



Revised TEUP Policy Presentation Audit Committee

December 15, 2016



TEUP Policy Presentations

- 10/16/2016 – Board presentation on “Draft TEUP Policy”
 - Issues Raised
 - What problems are addressed via proposed policy?
 - What is the rationale for one-year duration with extensions up to five years?
- Today – Audit Committee presentation to provide additional information and “Revised Draft TEUP Policy”

TEUP Policy Objective

The Revised TEUP Policy updates authorization for waterfront events by accomplishing the following priorities:

1. Clear and direct TEUP authorization.
2. 60 day limit on TEUPs.
3. Flexibility in pricing.
4. Express authorization for the reimbursement of all Harbor Department costs.
5. Incorporates current standard real estate language in a TEUP Agreement template consistent with short term real estate agreements.

HD Real Estate/Lease Authorization

Real Estate Entitlement	Duration	Approval Body
Long Term Lease	5 to 50 years	Board and City Council
Short Term Lease	1 to 5 years	Board
Revocable Permits <ul style="list-style-type: none">• Space/Berth Assignment• TEUP	0 to 1 year	Executive Director with Board approved template

Types of TEUPs

- As proposed, TEUPs would grant non-possessory access to Harbor District property for LA Waterfront events held by outside applicants.
- TEUP Examples (2015/2016):
 - Little Sisters of the Poor (5K run)
 - American Crown Circus (Circus)
 - Maritime Museum of San Diego (Visit from restored military vessel)
 - LA Choreographers and Dancers (Music and Craft Festival)
 - Red Bull Rally Cross
 - Duncan McIntosh Co. Inc. (Boat show)
 - San Pedro Bocce Club (Tournament)
- Longer term cargo licenses such as pipeline removal and soil sampling would be addressed separately.

Executive Director Authorization

Currently, issuance of TEUPs utilizes multiple Executive Director authorizations.

Board Authorization	Maximum Duration	Land Cost
Reso. No. 4541 (1981)	15 days	\$250 or less a day
Reso. No. 5898 (2000)	Silent	Gross Receipts or \$250 a day
Revocable Permits (2011)	N/A	Up to \$150,000
Executive Director Authority	1 year	Up to \$150,000

Executive Director Authorization

The proposed TEUP Policy allows for:

- Maximum of 60 days, consistent with Port Master Plan
- Fees up to \$150,000 to allow for the wide variety of Waterfront events, subject to Fees Guidelines.

Event	Length	Size	Total Fees	Current
Bocce Ball Tournament	1 day	1,200 sf.	No cost	\$250
Boat Show	14 days	9 acres	\$33,000	\$3,500
Red Bull Global Rally Cross	21 days	15 acres	\$55,000 + Gross Receipts TBD	\$5,250

Fee and Charges Guidelines

- Market Rent is based on Appraisal Institute definition
- Factors that influence pricing include:
 - Type of applicant (govt, private, non-profit)
 - Private event or Open to the public
 - Attendees charged admission or Free
- Executive Director retains discretion on cost recovery fees for security, maintenance, and other charges.

TEUP Agreement Template

Proposed Template incorporates standard language recently approved by the Board.

Real Estate Entitlement	Date
Revocable Permit Template	November, 2011
Space Assignments, Berth Assignments, and Substitute Premises Forms	October, 2014

TEUP Template Authority

- Deviations from the following require Board action:
 - Changes to template language that are not in the Port's Benefit
 - TEUPs that extend beyond 60 days
 - TEUPs whose total cost to the applicant exceeds \$150,000

Comments & Discussion

CITY OF LOS ANGELES HARBOR DEPARTMENT
Port of Los Angeles

TEMPORARY ENTRY AND USE PERMIT

TEUP No. _____

The Executive Director of the Harbor Department (“Executive Director”) of the City of Los Angeles (“City”) hereby grants permission to _____ (“Assignee”) to occupy and use certain lands and/or waters and/or facilities within the Harbor District owned or under the control of City, acting through its Board of Harbor Commissioners (“Board”), subject to the following terms and conditions:

1. Premises. Assignee is permitted under this Temporary Entry and Use Permit (“TEUP”) to use the areas described as: _____

as delineated and more particularly described on Exhibit A (“Premises”).

2. Permitted Use. The Premises shall be used for the following purposes: _____

(“Permitted Use”); provided, however, that the rights hereby granted to use the Premises for said purposes shall not be exclusive, and whenever the Premises, or any part thereof, are not required in whole or in part for the use of Assignee for the stated purposes, the Executive Director shall have the right to and may make other assignments to any other person or entity to use such Premises, or any part thereof. Assignee shall not use the Premises in any manner, even if the use is a Permitted Use, that will cause cancellation of any insurance policy covering the Premises or adjacent premises; provided, however, Assignee may, in City’s sole discretion, remain if it pays the increase in City’s insurance costs caused by its operations. No offensive or refuse matter, or any substance constituting any unnecessary, unreasonable, or unlawful fire hazard, or material detrimental to the public health, shall ever be permitted by Assignee to be or remain on the Premises, and Assignee shall prevent any such material or matter from being or accumulating upon the Premises. Assignee further agrees not to keep on the Premises, or permit to be kept, used, or sold thereon, anything prohibited by any policy of fire insurance covering the Premises or any structure erected thereon.

