

APPROVED
MAY 13 2013

REPORT OF GENERAL MANAGER

NO. 13-045

DATE February 20, 2013

**BOARD OF RECREATION
& PARK COMMISSIONERS**

C.D. 15

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: LOS ANGELES MARITIME MUSEUM – APPROVAL OF HARBOR DEPARTMENT PERMIT NO. 895 FOR THE OPERATION AND MAINTENANCE OF THE MARITIME MUSEUM

R. Adams	_____	K. Regan	_____
H. Fujita	_____	*M. Shull	<u><i>M. Shull</i></u>
V. Israel	_____	N. Williams	_____

[Signature]
General Manager

Approved _____ Disapproved _____ Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Approve the Harbor Department Permit No. 895 for the operation and maintenance of the Los Angeles Maritime Museum, substantially in the form on file in the Board Office, subject to the review of the Mayor and City Attorney as to form;
2. In accordance with Executive Directive No. 3, direct the Board Secretary to transmit the permit to the Office of the Mayor for review and recommendation prior to execution of the subject permit; and,
3. Authorize the Board President and Secretary to execute Harbor Department Permit No. 895 for the operation and maintenance of the Los Angeles Maritime Museum located on Harbor Department property upon receipt of all necessary approvals.

SUMMARY:

Since 1977, the Department of Recreation and Parks (RAP) has operated and maintained the Los Angeles Maritime Museum located within Harbor Department (Harbor) property at Berth 84, San Pedro, California 90731 (See Exhibit A). RAP operated the property under Harbor Permit No. 336. This twenty-five (25) -year permit expired in 2002 and RAP had continued to operate on a month-to-month basis. The total square footage permitted to RAP totals approximately 45,708 square feet. This includes a 37,754 square foot two-story building which is used for the maritime museum, a 1,473 square foot wharf area, 6,481 square feet of water space for berthing

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the Angel's Gate Tug, surrounding walkways to the wharf, landscaping, and sidewalks for public access.

Harbor has proposed to execute a new permit, Permit No. 895, which will supersede expired Permit No. 336, for the continued occupancy, operation, and maintenance of the Maritime Museum. The new permit is for a thirty (30) -year period and provides that RAP's operation and maintenance of the Maritime Museum shall be the consideration for the use of Harbor property and RAP shall not be required to pay monetary compensation as rent for the first (5) years of the new permit. Under the new permit being considered, compensation as rent due to Harbor shall be set every five (5) years. Prior to the end of the initial five (5) -year period, RAP and Harbor will renegotiate compensation. If for some reason, an agreement is not made on the new compensation amount, per Section 5.5 of the new permit, the compensation for the new period, subject to the final compensation being negotiated, shall be one hundred fifty percent (150%) of the compensation of the former period.. So, if compensation was \$1.00 per year, after five years the potential increase is \$1.50, for a total rent of \$2.50/year for the next five (5) years. It should be noted that RAP was not required to pay any rental payment to Harbor during the twenty-five (25) year term of the expired Permit No. 336.

The Maritime Museum fulfills a RAP core function by providing free maritime recreational and educational experiences in a unique setting. The Maritime Museum is located in the 1941 Municipal Ferry Terminal which is on the National Register of Historic Places. From 1941-1963, a ferry system transported thousands of passengers to the canneries, shipyards, and military bases on Terminal Island. From there they could make connections to neighboring cities and towns. Today, the harbor is considered one of the busiest in the world. The "ferry building" is still a place for making connections to the community and shared maritime experiences.

It is expected that public visitation will significantly increase as the Harbor Department's current and future waterfront redevelopment projects are completed in the upcoming years. The execution of Permit No. 895 will provide for the long-term occupancy and custodial care of the historic building and museum facility.

FISCAL IMPACT STATEMENT:

RAP has been operating and maintaining the Maritime Museum since 1977. It is anticipated that with the execution of Permit No. 895, the Department will continue to operate and maintain the facility at the same level. RAP will pay no rent for the initial first five (5) year period. RAP shall pay the amount, not yet determined, and the Permit states payment in rent will be monthly for the first five (5) year period following the initial first five (5) years. After which, it will be subject to negotiation. However, should RAP and Harbor not agree, the maximum increase will be one hundred fifty percent (150%) of previous year rent. Major maintenance has been deferred due to lack of available funding. It should be noted that under Section 5.7 of the new permit,

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Harbor will continue to reimburse RAP for costs related to the operation of the Maritime Museum.

This report was prepared by Cid Macaraeg, Sr. Management Analyst II, Planning, Construction and Maintenance Branch.