

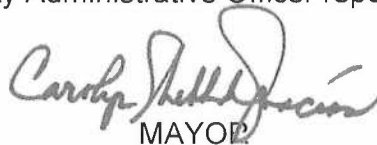
0150-10981-0004

TRANSMITTAL

TO Eugene D. Seroka, Executive Director Harbor Department	DATE 10/08/2024	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 15	

RESOLUTION NO. 24-10428 AND PROPOSED FIFTH AMENDMENT TO PERMIT NO. 899 WITH PACIFIC BATTLESHIP CENTER TO EXPAND THE PREMISES AND MODIFY PERMITTED USES TO ALLOW FOR THE CONSTRUCTION AND OPERATION OF THE PROPOSED FREEDOM OF THE SEAS PARK AND PAVILION ADJACENT TO THE USS IOWA ON THE SAN PEDRO WATERFRONT IN THE PORT OF LOS ANGELES

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



MAYOR

(Carolyn Webb de Macias)

Attachment

MWS/PJH/JVW:JAS:10250078t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 2, 2024

CAO File No. 0150-10981-0004

Council File No.

Council District: 15

To: The Mayor

From:  Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Harbor Department dated September 17, 2024; Resolution No. 24-10428 from the Board of Harbor Commissioners adopted at its September 17, 2024 meeting; referred by the Mayor for a report on September 17, 2024

Subject: **RESOLUTION NO. 24-10428 AND PROPOSED FIFTH AMENDMENT TO PERMIT NO. 899 WITH PACIFIC BATTLESHIP CENTER TO EXPAND THE PREMISES AND MODIFY PERMITTED USES TO ALLOW FOR THE CONSTRUCTION AND OPERATION OF THE PROPOSED FREEDOM OF THE SEAS PARK AND PAVILION ADJACENT TO THE USS IOWA ON THE SAN PEDRO WATERFRONT IN THE PORT OF LOS ANGELES**

RECOMMENDATIONS

1. Approve Los Angeles Harbor Department (Harbor Department) Resolution No. 24-10428 authorizing the proposed Fifth Amendment to Permit No. 899 between the Harbor Department and Pacific Battleship Center, to expand the premises by approximately 17,630 square feet and modify permitted uses to allow for the construction and operation of the Freedom of the Seas Park and Pavilion, adjacent to the USS Iowa on the San Pedro Waterfront in the Port of Los Angeles;
2. Adopt the September 17, 2024 Board of Harbor Commissioners finding that the proposed action is an activity for which the underlying project has been previously evaluated and is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(i) and Article III Class 4(8) of the Los Angeles City CEQA Guidelines; and
3. Authorize the Harbor Department Executive Director, or designee, to execute the proposed Amendment, already approved as to form by the City Attorney, and return the Resolution to the Harbor Department for further processing, including Council consideration.

SUMMARY

The Los Angeles Board of Harbor Commissioners (Board) requests approval of its September 17, 2024 Resolution No. 24-10428 (Attachment 1) which authorizes the approval of the proposed Fifth Amendment to Permit No. 899 (Amendment) between the Los Angeles Harbor Department

(Harbor Department) and Pacific Battleship Center (Pacific Battleship), a 501(c)3 non-profit organization, to expand the premises by approximately 17,630 square feet and modify permitted uses to allow for the construction and operation of the proposed Freedom of the Seas Park and Pavilion, adjacent to the USS Iowa on the San Pedro Waterfront. All other terms and conditions of the Permit remain unchanged.

The Freedom of the Seas Park and Pavilion is designed to fulfill the community demand for a veteran-oriented park and community space and will allow public access to the waterfront and the USS Iowa through a park setting located at Berths 88–89. The USS Iowa will continue to operate as a museum and educational center and be accessed through the proposed new two-thirds-acre park and community space.

The Office of the City Attorney has reviewed and approved the proposed Amendment as to form and legality. Pursuant to Charter Section 606, Council approval is required due to the permit term exceeding five years. Our Office has reviewed the request and recommends approval.

BACKGROUND

On May 25, 2012, Council approved the May 17, 2012 Board action (Resolution No. 12-7300) authorizing Permit No. 899 (Permit) with Pacific Battleship, a 501(c)3 non-profit organization, to allow for the berthing, operation, and long-term maintenance of the historic battleship USS Iowa at Berths 88–89 along the San Pedro Waterfront. The term of the Permit was for 10 years, from May 25, 2012 through May 25, 2022, with two five-year options to renew (C.F. 12-0743). In early 2021, Pacific Battleship announced their plan to build a public park on the land adjacent to the USS Iowa and started gathering public support and applying for grant funding. Pacific Battleship exercised the first of the two Permit renewal options, which was approved by the Board through Resolution No. 22-10033 on July 28, 2022, extending the Permit expiration to May 24, 2027. The vessel serves as a military museum, military education center, visitor attraction, and special event venue.