3. Effective and Termination Dates. This TEUP shall commence and become effective on:

Date: _____, 20____ (“Effective Date”) and shall terminate on:

Date: _____, 20____ (“Termination Date”)

Termination Date shall also mean the date of termination of this TEUP by revocation as set forth in Section 4, for a conflict of interest as set forth in Section 18, for Assignee’s misrepresentation as set forth in Section 19, by operation of law, or for any other reason.

4. Assignment Revocable. This TEUP shall be revocable at any time prior to the Termination Date by Executive Director, at his or her sole option, upon the giving of at least ____ days' written notice to Assignee stating the date and time upon which this TEUP shall terminate. Assignee understands and agrees that Assignee has the interest only of a licensee and has no other interest in the Premises. Assignee understands and agrees that the City reserves the unqualified and unconditional right at any time without any more notice to Assignee than set forth in this Section 4 to withdraw the Premises from Assignee's use provided the City refunds to Assignee any compensation previously collected for the number of days Assignee has actually been prevented from using the Premises. Assignee understands and agrees that, notwithstanding any expenditures it may have made in preparation for its use of the Premises, such withdrawal from use by City does not entitle Assignee or any other person to any damages. Neither City, nor any Board member, officer, or employee thereof, shall be liable in any manner to Assignee because of such revocation.

5. Compensation. For using the Premises pursuant to this TEUP:

(a) At least thirty (30) days prior to the Effective Date, Assignee shall pay to the City's Harbor Department _____ Dollars (\$_____) as compensation for the use of the Premises plus _____ Dollars (\$_____) as a refundable restoration and breakage deposit. Any deposit required under this Section 5(a) shall be in addition to any deposit required for the issuance of a Harbor Engineer Permit pursuant to Section 7 of this TEUP.

(b) Compensation set forth in Section 5(a) is strictly for use of the Premises. Assignee may incur additional charges if City provides utilities, equipment, or labor, including but not limited to security provided by the Los Angeles Port Police, where necessary to support the Permitted Use. Use of the Premises for purposes not expressly permitted under the provisions of this TEUP, whether approved in writing by Executive Director or not, may also result in additional charges, including charges required under the Port of Los Angeles Tariff No. 4, as it may be amended or superseded ("Tariff"). Assignee agrees to pay such additional charges.

(c) Notwithstanding any other provision of this TEUP, Assignee's obligation to pay all compensation to City shall be absolute and unconditional and shall not be affected by any circumstance including, without limitation, any set-off, counterclaim, recoupment, defense, or other right or claim which Assignee may have against City.

6. Premises Satisfactory to Assignee / Required Modifications. Assignee has inspected the Premises and agrees that they are suitable for the Permitted Use. No officer or employee of City has made any representation or warranty with respect to the Premises, except as described in writing and attached hereto as an addendum, if any, and in entering into this TEUP, Assignee agrees it relies only on the provisions of the TEUP. Any modification, improvement, or addition to the Premises and any equipment installation or removal required by the Fire Department, Department of Building and Safety, South Coast Air Quality Management District, Regional Water Quality Control Board, U.S. Coast Guard, Environmental Protection Agency, or any other agency in connection with Assignee's operations, shall be constructed, installed, or removed at Assignee's sole expense. Assignee shall obtain a Harbor Engineer Permit from the office of the Chief Harbor Engineer, Engineering Division, of City's Harbor Department ("Chief Harbor Engineer") and shall comply with the requirements of Section 7 of this TEUP before making any modification, improvement, or addition to the Premises.

7. Alterations on Premises. Assignee shall not construct on or alter ("Alteration") the Premises, including a change in the grade, without first obtaining City's written approval and a Harbor Engineer Permit. Assignee shall submit to City a complete Application for Port Permit that attaches a complete set of drawings, plans, and specifications reflecting the proposed Alteration. Where applicable, the drawings, plans, and specifications must be prepared and stamped by a licensed engineer registered in the State of California. All projects in the Harbor District are subject to review by City's Harbor Department pursuant to the California Environmental Quality Act (CEQA) and the certified Port Master Plan. City's Chief Harbor Engineer shall have the right to reject or order reasonable changes in said

drawings, plans, and specifications. Assignee, at its own expense, shall obtain all permits necessary for such Alteration, including a Harbor Engineer Permit, prior to the commencement of such Alteration. All Alterations by Assignee pursuant to this TEUP shall be at Assignee's sole expense. Assignee shall keep the Premises free and clear of liens for labor and materials and shall hold City harmless from any responsibility in respect thereto. Assignee shall give written notice to the Chief Harbor Engineer, in advance, of the date it will commence any Alteration. Immediately upon the completion of the Alteration, Assignee shall notify the Chief Harbor Engineer of the date of such completion and shall, within thirty (30) days after such completion, file with the Chief Harbor Engineer, in a form acceptable to the Chief Harbor Engineer, a set of "as built" plans for such Alteration if required under the terms of the Harbor Engineer Permit issued for the Alteration.

8. Signs and Lighting. Assignee shall not erect or display, or permit to be erected or displayed, on the Premises any signs or advertising matter of any kind without first obtaining the written consent of Executive Director. If Assignee obtains consent, Assignee shall also comply with the requirements of Section 7 of this TEUP prior to erecting or displaying any signs or advertising matter on the Premises. Assignee shall further post, erect, and maintain on the Premises such signs as Executive Director may direct. All signs erected or displayed on the Premises shall comply with the regulations set forth in Section 14.4.1 *et seq.* of the Los Angeles Municipal Code. Assignee acknowledges that the Premises may lack adequate lighting for a Permitted Use and that Assignee is responsible for installing temporary or permanent lighting as it may deem necessary to perform any labor, or to protect any property stored or located on the Premises, or to otherwise use the Premises for any Permitted Use. Assignee shall comply with the requirements of Section 7 of this TEUP prior to installing any lighting. Any lighting installed shall meet Illuminating Engineering Society / American National Standards Institute (IES/ANSI) standards.

