parts of the budget, and then allows the reader to look at anticipated revenue, some of which is on a project basis, against the estimated expenditures.

Additional clarification follows:

1. Aleshire & Wynder fees. This is for general administration, construction-related (and reimbursed) expenditures, and litigation. Some of the cost of the CAM-Carson litigation could be covered by the City's insurer. Aleshire & Wynder also does all of the transactional work (such as the agreements with developers and drafting/review of all subcontractor contracts), and the CEQA work on the development projects. Much of this work is subject to the Reimbursement Agreements with developers such as Faring, though the reimbursement deposits represent "revenue" to the CRA and do not offset the expenditure, so the expenditures (both reimbursed and not) are all shown in the budget and in actual payments shown here. The one outlier in the Aleshire & Wynder payments was that they served as the escrow agent for a settlement payment to Snyder Langston for a portion of the work of installing the piles and slab that was expected to be reimbursed to the CRA by CAM-Carson, LLC. There was an unpaid amount of \$6.7 million for work that was performed in FY 2019-20 and paid through the attorney as part of the settlement.

2. Greenberg Traurig legal services. GT is the CRA's environmental and risk management insurance counsel and has worked on placing all of the insurance policies in conjunction with the broker; making claims to insurers on the Builder's Risk and D&O policies; incorporating developers such as Faring into the PLL insurance programs; working to extend the CPL policy; and recently drafting the environmental language on the mechanism for Faring to take over the construction and development of Cells 3, 4 and 5. Some of this is reimbursed through developer deposits, like Aleshire & Wynder.
3. Buxton. This was retail market research information the CRA used during the Cell 2 project and also during the solicitation of developers for the other cells.
4. California Department of Transportation. This was the application fee for digital billboards along the 405 Freeway.
5. California Water Company, SoCal Gas Company, Southern California Edison. These payments are for the utility services only (not construction) and paid by the CRA. Gas is used to supplement landfill gas in the flaring process to burn clean and hot enough to meet AQMD guidelines; while water is largely used to control dust and to keep the clay cap on the embankments moist.
6. County of Los Angeles. These are two separate sets of bills. The CRA has a lease with the Flood Control District for access to the Torrance Lateral, which forms the perimeter of a portion of the site. In addition, the CRA pays for Industrial Waste Discharge Inspections and the Waste Discharge Permit for the Groundwater Extraction System. The second set of bills are more related to the construction of the site improvements, utilities, infrastructure and the remedial systems, including the plan check fees for sewer and storm drain lines, the construction of Lenardo (striping, street lights, etc.), the grading plan and hydrology study, and review of the Building Protection System, among other improvements.
7. Department of Toxic Substances Control. This is for DTSC project oversight including monitoring the O&M activities, reviewing and approving remedial system design, and oversight during grading and construction activities.
8. California Regional Water Quality Control Board. The CRA pays an annual Construction

General Permit fee to the Water Board for the review and approval of its Storm Water Pollution Prevention Plan (SWPPP).

9. JLT Specialty Services/Marsh USA. JLT was the CRA's broker and Marsh USA merged with JLT. Marsh is now the CRA's insurance broker of record. There are two policies that are annually renewed: the Public Officials Liability (D&O) policy and builders' risk insurance.
10. SEG Advisors and Richmond Consulting. SEG was the CRA's original project manager when we first acquired the site, and transitioned to real estate advisory services during the negotiations with other Remainder Cell developers. The CRA let the contract expire in 2019. Richmond assisted the CRA obtain Caltrans approval of a digital advertising sign on the 405 Freeway. The CRA let the contract expire in 2020.
11. RE|Solutions, LLC ("RES"). The nature of the RES contract is that as the Horizontal Development Manager much of the work on the site is paid through the RES contract, such as the O&M work (now under contract with WSP-Golder USA, Inc.), many of the design professionals, and the previous construction of horizontal improvements and the remedial systems. Compensation to RES for their work has been embedded in the overall contract that includes the payment for O&M and future construction. The larger RES bills, through the end of 2019 and early 2020, included the piles and slab through Snyder Langston, the Environmental General Contractor (TRC), and certain engineers, designers and consultants. The total construction work paid through this period was approximately \$35 million, and CAM reimbursed approximately \$27 million.

Since early 2020, there has not been construction activity on the site, but there are still O&M obligations under RES. These include:

- a. O&M Costs. The O&M includes operation of the Landfill Operation Center (the groundwater system and the gas collection system) and other daily testing and monitoring; TRC was the O&M subcontractor until June, 2021; it is now WSP-Golder.
- b. RES Monthly Site Management Costs. These are pass-through costs for the site, including trailer rental, fencing, and basic maintenance. These are pass-through costs and not compensation to RES.

- c. Mayfield is the contractor that provides for weed abatement, and also assists during the rainy season with SWPPP compliance, installing the devices to manage storm water.

- d. MBI is the CRA's Qualified SWPPP Practitioner, meaning they produce the annual storm water management plan and maintain the records with the Water Board. This line item is rolled into the O&M or Site Management line items.

V. FISCAL IMPACT

These invoices totaled \$51,559,562.10 over approximately a two-year period. A portion of these costs has been reimbursed by developer partners on the Site.

VI. EXHIBITS

- 1. 060721 Check Listing (pgs. 6-10)

- 2. RESOLUTION NO. 21-04-CRJPA, A RESOLUTION OF THE CARSON RECLAMATION AUTHORITY RATIFYING CLAIMS AND DEMANDS IN THE AMOUNT OF \$51,559,562.10. (pgs. 11-12)

1.

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