

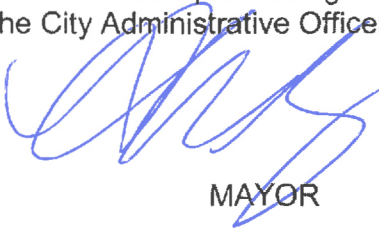
0150-10358-0001

**TRANSMITTAL**

TO Eugene D. Seroka, Executive Director Harbor Department	DATE <b>JUN 15 2017</b>	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT <b>15</b>	

**PROPOSED SECOND AMENDMENT TO AGREEMENT NO. 17-3112 WITH  
PORTS AMERICA CRUISE, INCORPORATED**

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

  
Ana Guerrero  
MAYOR

RHL:ABN:10170139t

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: June 14, 2017

CAO File No. 0150-10358-0001

Council File No.

Council District: 15

To: The Mayor

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



Reference: Correspondence from the Harbor Department dated May 31, 2017; referred by the Mayor for report dated June 5, 2017

Subject: **PROPOSED SECOND AMENDMENT TO AGREEMENT NO. 17-3112 WITH PORTS AMERICA CRUISE, INCORPORATED**

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### RECOMMENDATION

That the Mayor:

1. Approve Harbor Department (Port) Resolution No. 17-8109 authorizing a proposed Second Amendment to Operating Agreement No. 13-3112 with Ports America Cruise Inc., for services and reimbursement expenses for previous and future approved events hosted by the Port; 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. 17-8109 authorizing a proposed Second Amendment (Amendment) to Agreement No. 13-3112 (Agreement) with Ports America Cruise Inc. (Ports America) for the following:

1. A one-time reimbursement of \$28,759 to Ports America for previously providing services in connection with the Port-hosted inaugural Los Angeles Fleet Week event in 2016;
2. Reimbursable expenses up to a maximum of \$50,000 to Ports America for any approved future events hosted by the Port during the remaining term of the Agreement.

### BACKGROUND

In April 2013, the Port approved the original Agreement with Ports America, through a competitive bid process, for a term of five years, with two five-year renewal options, subject to Board approval. Ports America was approved to operate, manage and maintain the Port of Los Angeles (POLA) Cruise Terminal at Berths 90-93 and to load and unload additional cruise line passengers at the Outer Harbor Overflow Facilities at Berth 46. The Overflow Facilities provide services to larger passenger cruise ships. Ports America was selected due to their qualifications and experience in the operation of cruise terminals, financial and management systems, and work at ports in other cities across the country. The initial five-year contract term will end in April 2018.

The Cruise Terminal is a regulated maritime facility, subject to the Code of Federal Regulations enforced by the United States Coast Guard (U.S. Coast Guard). Each of the scheduled ship calls (or each ship arrival) by Ports America requires the following: a budget justifying expenses; anticipated rentals of equipment, facilities and materials, such as passenger gangways; and, security and safety measures required by the U.S. Coast Guard.

### **AMENDMENT TO PORTS AMERICA**

The Port states that compensation under the Agreement includes a monthly fee of \$131,000; up to \$150,000 for three-ship calling at any one day at the Overflow Facilities; and, a one-time reimbursement cost for cruise passenger upgrades and equipment purchases. The First Amendment continued cruise operations at the Overflow Facilities and increased the maximum compensation up to \$150,000 per ship call in allowable expenses in order to service larger vessels at the Berths. In addition, the Port paid a one-time reimbursement of \$198,816 to Ports America for its purchase of two gangway (passageway) systems for the Overflow Facilities. Fees and reimbursement of expenses are limited to facility management and cruise-vessel related expenses.

As a result of the Port hosting the 2016 Fleet Week event and securing the arrival of active U.S. Navy ships, the Port was required to provide and coordinate logistics and security measures among the ship agents, terminal operators, local law enforcement agencies, U.S. Coast Guard, and the Navy's protection force. The Port authorized Ports America to provide the necessary services for the event, with the understanding that the Ports would reimburse Port America for its costs. These services included costs for equipment, staffing, safety and security, and procedures to make the site acceptable for the Fleet Week event at the POLA. The Port states that there were not sufficient funds appropriated in the Agreement to reimburse Ports America for the additional security and services for the event.

The Port is requesting approval of a one-time appropriation to cover retroactively the costs for the additional services and expenses by Ports America for 2016 Fleet Week and a proposed appropriation not to exceed \$50,000 to reimburse Ports America for approved future events hosted by the Port. The Amendment will allow the Port to facilitate the goal of the City of Los Angeles (LA) to encourage more visitors to various LA Waterfront venues in San Pedro and Wilmington. The Port states that it is also necessary for its staff to work with Ports America to ensure that all relevant security and program functions are addressed properly at the POLA terminals.

The Amendment is in compliance with City requirements and has been approved as to form by the City Attorney. Pursuant to Charter Section 606, Council approval is required because the cumulative contract term exceeds five years. Except as contained in the Amendment request, all other terms and conditions of the Agreement remain unchanged.

### **FISCAL IMPACT STATEMENT**

The proposed Second Amendment to the Agreement between the Port and Ports America Cruise will authorize a one-time cost reimbursement of \$28,759 for services provided for the 2016 POLA Fleet Week event. Future funding, not to exceed \$50,000, may be reimbursed to Ports America for all approved future events hosted by the Port during the remaining term of the contract.