9. Immediate Access to Repair / Maintain Premises. Assignee is aware that City's Department of Water & Power, other utility, or other maintenance or service from or on behalf of City, may need to service or repair certain facilities on the Premises. If such repair is necessary, Assignee agrees to relocate, at its expense, all of its equipment and other personal property to provide such personnel adequate access. Assignee agrees to complete such relocation within twenty-four (24) hours of receiving notice from City except in case of emergency. Assignee agrees neither the department servicing the Premises nor City shall be responsible for any loss Assignee may suffer as a result of such maintenance or repair.

10. Premises Subject to Tariff. Assignee accepts the Premises and shall undertake the Permitted Use set forth in Section 2 of this TEUP subject to each and every term and condition provided herein, and to each and every rate, term, and condition of the Tariff, as applicable to Premises and/or the Permitted Use. Assignee represents and warrants that it has received, read, and understands the rates, terms, and conditions of the Tariff. Except as otherwise set forth in this TEUP, Assignee is contractually bound by all Tariff rates, terms, and conditions as if the same were set forth in full herein. City in its sole and absolute discretion shall determine if a conflict exists between a provision of this TEUP and a Tariff provision. In the event of such conflict, this TEUP shall at all times prevail.

11. Compliance with Applicable Laws and Environmental Obligations.

(a) At all times in its use and occupancy of the Premises and its conduct of operations thereon, Assignee, at Assignee's sole cost and expense, shall comply with all applicable federal, state, county, City, or government agency laws, statutes, ordinances, standards, codes (including all building codes), rules, regulations, requirements, or orders in effect now or hereafter in effect ("Applicable Laws") pertaining to the use or condition of the Premises and/or Assignee's operations and conduct of its business. Applicable Laws shall include, but not be limited to, all environmental laws and regulations in effect now or hereafter in effect including:

(i) The Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") (42 USCS §§ 9601 *et seq.*) in its present or successor form and its implementing regulations;

(ii) The Resource Conservation and Recovery Act and Hazardous and Solid Waste Amendments of 1984 ("RCRA") (42 USCS §§ 6901 *et seq.*) in its present or successor form and its implementing regulations;

(iii) The federal Clean Water Act (33 USCS §§ 1251 *et seq.*) in its present or successor form and its implementing regulations;

(iv) The California Porter-Cologne Water Quality Control Act (California Water Code §§ 13020 *et seq.*) in its present or successor form and its implementing regulations;

(v) The federal Clean Air Act (42 USCS §§ 7401 *et seq.*) in its present or successor form and its implementing regulations;

(vi) The California Clean Air Act of 1988 (Chapter 1568, Statutes of 1988) in its present or successor form and its implementing regulations;

(vii) The California Lewis-Presley Air Quality Management Act of 1976 (California Health and Safety Code §§ 40400 *et seq.*) in its present or successor form and its implementing regulations; and

(viii) Any other applicable federal, state, or local law, regulation, ordinance, or requirement (including consent decrees and administrative orders imposing liability or standard of conduct) now or hereinafter in effect which concerns Environmentally Regulated Material (as defined in Section 11(c)), the Premises, and/or Assignee's use and/or occupancy thereof.

(b) It is the parties' intent that Assignee will make, at Assignee's sole cost and expense, any and all alterations, improvements, and changes, whether structural or nonstructural, that are required by Applicable Laws. In addition, Assignee shall comply immediately with all applicable environmental policies, rules, and directives of City's Harbor Department, known as the Port Environmental Policies. This TEUP shall be construed in accordance with California law.

(c) Assignee shall not cause or permit any Environmentally Regulated Material, as defined in this Section 11(c), to be generated, brought onto, handled, used, stored, transported from, received, or disposed of (hereinafter sometimes collectively referred to as "handle" or "handled") in or about the Premises except for limited quantities of standard office and janitorial supplies containing chemicals categorized as Environmentally Regulated Material and except as permitted, required, or necessary under Section 2 of this TEUP, if any. Assignee shall handle all such Environmentally Regulated Material in strict compliance with Applicable Laws in effect during Assignee's occupancy. The term "Environmentally Regulated Material" shall mean:

(i) Any "hazardous substance" as that term is defined in the CERCLA;

(ii) "Hazardous waste" as that term is defined in the RCRA;

(iii) Any pollutant, contaminant, or hazardous, dangerous, or toxic chemical, material, or substance, within the meaning of any other applicable federal, state, or local law, regulation, ordinance, or requirement (including consent decrees and administrative orders imposing liability or standard of conduct concerning any hazardous, dangerous, or toxic waste, substance, or material, now or hereinafter in effect);

- (iv) Radioactive material, including any source, special nuclear, or byproduct material as defined in the Atomic Energy Act of 1954 (42 USCS §§ 2011 *et seq.*) in its present or successor form;
- (v) Asbestos in any form or condition;
- (vi) Polychlorinated biphenyls (“PCBs”) and any substance or compound containing PCBs; and
- (vii) Petroleum products.

