

0150-10981-0003

TRANSMITTAL

TO Eugene D. Seroka, Executive Director Harbor Department	DATE 4/24/2024	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 15	

**RESOLUTION NO. 24-10325 AND PROPOSED FOURTH AMENDMENT TO PERMIT NO. 899
WITH PACIFIC BATTLESHIP CENTER TO EXTEND THE TERM BY 30 YEARS FOR THE
ACCEPTANCE OF A GRANT FROM THE STATE OF CALIFORNIA AND THE CONTINUED
OPERATION OF THE USS IOWA AS A MUSEUM AND EDUCATIONAL FACILITY**

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.



MAYOR

(Carolyn Webb de Macias for)

Attachment
MWS/PJH/JVW:JAS:10240177

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 15, 2024

CAO File No. 0150-10981-0003

Council File No.

Council District: 15

To: The Mayor

From: 
Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Los Angeles Board of Harbor Commissioners dated February 28, 2024, and March 15, 2024 Board Resolution; referred by the Mayor for report on March 19, 2024

Subject: **RESOLUTION NO. 24-10325 AND PROPOSED FOURTH AMENDMENT TO PERMIT NO. 899 WITH PACIFIC BATTLESHIP CENTER TO EXTEND THE TERM BY 30 YEARS FOR THE ACCEPTANCE OF A GRANT FROM THE STATE OF CALIFORNIA AND THE CONTINUED OPERATION OF THE USS IOWA AS A MUSEUM AND EDUCATIONAL FACILITY**

RECOMMENDATIONS

1. Approve Los Angeles Harbor Department (Harbor Department) Resolution No. 24-10325 authorizing a proposed Fourth Amendment to Permit No. 899 (Permit) between the Harbor Department and Pacific Battleship Center, to extend the term by 30 years from May 25, 2027 through May 24, 2057, for a total term of 45 years, for the acceptance of a grant from the State of California and continued operation of the USS Iowa as a museum and educational facility;
2. Adopt the March 15, 2024 Board of Harbor Commissioners finding that the proposed action is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Class 1(14) of the Los Angeles City CEQA Guidelines; and
3. Authorize the Port 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

On March 15, 2024, the Board of Harbor Commissioners (Board) adopted Resolution No. 24-10325 authorizing approval of a proposed Fourth Amendment to Permit No. 899 between the Los Angeles Harbor Department (Harbor Department) and Pacific Battleship Center (Pacific Battleship), a 501(c)3 non-profit organization, to extend the term for operation of the USS Iowa by 30 years, from May 25, 2027 through May 24, 2057, for a total term of 45 years. The

Department indicates that all other material terms of the Permit, including compensation, remain unchanged.

The proposed term extension will enable Pacific Battleship to receive \$6.7 million in grant funds toward construction costs through the California Department of Natural Resources for the construction of the Freedom of the Seas Park and Pavilion, which requires that the Pacific Battleship operate the USS Iowa under a permit with a minimum 25-year term after project completion. 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 proposed amendment has been approved as to form by the City Attorney. Pursuant to Charter Section 606, Council approval is required because the cumulative permit term exceeds 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 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). Pacific Battleship exercised the first of the two options, which was approved by the Board on July 28, 2022, thus the current agreement expires May 24, 2027. The vessel serves as a military museum, military education center, visitor attraction, and special event venue. The prior amendments and proposed Fourth Amendment are discussed below.

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

Proposed Fourth Amendment – The proposed amendment, approved by the Board on March 15, 2024, adds 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.

Requirement for Permit Term Extension – Pacific Battleship received a grant award from the State of California Natural Resources Agency (Attachment 2) for \$6.7 million toward the construction of the Freedom of the Seas Park and Pavilion. The Freedom of the Seas Park and Pavilion is designed to fulfill the community demand for a veterans-oriented park and community space on the San Pedro Waterfront. The project performance period is March 1, 2024 through January 1, 2026, The total cost for the project is \$7.4 million, including the \$6.7 million grant funds from the State and an anticipated \$917,000 of in-kind technical, construction and administrative support for the project from Pacific Battleship.

The proposed two-thirds-acre project, which will be constructed adjacent to the USS Iowa, includes 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 be located at Berths 88–89 and will allow the public to access the waterfront and the USS Iowa through a park setting. Figure 1 below shows the approximate location of the project to the location of the USS Iowa.

Figure 1: Proposed location of the Freedom of the Seas Park and Pavilion adjacent to the USS Iowa



Current Permit Agreement 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 \$9,815 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 \$117,780 or \$3.5 million over

the 30 year term of the agreement.

The Department indicates that 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.

A condition of the grant agreement requires Pacific Battleship, as the grantee, to provide evidence of adequate land tenure and that the project will be operated and maintained for a minimum of 25 years after the project is completed. Approval of the agreement allows the Pacific Battleship to show such tenure.

CITY COMPLIANCE

California Environmental Quality Act (CEQA) – The proposed Fourth Amendment to Permit No. 899 with Pacific battleship Center is an activity involving the issuance, renewal, or amendment of a lease, license, or permit to use an existing structure or facility involving negligible or no expansion of use. The Harbor Department's Director of Environmental Management has therefore determined that the proposed action is categorically exempt from the requirements of CEQA in accordance with Article III Class 1(14) of the Los Angeles City CEQA Guidelines.

The City Attorney has reviewed and approved the proposed amendment as to form. Pursuant to Charter Section 606, Council approval is required because the agreement term exceeds five years. Our Office recommends approval.

FISCAL IMPACT STATEMENT

Approval of the proposed Fourth Amendment to Permit No. 899 between the Harbor Department and Pacific Battleship Center for operation of the USS Iowa will extend the term by 30 years, from May 25, 2027 to May 24, 2057, for a total term of 45 years. Compensation under provisions of the permit remain unchanged at the greater of four percent of gross receipts or rent of \$9,815 per month, totalling \$3,533,400 in potential rent revenue over 30 years, not including annual increases based on the Consumer Price Index. Additionally, Pacific Battleship Center will provide \$917,000 in in-kind technical, administrative and construction services along with the \$6.7 million grant funds for the estimated \$7.4 million Freedom of the Seas Park and Pavilion, a veterans-oriented park and community space on the San Pedro Waterfront adjacent to the USS Iowa. 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 – February 28, 2024 Harbor Department Board Report, Resolution No. 24-10325, and proposed Fourth Amendment to Permit No. 899 between the Harbor Department and the Pacific Battleship Center
Attachment 2 - Grant Agreement between Pacific Battleship Center and the State of California Natural Resources Agency