Premises - The premises comprises approximately 4.43 acres of Harbor Department waterfront property located at Berths 88-89 which includes the USS Iowa. The proposed Freedom of the Seas Park and Pavilion project is a two-thirds-acre park, which will be constructed on the land adjacent to the USS Iowa, and will include a 35,000 square foot public access veterans-oriented park and a 5,000 square foot multi-purpose community and education center. As proposed, the Park and Pavilion will allow the public to access the waterfront and the USS Iowa through a park setting. Figure 1 in the report is a layout of the project site which includes: Parcel 1 - USS Iowa, Parcels 2 and 3 are part of the original footprint of the Project. Parcel 4 is the adjacent expansion area.

The prior amendments and proposed Fifth Amendment are discussed below:

First Amendment – The First Amendment, approved by the Board through Resolution No. 17-8128 on June 15, 2017, modified permitted uses to allow special events that are not maritime, military, or education in nature without the Executive Director’s approval so long as such events are visitor-serving and promote the LA Waterfront. An exception was provided for those events with more than 500 attendees, and/or requiring Harbor Department resources.

Second Amendment – The Second Amendment, approved by the Board through Resolution No.

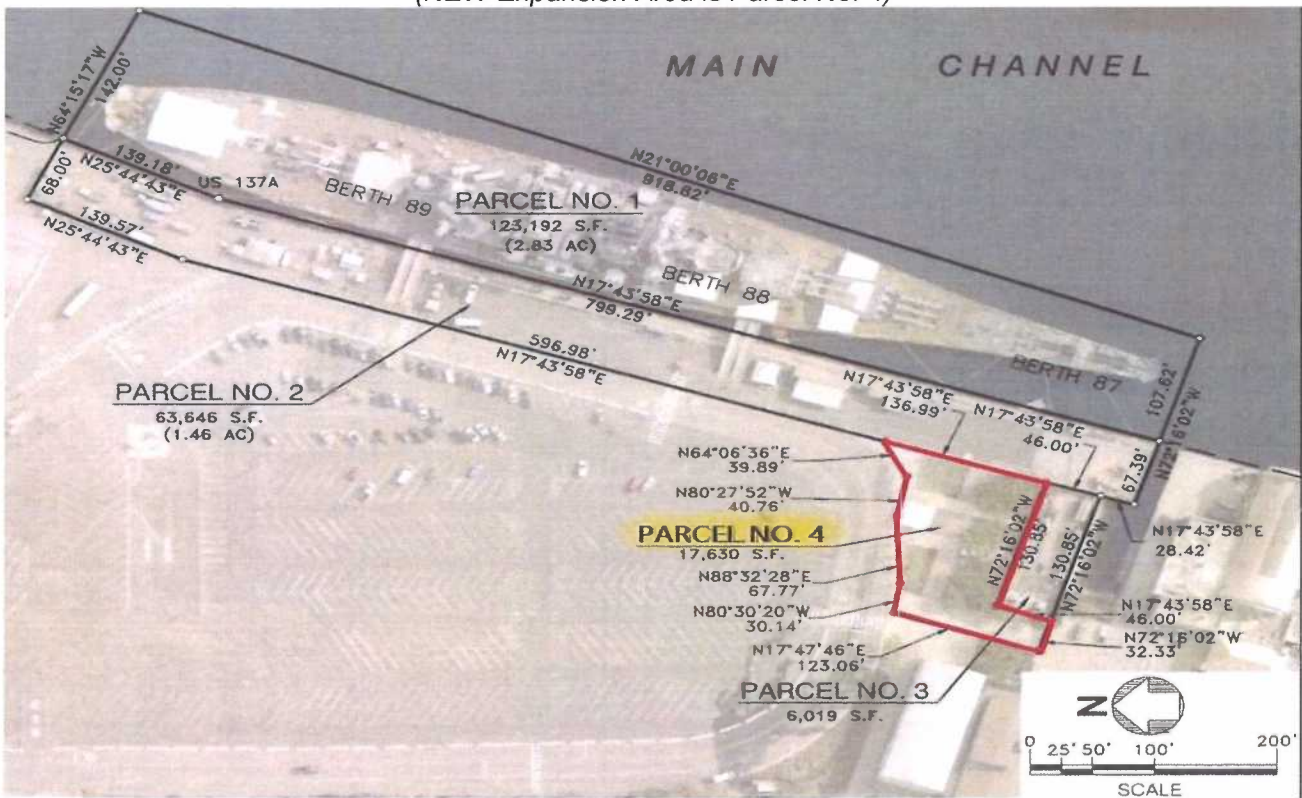
21-9747 on January 14, 2021, included revisions to the permit's compensation requirements—including compensation deferral terms, a compensation deferral period, and repayment period—due to the temporary closure and long-term minimized operations of the USS Iowa resulting from the COVID-19 pandemic.