(d) Assignee shall remediate or cause the remediation of any spill, discharge, or release of any Environmental Regulated Material that occurs in, on, under, or about the Premises (“Contamination”), whether caused by Assignee or any third-party during Assignee’s occupancy, including Contamination of improvements, adjacent harbor waters, soil, sediment, groundwater, or air, or of adjacent premises (including soil, sediment, groundwater, or air) and including Contamination that is considered a nuisance under Applicable Laws. Remediation shall be to the satisfaction of City, and the requirements of the applicable governmental agencies including the Regional Water Quality Control Board, by removing or effecting the removal of all Contamination including but not limited to contaminated soil, water, groundwater, sediment, or other material it may place or cause to be placed on site such that no encumbrances, such as deed or land use restrictions, be imposed on the Premises as a result of such Contamination. In fulfilling the obligations under this Section 11, Assignee shall also comply with any other conditions reasonably imposed by City. If Assignee knows or has reasonable cause to believe that Contamination has occurred in, on, under, or about the Premises, Assignee shall immediately give written notice to City.

(e) Assignee bears sole responsibility for full compliance with any and all Applicable Laws regarding the use, storage, handling, distribution, processing, and/or disposal of Environmentally Regulated Material including Contamination, regardless of whether the obligation for such compliance or responsibility is placed on the owner of the Premises, on the owner of any improvements on the Premises, on the user of the Premises, or on the user of any improvements on the Premises. For purposes of CERCLA, and any and all other Applicable Laws, Assignee shall be considered the owner and operator. Assignee agrees that any claims, damages, fines, or other penalties asserted against or levied on City and/or Assignee as a result of noncompliance with any Applicable Laws shall be the sole responsibility of Assignee and that Assignee shall indemnify and hold City harmless from any and all such claims, damages, fines, penalties, and/or judgments, as well as any costs expended to defend against such claims, damages, fines, and penalties and/or judgments, including attorneys’ and experts’ fees. City, at its sole option, may pay such claims, damages, fines, penalties, and/or judgments resulting from Assignee’s noncompliance with any of the aforementioned authorities, and Assignee shall indemnify and reimburse City for any such payments.

(f) In discharging Assignee’s obligations under this TEUP, if Assignee disposes of any Contamination, within thirty (30) days of Assignee’s receipt of original documents, Assignee shall provide City copies of all records, including a copy of each uniform hazardous waste manifest indicating the quantity and type of material being disposed of, the method of transportation of the material to the disposal site, and the location of the disposal site. Neither City, Port of Los Angeles, nor Los Angeles Harbor Department shall appear on any manifest document as a generator of such material.

(g) In discharging Assignee’s obligations under this TEUP, Assignee shall perform any tests using a State of California Department of Health Services certified testing laboratory or other similar laboratory upon City’s written approval. By signing this TEUP, Assignee hereby irrevocably directs any such laboratory to provide City, upon written request from City, copies of all of its reports, tests results, and data gathered. As used in this Section 11, “Assignee” includes agents, employees, contractors, subcontractors, and/or invitees of Assignee.

(h) Assignee shall implement City's Harbor Department's policies, known as Best Management Practices, in order to reduce the potential for pollutants to enter Harbor waters, as follows:

(i) Facility Operations: Clean and maintain facility regularly. Use dry cleaning methods whenever possible; avoid washing areas down. Do not allow sweepings or sediment to enter the storm drain or the Harbor. Collect wash water for disposal or direct to a clarifier. Do not encourage scavengers. Do not feed birds, feral cats, sea lions, or other scavengers. Recycle whenever possible.

(ii) Maintenance Operations: Use drip pans to prevent any drips or leaks from contacting the ground during maintenance and fueling operations. Clean spills or drips immediately using dry methods. Use spill cleanup kits to confine or contain spills. Do not hose down equipment or allow process water to enter the storm drain or the Harbor. Place tarps beneath maintenance and repair operations to prevent materials such as paint chips and metals from contacting the ground.

(iii) Material and Waste Handling and Storage: Train employees responsible for waste management on handling and disposal procedures. Store all hazardous and universal waste in accordance with all federal, state, and local regulations. Store all materials and waste inside and in secondary containment. If stored outside, store only in designated, covered, and contained areas. Store waste in covered, leak proof, labeled containers. Keep lids closed on all outdoor containers including dumpsters. Store all oily products (e.g. engines), batteries, tires, and metal off the ground and under cover when stored outdoors.

(i) Except as may be otherwise provided in this TEUP, Assignee's obligations in this Section 11 shall survive the Termination Date of this TEUP.

12. Restoration and Surrender of Premises. Upon the termination of this TEUP, Assignee shall quit and surrender occupancy and use of the Premises to City and shall, without cost to City, remove any and all its property and restore the Premises to the same or as good condition as the same were in at the time of the first occupancy thereof by Assignee. Assignee may incur additional charges and/or forfeit any deposit if Assignee fails to fully restore the Premises to the satisfaction of the Executive Director prior to the termination of this TEUP.

