

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 30, 2022

CAO File No. 0150-12091-0000

Council File No. 01-2180, 18-0355

Council District: 15

To: The Mayor

From: Matthew W. Szabo,  City Administrative Officer

Reference: Correspondence from the Harbor Department dated May 12, 2022

Subject: **PROPOSED SUCCESSOR PERMIT NO. 955 WITH BOYS AND GIRLS CLUB OF THE LOS ANGELES HARBOR**

RECOMMENDATIONS

Approve Harbor Department (Port) Resolution No. 22-9999 authorizing proposed Permit No. 955 with Boys and Girls Club of the Los Angeles Harbor for the occupancy and use of 19,972 square feet of land in the Liberty Hill Plaza at the Port of Los Angeles (POLA) for the development and implementation of educational and recreational programs for youth, with an emphasis on POLA and the maritime industry, for a term of 20 years at no rent, with annual Port sponsorship of \$214,429.92 for the first year and \$114,429.92 each year thereafter; and, return the Resolution documents to the Port for further processing, including Council consideration.

SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) requests approval of Resolution No. 22-9999 authorizing proposed Successor Permit No. 955 (Permit) with Boys and Girls Club of the Los Angeles Harbor (BGC) for the use of 19,972 square feet of land in the Liberty Hill Plaza at the Port of Los Angeles (POLA) for the development and implementation of educational and recreational programs for youth, with a special emphasis on POLA and the maritime industry. The proposed Permit is for a term of 20 years at no rent, with annual Port sponsorship contribution of \$214,429.92 for the first year and \$114,429.92 each year thereafter, subject to five-year adjustments. In consideration of the rental waiver, BGC shall sponsor and maintain the Port Ocean and Land Awareness youth program at no cost to the City and provide custodial responsibilities for the facility. The Port waives its Leasing Policy rental fee requirement in exchange for BGC's provision of services and community benefits.

BACKGROUND

BGC is a registered 501(c)(3) charity that provides academic, arts and athletics enrichment programming and services for youth in the Los Angeles Harbor area, operating out of eight locations and 12 additional public school campuses. BGC currently leases the facility at the Liberty Hill Plaza (LHP) site at 100 West 5th Street, San Pedro, through Permit No. 837 (P837) at no rent under a month-to-month holdover provision since the 20-year permit expired in October 2021. Under P837, the Port also provides an annual \$100,000 sponsorship. The proposed Permit renews BGC's lease for an additional 20 years at no rent, updates provisions to meet current Port Financial and Leasing policies, and transfers facility custodial responsibilities to BGC. Under the proposed Permit, the Port will provide an annual sponsorship of \$114,429.92, subject to review every five years in accordance with Charter Section 607.

The proposed Permit authorizes BGC to continue developing and implementing educational and recreational programs for youth and preparing them for higher education and the responsibilities of citizenship at the LHP site. The Port states that 450 youth participated at the LHP site in 2021. Under the proposed Permit, BGC is specifically required to maintain the Port Ocean and Land Awareness (P.O.L.A.) program at the LHP site to foster greater interest in and knowledge of the POLA, the harbor, the shipping industry, maritime commerce and other maritime-related subjects, and to provide youth the encouragement and training necessary to achieve leadership positions in the maritime industry. This program requirement allows the Port to meet applicable usage requirements of the State Tidelands Trust under which the facility and POLA operate. BGC also provides P.O.L.A. programming at its Wilmington site through a Port Community Investment Grant (Resolution No. 19-9524). Under the proposed Permit, BGC is also required to manage the LHP facility for community usage of the multipurpose room and submit an annual activity report.

The increased annual sponsorship amount in the proposed Permit reflects the annual cost of transferring LHP custodial responsibilities from the Port to BGC, which includes providing restroom and cleaning supplies and staffing a custodial crew to maintain the restrooms and lobby area. The Port will continue to cover municipal utility cost and provide exterior maintenance, landscaping, and interior systems and facility maintenance. BGC is responsible for all other maintenance and capital improvements.

The proposed Permit includes an additional \$100,000 sponsorship contribution from the Port in the first year for BGC's College Bound program. The College Bound program provides one-on-one guidance, support, and resources for youth to meet university entrance and financial requirements. The Port reports that in 2020-21, 320 of 700 College Bound participants, or 46 percent, previously participated in the P.O.L.A. program, and that of the recently graduated College Bound students, 42 percent will be declaring majors that directly relate to maritime-related subjects and are applicable to careers within the maritime industry. The Port reports that due to the challenges of the Covid-19 pandemic, BGC was unable to apply for the 2021-22 POLA Community Investment Grant and experienced increased outreach costs for the College Bound program, and therefore requested a one-year sponsorship increase of \$100,000 in the proposed Permit to help offset these costs. The College Bound annual operating budget is \$1.55 million.

CITY AND ENVIRONMENTAL COMPLIANCE

Pursuant to the Standard Provisions applicable to all Port permits, under the proposed Permit, BGC is responsible for adherence to all applicable laws and City Ordinances, including the State Tidelands Act and Trust and City contracting requirements. In addition, BGC is responsible for all standard insurance requirements. The Port Standard Provisions address requirements such as City Ordinances and contracting and insurance requirements, and more Port-specific provisions such as Tariff provisions, environmental obligations, and land use requirements for permits. The Port waives its Leasing Policy rental fee and rate of return requirements in exchange for BGC's provision of community benefits and services at no cost to the City.

The Port reports that funding of \$214,429.92 is budgeted and available for the proposed Permit sponsorship in 2022-23. The Port will request any required future funding as part of the annual budget process. The City Attorney has approved the proposed Permit as to form and legality. In accordance with Charter Section 606, the Permit requires Council approval because the term exceeds five years. The Port reports that the proposed action is approval of an activity involving the issuance of a permit to use an existing structure involving negligible or no expansion of use and has therefore determined 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.

FISCAL IMPACT STATEMENT

The proposed Harbor Department (Port) Permit No. 955 with Boys and Girls Club of the Los Angeles Harbor (BGC) for the occupancy and use of 19,972 square feet of land in the Liberty Hill Plaza at the Port of Los Angeles is for a term of 20 years at no rent, with a first year sponsorship from the Port of \$214,429.92 and second and subsequent annual sponsorships of \$114,429.92, subject to a five-year adjustment review. Sponsorship funds of \$214,429.92 are included in the Port 2022-23 Budget from the Harbor Revenue Fund. Future funding is subject to the Port annual budget process. The Port waives its Leasing Policy rental fee and rate of return requirements in exchange for BGC's services and community benefits. The proposed terms meet all other Port leasing and financial policies. There is no impact on the City General Fund.