

0150-10981-0000

TRANSMITTAL

TO
Eugene D. Seroka, Executive Director
Harbor Department

DATE
AUG 04 2017

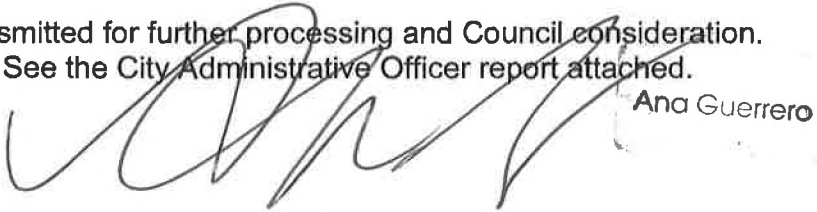
COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT
15

**PROPOSED FIRST AMENDMENT TO PERMIT NO. 899
WITH PACIFIC BATTLESHIP CENTER**

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



Ana Guerrero

MAYOR

RHL:ABN:10170154t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 3, 2017

CAO File No. 0150-10981-0000

Council File No. .

Council District: 15

To: The Mayor

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

Reference: Correspondence from the Harbor Department date June 27, 2017; referred by the Mayor for report dated June 28, 2017

Subject: **PROPOSED FIRST AMENDMENT TO PERMIT NO. 899 WITH PACIFIC BATTLESHIP CENTER**

RECOMMENDATION

1. Approve Harbor Department (Port) Resolution No. 17-8128 authorizing a proposed First Amendment to Permit No. 899 with Pacific Battleship Center, Inc., to continue granting Port property and two berthing sites for USS Iowa, a historic battleship; and,
2. Return the 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. 899 authorizing a proposed First Amendment (Amendment) to Permit No. 899 with Pacific Battleship Center, Inc. (PBC) to continue to grant use of two berthing sites (Berths 88-89) for the historic battleship, USS Iowa, in the Port of Los Angeles (POLA), along the San Pedro waterfront. The proposed Amendment is requesting the following changes to the Permit with PBC:

- Allow PBC to host certain special events without prior approval from the Port Executive Director as long as the events are for visitors and the promotion of the Los Angeles (LA) Waterfront;
- Allow PBC to host overnight and separate events for adult and youth educational programs in conjunction with Camp Battleship youth and family programs on the USS Iowa;
- Revise the insurance to include liability coverage for events that allow liquor and pyrotechnics;
- Eliminate the requirement to deposit 0.75 percent of gross receipts into an escrow account for operation and maintenance costs. Instead, PBC will dissolve the escrow account and commit to spend a minimum of 30 percent of its gross receipts, but no less than \$750,000, for annual maintenance and repairs; and,
- Incorporate an overnight security policy that includes a 24-hour security watch team and criteria for parking pass use.

PERMIT BACKGROUND

In 2012, the Port approved the original Permit with PBC for a term of ten years, with two five-year renewal options, subject to Board approval. The Permit grants PBC use of approximately 4.43 acres of Port property for the berthing of the USS Iowa vessel and landside operations. The vessel is used as follows: a military museum and educational center; a visitor/tourist attraction; and for special events and activities, youth programs, filming venues, and, LA Waterfront and downtown San Pedro business district attractions. According to the Port, PBC has paid revenue based upon the higher of the fixed minimum compensation or the percentage compensation based on monthly gross receipts collected. In 2010, PBC applied to the U. S. Department of Navy to obtain the inactive USS Iowa as a public military museum. At the same time, PBC requested the Port to permanently berth the vessel in the POLA.

The Port agreed to lease the POLA property with PBC under the following conditions: 1) avoid interference by USS Iowa/PBC with cruise operations; 2) complete an Environmental Impact Report; 3) comply with all regulatory and ordinance requirements, including public health and safety; and, 4) meet all financial obligations associated with USS Iowa, including towing and transport, long-term berthing, tenant improvements, and promotion of the POLA. In addition, PBC would establish an escrow account to set-aside agreed upon funding and regular monthly compensation for operations and maintenance. The Port and PBC will review compensation and funding every five years. In turn, the Port was responsible for making selected improvements to the wharf located at Berths 88-89 for PBC operations. If annual paid attendance for the USS Iowa falls below a certain attendance level, the Port has the right, at its sole discretion, to relocate the USS Iowa to another suitable location in the POLA to allow for optimal use and revenue generation of the waterfront property.

The proposed Amendment is in compliance with City requirements and has been approved by the City Attorney as to form. Pursuant to Charter Section 606, Council approval is required because the cumulative contract term exceeds five years. The Port Director of Environmental Management determined that the proposed action is exempt from the California Environmental Quality Act (CEQA) and the appropriate LA City CEQA Guidelines.

FISCAL IMPACT STATEMENT

The proposed First Amendment will continue Permit No. 899 between the Port and Pacific Battleship Center (PBC). The Amendment will commit PBC to spend a minimum of 30 percent of its gross receipts or \$750,000 for annual maintenance and repairs instead of depositing 0.75 percent of all monthly gross receipts into a Special Fund Account for Operations and Maintenance until the fund reaches \$1.8 million to limit the Port's financial exposure in the event PBC defaults and the Port has to assume control of the USS Iowa.

CITY OF LOS ANGELES

INTER-DEPARTMENTAL CORRESPONDENCE

DATE: June 27, 2017

TO: The Honorable Eric Garcetti, Mayor
City of Los Angeles

FROM: Amber M. Klesges, Commission Secretary
Harbor Department / Mail Stop 260 *AMK*

SUBJECT: **CHARTER SECTION 606 – PROPOSED FIRST AMENDMENT TO PERMIT NO. 899 WITH PACIFIC BATTLESHIP CENTER**

In accordance with Executive Directive No. 4, attached for your review is Resolution No. 17-8128 authorizing approval of Permit No. 899 with Pacific Battleship Center, which was approved by the Board of Harbor Commissioners on June 15, 2017.

It is respectfully recommended for the City Administrative Office to review, report, and return to the Harbor Department for further processing to City Council for final consideration.

Please feel free to contact me for any inquiries regarding the transmitted documents at (310) 732-2642 or aklesges@portla.org

cc: Mandy Morales, Mayor's Office (3 encs.)
David Reich, Mayor's Office
Erick Martell, Harbor Representative
City Attorney