13. Indemnity.

(a) Except as may arise from the sole negligence or willful misconduct of City, Assignee shall at all times relieve, indemnify, protect, and save harmless City and any and all of its boards, officers, agents, and employees from any and all claims and demands, actions, proceedings, losses, liens, costs, and judgments of any kind and nature whatsoever, including cost of litigation (including all actual litigation costs incurred by City, including but not limited to costs of experts and consultants), for death of or injury to persons, or damage to property, including property owned by or under the care and custody of City, and for civil fines and penalties that may arise from or be caused directly or indirectly by:

(i) Any dangerous, hazardous, unsafe, or defective condition of, in, or on the Premises, of any nature whatsoever, which may exist by reason of any act, omission, neglect, or any use or occupation of the Premises by Assignee, its officers, agents, employees, sublessees, Assignees, or invitees;

(ii) Any operation conducted upon, or any use or occupation of, the Premises by Assignee, its officers, agents, employees, sublessees, Assignees, or invitees under or pursuant to the provisions of this TEUP or otherwise;

(iii) Any act, error, omission, willful misconduct, or negligence of Assignee, its officers, agents, employees, sublessees, Assignees, or invitees, arising from the use, operation, or occupancy of the Premises, regardless of whether any act, omission, or negligence of City, its officers, agents, or employees contributed thereto;

(iv) Any failure of Assignee, its officers, agents, or employees to comply with any of the terms or conditions of this TEUP or any Applicable Laws; or

(v) The conditions, operations, uses, occupations, acts, omissions, or negligence referred to in subdivisions (i), (ii), (iii) and (iv) above, existing or conducted upon or arising from the use or occupation by Assignee or its invitees on any other premises within the Harbor District, as defined in the Charter of City.

(b) Assignee also agrees to indemnify City and pay for all damages or loss suffered by City and City's Harbor Department including, but not limited to, damage to or loss of property, to the extent not insured by City, and loss of City revenue from any source, caused by or arising out of the conditions, operations, uses, occupations, acts, omissions, or negligence referred to in this Section 13. The term "persons" as used in this Section 13 shall include, but not be limited to, officers and employees of Assignee.

(c) Assignee shall also indemnify, defend, and hold City harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution of the value of the Premises, damages for loss or restriction on use of rentable or useable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorneys' fees, consultants' fees, and experts' fees) which arise during or after the term of this TEUP as a result of Contamination for which Assignee is otherwise responsible for under the terms of this TEUP. This indemnification of City by Assignee includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean up, remedial, removal, or restoration work required by any federal, state, or local governmental agency because of Contamination present in the soil or groundwater on or under the Premises.

(d) The indemnity obligations under this Section 13 shall survive the Termination Date of this TEUP and shall apply regardless of the active or passive negligence of City and regardless of whether liability without fault or strict liability is imposed or sought to be imposed on City.

14. Insurance. In addition to, and not as a substitute for, or limitation of, any of the indemnity obligations imposed by Section 13 of this TEUP, Assignee shall procure and maintain at its sole cost and expense and keep in force at all times during the term of this TEUP the following insurance:

(a) Commercial general liability insurance or marine general liability, including contractual liability, and property damage insurance written by an insurance company authorized to do business in the State of California, or approved by the California Department of Insurance as a surplus lines insurer eligible to do business in California, rated VII, A- or better in Best's Insurance Guide (or an alternate guide acceptable to City if a Best's Rating is not available) with Assignee's normal limits of liability, but not less than One Million Dollars (\$1,000,000) for injury or death to one or more persons out of each accident or occurrence and One Million Dollars (\$1,000,000) for bodily injury and property damage for each occurrence / Two Million Dollars (\$2,000,000) general aggregate.

(b) Where Assignee utilizes any vehicles, Assignee shall also procure and maintain at its expense and keep in force at all times during the term of this TEUP automobile insurance with limits of liability not less than One Million Dollars (\$1,000,000) covering injuries or death resulting from each accident or claim arising out of any one claim or accident. This insurance shall cover all owned, non-owned, and/or hired automobile.

(c) Limits for coverage required under Section 14(a) and (b) of this TEUP shall provide first dollar coverage except that Executive Director may permit a self-insured retention or self-insurance in those cases where, in his or her judgment, such retention or self-insurance is justified by the net worth of Assignee. The retention or self-insurance provided shall provide that any other insurance maintained by City's Harbor Department shall be excess of Assignee's insurance and shall not contribute to it. In all

cases, regardless of any deductible or retention, Assignee shall have all the obligations of an "insurer" under the California Insurance Code and said insurance shall be deemed to include a defense of suits provision and a severability of interest clause.

(d) If Assignee maintains higher limits than the minimums shown above, City requires and shall be entitled to coverage for the higher limits maintained by Assignee. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to City.

(e) Policies submitted pursuant to Section 14(a) and (b) of this TEUP shall, in addition, provide the following coverage either in the original policy or by endorsement substantially as follows:

(i) "Notwithstanding any inconsistent statement in the policy to which this endorsement is attached, or any endorsement or certificate now or hereafter attached hereto, it is agreed that the City of Los Angeles acting by and through its Harbor Department, the Board of Harbor Commissioners, and their officers, agents, and employees, are additional insureds hereunder, and that coverage is provided for all contractual obligations, operations, uses, occupations, acts, and activities of all the additional insureds, including any sole negligence of the insureds, under Temporary Entry and Use Permit No. _____, and under any amendments, modifications, extensions, or renewals of said permit regardless of whether such operations, uses, occupations, acts, and activities occur on the Premises or elsewhere."

(ii) "The policy to which this endorsement is attached shall provide a 10-days' notice of cancellation for nonpayment of premium, and a 30-days' notice of cancellation for any other reasons to the City's Risk Manager."

(iii) "The coverage provided by the policy to which this endorsement is attached is primary coverage and any other insurance carried by the City is excess coverage."

(iv) "In the event of one of the named insureds incurring liability to any other of the named insureds, this policy shall provide protection for each named insured against whom claim is or may be made, including claims by other named insureds, in the same manner as if separate policies had been issued to each named insured. Nothing contained herein shall operate to increase the company's limit of liability."