Third Amendment –The Third Amendment, approved by the Board through Resolution No. 22-10075 on October 20, 2022, increased the number of no-cost parking passes from 40 to 100 for USS Iowa staff and volunteers.

Fourth Amendment – The Fourth Amendment, approved by the Board via Resolution No. 24-10325 on March 15, 2024, added 30 years to the permit, from May 25, 2027 to May 24, 2057, for a total term of 45 years, and removes the remaining option to extend that was in the original permit. Pacific Battleship was awarded a grant from the California Department of Natural Resources toward the construction of the Freedom of the Seas Park and Pavilion, and to receive the \$6.7 million in funding, it was a requirement that Pacific Battleship operate the USS Iowa under a permit with a minimum 25-year term after project completion.

Proposed Fifth Amendment - The proposed Amendment, approved by the Board on September 17, 2024, expands the Premises by approximately 17,630 square feet and modifies permitted uses to allow for the construction and operation of the proposed Freedom of the Seas Park and Pavilion. See Parcel No. 4 in Figure 1 below:

Figure 1: USS Iowa, Freedom of the Seas Park and Pavilion Project and Expansion Area
(NEW Expansion Area is Parcel No. 4)



Note: Picture is not to scale. Refer to Transmittal 1 in Attachment 1 for actual Figure.

Compensation – The Permit between the Harbor Department and Pacific Battleship currently requires payment to the Port of four percent of gross receipts or a fixed minimum rent of \$10,110 monthly, whichever is greater, subject to annual adjustments in accordance with the Consumer Price Index (CPI). Based on this amount, and not including annual CPI adjustments, the total annual revenue to the Harbor is \$121,320 or \$3.6 million over the 30 year term of the agreement.

The proposed Freedom of the Seas Park and Pavilion will include a multi-purpose visitor, community, and education center. The Park and Pavilion have the potential to align with the Harbor Department's vision for the redevelopment of the Harbor Boulevard corridor into a more public-facing and pedestrian-friendly area, developed with community-based planning, that offers employment or volunteer opportunities (veteran engagement) and funding partners, addressing a critical lack of park space and serving an area of low income.

CITY COMPLIANCE

California Environmental Quality Act (CEQA) – On September 17, 2024, the Board determined that the proposed action is an activity of approving an Amendment to the Permit for which the underlying project has been previously assessed in the USS Iowa Project Environmental Impact Report (SCH#2011081097), which was certified by the Board through Resolution No. 12-7312 on May 17, 2012. Therefore, the Director of Environmental Management has determined that the proposed action has been previously evaluated and categorically exempt from the requirements of CEQA in accordance with Article II Section 2(i) and Article III Class 4(8) of the Los Angeles City CEQA Guidelines.

The Office of the City Attorney has reviewed and approved the proposed Amendment as to form and legality. Pursuant to Charter Section 606, Council approval is required due to the Agreement term exceeding five years. Our Office has reviewed the request and recommends approval.

FISCAL IMPACT STATEMENT

Approval of the proposed Fifth Amendment to Permit No. 899 between the Harbor Department and Pacific Battleship Center will extend the premises and modify permitted use to allow for construction of the Freedom of the Seas Park and Pavilion, which will be a veterans-oriented park and community space on the San Pedro Waterfront adjacent to the USS Iowa. Compensation under provisions of the permit remain unchanged at the greater of four percent of gross receipts or rent of \$10,110 per month, totaling \$3,639,600 in potential rent revenue over 30 years, not including annual increases based on the Consumer Price Index. Pacific Battleship Center received a grant award in the amount of \$6.7 million through the State of California Department of Natural Resources toward the construction of the Freedom of the Seas Park and Pavilion and will be responsible for any excess costs related to the project. The recommendations in this report and proposed actions comply with the Harbor Department's Financial Policies. There is no impact on the City's General Fund.

Attachment 1 - Harbor Department Correspondence dated September 17, 2024; Proposed Resolution No. 24-10428 and Harbor report dated September 3, 2024