(v) "Notice of occurrences or claims under the policy shall be made to the City's Risk Manager with copies to the Los Angeles City Attorney's Office."

(f) Assignee shall secure the payment of compensation to any employees injured while performing work or labor necessary for and incidental to performance under this TEUP in accordance with Section 3700 of the California Labor Code. Assignee shall file with City one of the following:

(i) A certificate of consent to self-insure issued by the Director of Industrial Relations, State of California;

(ii) A certificate of Workers' Compensation insurance issued by an admitted carrier;
or

(iii) An exact copy or duplicate thereof of the policy certified by the Director or the insurer.

Such documents shall be filed prior to Assignee's occupancy of the Premises. Where Assignee has employees who are covered by the United States Longshore and Harbor Workers' Compensation Act ("USLHWC Act"), Assignee shall furnish proof of such coverage to City. It is suggested that Assignee consult with its insurance professional of its choosing to determine whether its proposed operation methods will render its employees subject to coverage under the USLHWC Act. All Workers'

Compensation insurance submitted to City shall include an endorsement providing that any carrier paying benefits agrees to waive any right of subrogation it may have against City.

(g) All insurance procured by Assignee shall comply with the following:

(i) Each insurance policy described above shall provide that it will not be cancelled or reduced in coverage until after City's Risk Manager has been given a 10-day notice of cancellation for nonpayment of premium, and a 30-day notice of cancellation for any other reason.

(ii) Electronic submission is the required method of submitting Assignee's insurance documents. Track4LA[®] is City's online insurance compliance system which is designed to be used by insurance brokers and agents to submit client insurance certificates directly to City. Assignee's insurance broker or agent shall obtain access to Track4LA[®] at <http://track4la.lacity.org> and follow the instructions to register and submit the appropriate proof of insurance on Assignee's behalf.

(iii) Prior to the expiration of each policy, Assignee shall show through submitting to Track4LA[®] that the policy has been renewed or extended or, if new insurance has been obtained, submit the appropriate proof of insurance to Track4LA[®]. If Assignee neglects or fails to secure or maintain the required insurance, or if Assignee fails to submit proof of insurance as required above, City's Harbor Department may, at its option and at the expense of Assignee, obtain such insurance for Assignee.

(iv) Executive Director, at his or her discretion, based upon recommendation of the Risk Manager of City's Harbor Department, may request that Assignee increase or decrease amounts and types of insurance coverage required hereunder at any time during the term hereof by giving written notice to Assignee.

(v) Assignee shall report in writing to Executive Director within fifteen (15) days after it, its officers, or its managing agents have knowledge of any accident or occurrence involving death of or injury to any person or persons, or damage in excess of Ten Thousand Dollars (\$10,000) to property, occurring upon the Premises, or elsewhere within the Harbor District, if Assignee's officers, agents, or employees are involved in such an accident or occurrence while undertaking the Permitted Use. Such report shall contain to the extent available: (1) the name and address of the persons involved; (2) a general statement as to the nature and extent of injury or damage; (3) the date and hour of occurrence; (4) the names and addresses of known witnesses; and (5) such other information as may be known to Assignee, its officers, or its managing agents.

15. No Assignments/Sublicenses/Transfers. No transfer of this TEUP, or any interest therein or any right or privilege thereunder, regardless of whether accomplished by a separate agreement, sale of stock or assets, merger or consolidation or reorganization by or of Assignee (or any entity that directly or indirectly controls or owns fifty percent (50%) or more of Assignee), or accomplished in any other manner, whether voluntary or by operation of law, including but not limited to assignment, sublicense, transfer, gift, hypothecation, or grant of total or partial control, or any encumbrance of this TEUP (hereafter collectively referred to as "Transfer"), shall be valid or effective for any purpose. "Transfer" also shall include the involvement of Assignee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout, or otherwise) whether or not a formal assignment or hypothecation of this TEUP or Assignee's assets, which involvement results in a reduction of the net worth of Assignee (defined as the net worth of Assignee, excluding guarantors, established by generally accepted accounting principles) by an amount greater than twenty-five percent (25%) of such net worth as it was represented at the time of the execution of this TEUP or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater. For purposes of this Section 15, the term "by operation of law" includes but is not limited to: (1) the placement of all or substantially all of Assignee's assets in the hands of a receiver or trustee; or (2) a transfer by Assignee for the benefit of creditors; or (3) transfers resulting from the death or incapacity of any individual who is an Assignee or of a general partner of an Assignee. Notwithstanding the provisions of this Section 15, Assignee may enter into sublicenses with vendors, performers, or other individuals or entities participating

in an event authorized under this TEUP provided that Assignee remains primarily responsible for the event and all obligations under this TEUP.

16. Assignee Name Change. Assignee shall notify City in writing within ten (10) days of making any changes to its name as set forth in the preamble of this TEUP and shall provide City with all documents in connection with the change.

17. Transfer of Stock. If Assignee is a corporation and more than ten percent (10%) of the outstanding shares of capital stock of Assignee is traded during any calendar year after filing its application for this TEUP, Assignee shall notify Executive Director in writing within ten (10) days after the transfer date; provided, however, that this provision shall have no application in the event the stock of Assignee is listed on either the New York Stock Exchange, NASDAQ, or the NYSE Arca Options. If more than twenty-five percent (25%) of the Assignee's stock is transferred, whether by one or by means of successive transfers, regardless of whether Assignee is a publicly or privately held entity, such transfer shall be deemed an assignment within the meaning of Section 15. Any such transfer shall void this TEUP. Such a transfer is agreed to be a breach of this TEUP which shall entitle the Executive Director to immediately terminate this TEUP by giving written notice thereof.

18. Conflict of Interest. It is understood and agreed that the parties to this TEUP have read and are aware of the provisions of Section 1090 *et seq.* and Section 87100 *et seq.* of the Government Code relating to conflict of interest of public officers and employees, as well as the Conflict of Interest Code of City's Harbor Department. All parties hereto agree that they are unaware of any financial or economic interest of any public officer or employee of City relating to this TEUP. Notwithstanding any other provision of this TEUP, it is further understood and agreed that if such a financial interest does exist at the inception of this TEUP, City may immediately terminate this TEUP by giving written notice thereof.

19. Termination for Misrepresentations. This TEUP is granted pursuant to an application filed by Assignee with City. If the application or any of the attachments thereto contain any misstatement of fact which, in the judgment of Executive Director, affected his or her decision to grant said TEUP, Executive Director may terminate this TEUP immediately upon written notice to Assignee.

20. Notice. In all cases where written notice, including the service of legal pleadings, is to be given under this TEUP, service shall be deemed sufficient if said notice is deposited in the United States mail, in a sealed envelope, addressed as set forth below, with postage thereon fully prepaid. When so given, such notice shall be effective from the date of mailing. Unless changed by notice in writing from the respective parties, notice to the parties shall be as follows:

To City: Los Angeles Harbor Department
P.O. Box 151
San Pedro, California 90733-0151
Attention: Executive Director
Attention: Director of Real Estate

With a copy to: Office of City Attorney—Harbor Department
425 S. Palos Verdes Street
San Pedro, California 90731
Attention: General Counsel

To Assignee: _____

Nothing herein contained shall preclude or render inoperative service of such notice in the manner provided by law. All notice periods under this TEUP refer to calendar days unless otherwise specifically stated.

21. Construction of Agreement. This TEUP shall not be construed against the party preparing it and shall be construed without regard to the identity of the person who drafted this TEUP.

22. No Waiver. No waiver by either party at any time of any terms or conditions of this TEUP shall be a waiver at any subsequent time of the same or any other term or condition. The acceptance of compensation by City shall not be deemed a waiver of any other breach by Assignee of any term or condition of this TEUP other than the failure of Assignee to timely make any particular compensation payment so accepted. No breach of a covenant, term, or condition of this TEUP will be deemed to have been waived by City unless the waiver is in writing and executed by City.

23. Joint and Several Obligations of Assignee. If more than one individual or entity comprises Assignee, the obligations imposed on each individual or entity that comprises Assignee under this TEUP shall be joint and several.

24. Time of the Essence. Time is of the essence in this TEUP.

25. Nondiscrimination and Affirmative Action Provisions. Assignee agrees not to discriminate in its employment practices against any employee or applicant for employment because of employee's or applicant's race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status, domestic partner status, or medical condition. All subcontracts awarded under or pursuant to this TEUP shall contain this provision.

26. Minority, Women and Other Business Enterprise (MBE/WBE/OBE) Outreach Program. It is the policy of City to provide minority business enterprises ("MBEs"), women's business enterprises ("WBEs"), and all other business enterprises ("OBEs") an equal opportunity to participate in the performance of all City contracts in all areas where such contracts afford such participation opportunities. Assignee shall assist City in implementing this policy and shall use its best efforts to afford the opportunity for MBEs, WBEs, and OBEs to achieve participation in subcontracts where such participation opportunities present themselves and attempt to ensure that all available business enterprises, including MBEs, WBEs, and OBEs, have an equal opportunity to compete for and participate in any such participation opportunity which might be presented under this TEUP.

27. Service Contractor Worker Retention Policy and Living Wage Policy Requirements. Board adopted Resolution No. 5771 on January 3, 1999, to adopt the provisions of Los Angeles City Ordinance No. 171004 relating to Service Contractor Worker Retention, set forth at Section 10.36 *et seq.* of the Los Angeles Administrative Code, as the policy of City's Harbor Department. Further, Charter Section 378 requires compliance with City's Living Wage requirements, set forth at Section 10.37 *et seq.* of the Los Angeles Administrative Code. Assignee shall comply with these policies wherever applicable. Violation of this provision, where applicable, shall entitle City to terminate this TEUP and otherwise pursue legal remedies that may be available.

28. Wage and Earnings Assignment Orders/Notices of Assignments. Assignee is obligated to fully comply with all applicable state and federal employment reporting requirements for Assignee and/or its employees. Assignee shall certify that the principal owner(s) are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignments applicable to them personally. Assignee will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with Section 5230 *et seq.* of the California Family Code. Assignee will maintain such compliance throughout the term of this TEUP.

29. Equal Benefits Policy. Board adopted Resolution No. 6328 on January 12, 2005, to adopt the provisions of Los Angeles City Ordinance No. 172,908, as amended, relating to Equal Benefits,

set forth at Section 10.8.2.1 *et seq.* of the Los Angeles Administrative Code, as a policy of City's Harbor Department. Assignee shall comply with the policy wherever applicable. Violation of the policy shall entitle City to terminate this TEUP and otherwise pursue legal remedies that may be available.

30. Business Tax Registration Certification. Assignee represents that it has obtained and presently holds the Business Tax Registration Certificate(s) required by City's Business Tax Ordinance set forth at Sections 21.00 *et seq.* of the Los Angeles Municipal Code. Assignee shall provide City evidence that all such Certificates have been obtained. Assignee shall maintain, or obtain as necessary, all such Certificates required of it under said Ordinance and shall not allow any such Certificate to be revoked or suspended.

31. Wilmington Truck Route. It is recognized by both parties that Assignee may not directly control any trucks serving the Premises. However, Assignee will make its best effort to notify truck drivers, truck brokers, and trucking companies that trucks serving the Premises must confine their route to the designated Wilmington Truck Route of Alameda Street and Harry Bridges Boulevard; Figueroa Street from Harry Bridges Boulevard to "C" Street; and Anaheim Street east of Alameda Street.

32. State Tidelands Act. This TEUP, the Premises, and Assignee's use and occupancy thereof shall at all times be subject to the limitations, conditions, restrictions, and reservations contained in and prescribed by the Act of the Legislature of the State of California entitled "An Act Granting to the City of Los Angeles the Tidelands and Submerged Lands of the State Within the Boundaries of Said City," approved June 3, 1929 (1929 Cal. Stats., Ch. 651), as amended, and Article VI of the Charter of City of Los Angeles relating to such lands. Assignee shall not undertake any use of the Premises, even a Permitted Use, which is or will be inconsistent with such limitations, conditions, restrictions, and reservations.

33. Section Headings. Section headings used in this TEUP are merely descriptive and not intended to alter the terms and conditions of the sections.

34. Integrated Agreement. It is understood that this TEUP supersedes and cancels any and all previous negotiations, arrangements, representations, agreements, negotiations, and understandings, if any, between the parties related to the subject matter of this TEUP and there are no oral agreements that affect any of the terms of this TEUP.

35. Amendments. No provision of this TEUP may be amended except by an agreement in writing signed by City and Assignee. Any such modifications are subject to all applicable approval processes set forth in City's Charter, City's Administrative Code, or other applicable law.

36. Governing Law and Venue. This TEUP is made and entered into in the State of California and shall in all respects be construed, interpreted, enforced, and governed under the laws of the State of California without reference to choice of law rules. Any action or proceeding arising out of or related to this TEUP shall be filed and litigated in the state or federal courts located in the County of Los Angeles, State of California.

(signature page follows)

DATED: _____

CITY OF LOS ANGELES
HARBOR DEPARTMENT

By: _____
EUGENE D. SEROKA
Executive Director

The undersigned Assignee hereby accepts the foregoing TEUP and agrees to abide by, to be bound by, and to observe each and every of the terms, conditions, and covenants thereof, including those set forth in any addendum.

DATED: _____

ASSIGNEE NAME

By: _____

Type/Print Name and Title

Attest: _____

Type/Print Name and Title

APPROVED AS TO FORM AND LEGALITY

_____, 20__
MICHAEL N. FEUER, City Attorney

By: _____
_____, Assistant/Deputy

TEMPORARY ENTRY AND USE PERMIT

FEES AND CHARGES GUIDELINES

Land and Submerged Land Use Fees:

The Harbor Department policy for establishing land and submerged land fees for temporary use of Port property pursuant to a Temporary Entry and Use Permit (TEUP) is to set such fees equivalent to the prevailing market rent, as defined below, and, if appropriate, adjust such fees for additional factors described below. The prevailing market rent shall be established in accordance with the Appraisal Institute's definition of "market rent" which is *"the most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, and tenant improvements."*

Additional factors include, but are not limited to, the following:

- The type of use (e.g. pre-construction, special event, etc.);
- The specific site amenities available;
- The type of organization applying to use Harbor Department property (e.g. government, private, or non-profit);
- The event is private or open to the public;
- The event will charge admission or will be free to participants;
- The size of the event and potential use of Harbor Department resources;
- The site location;
- The duration of use;
- The use or event schedule (e.g. summer, high-peak season or winter, low peak-season);
- The use or event will require major or minor alterations to Harbor Department property;
- The permit compliance history of specific applicant; and
- The fees associated with similar events at the Harbor Department or at other locations (e.g. Port of Long Beach).

Land and submerged land use fees may range from no cost to an applicable fee above the equivalent market rent, subject to the factors listed above.

Security, Maintenance, and Other Charges:

The Executive Director, at his/her sole discretion, shall determine additional charges for costs to be incurred by the Harbor Department for additional security, maintenance and

labor, traffic control, and other services based on site location, size of the event, and type of activities to occur at the site. Estimated costs of services will be provided by appropriate Harbor Department divisions (e.g. security costs from Port Police).

Deposit:

The Executive Director, at his/her sole discretion, shall determine the amount of refundable restoration deposit required. Risk factors such as potential damage to the structures at the site and type of proposed activities will be considered.

Board Approvals:

If the fees and charges exceed \$150,000 for any TEUP, approval of the Board of Harbor Commissioners shall be required.

Reservation Fee:

The Executive Director, at his/her sole discretion, shall determine the amount of the non-refundable reservation fee, if any, required for the event. The following guidelines apply to the reservation fee:

- The reservation fee will be between ten (10%) and thirty (30%) percent of the land and submerged land use fees.
- The reservation fee shall be applied to the final fees due for the TEUP.
- The reservation fee shall serve as a hold on the specific dates and locations. However, the Executive Director, at his/her sole discretion, may reschedule or decline events at any time.
- The reservation fee is non-refundable, however, if the event is declined by the Executive Director, the reservation fee will be refunded.
- Reservations will be accepted within 1 year of the event date.

Standard Terms:

The TEUP shall include all Harbor Department standard terms and conditions.