



Executive Director's
Report to the

Board of Harbor Commissioners

DATE: JULY 13, 2022

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ – APPROVE THE OPTION TO
EXTEND THE TERM OF PERMIT NO. 899 WITH PACIFIC BATTLESHIP
CENTER FOR AN ADDITIONAL FIVE-YEAR PERIOD**

SUMMARY:

Staff requests approval to exercise the first of two, five-year extension options to Permit No. 899 (P899) with Pacific Battleship Center (Pacific Battleship), a museum and educational facility. P899 has a ten-year term that commenced May 25, 2012, and two five-year options to extend the term. Pacific Battleship has been on holdover since May 25, 2022.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action has been previously evaluated pursuant to the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(i) of the Los Angeles City CEQA Guidelines;
2. Approve the option to extend Permit No. 899 with Pacific Battleship Center;
3. Approve a waiver for the annual paid attendee condition for 2020 and 2021, as outlined under Section 2.3 (b) of Permit No. 899;
4. Authorize the Executive Director to execute the extension letter for Permit No. 899; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background - P899 between the City of Los Angeles Harbor Department (Harbor Department) and Pacific Battleship grants approximately 4.43 acres of property at Berths 88-89 (Transmittal 1) to Pacific Battleship for the berthing, maintenance, and operation of the USS Iowa. The USS IOWA functions as a museum and educational facility; venue for maritime and military-related events; special events that promote the LA Waterfront; sleepover programs; filming; special events with prior Harbor Department approval; and storage of associated equipment, material, and supplies.

SUBJECT: FIVE-YEAR EXTENSION PACIFIC BATTLESHIP CENTERExtension:

On January 17, 2022, Pacific Battleship requested the first of two five-year extensions. Pursuant to Section 2.3 of P899, Tenant shall have two (2) five-year options to renew the permit provided the Harbor Department determines that both: (a) the Tenant is a tenant in good-standing as demonstrated by compliance with the terms of the permit during the first ten years of the permit; and (b) annual (i.e., any consecutive 12-month period) attendance at the USS Iowa (Iowa) exceeds 100,000 paid attendees during the first ten years, and any subsequent option period.

Staff has determined that Pacific Battleship is a tenant in good-standing and is in compliance with all terms of P899, except as explained below:

- Annual paid attendees during the 2020 and 2021 years, which were both adversely affected by Covid-19 Pandemic mandated visitor restrictions, did not achieve the permit required 100,000 annual attendees.

Annual Attendance	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Paid	127,066	196,423	155,283	179,668	173,172	168,792	215,568	138,856	34,266	64,666
Unpaid	5,053	4,790	24,007	43,070	38,396	64,464	26,298	19,757	1,846	8,011

- Over the past ten years, the Iowa has been recognized as a top five Los Angeles museum and attraction and averaged approximately 150,000 paid visitors annually, for a total of 1,453,760 paid visitors, or a total attendance of 1,689,452, inclusive of unpaid visitors, since its opening in 2012 (excluding LA Fleet Week). The Iowa's attendance surpassed the 100,000 paid visitor requirement every year except for 2020 and 2021.
- In 2020 and 2021, COVID-19 local government orders caused the Iowa to close for a total of 114 days, with additional operational restrictions imposed when they were open.

Summary of Significant Terms:

Provision	Description
Term	<ul style="list-style-type: none"> • Five-year extension, effective upon execution by Executive Director
Compensation	<ul style="list-style-type: none"> • Minimum amount payable to the Harbor Department for the five-year extension would be \$556,740

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of five-year extension to P899 with Pacific Battleship, which is an activity for which the underlying project has been previously assessed in the USS Iowa Project Final Environmental Impact Report (SCH# 2011081097), which was certified by the Board of Harbor Commissioners on May 17, 2012. Therefore, the Director of Environmental Management has determined that the proposed action has been previously evaluated pursuant to the requirements of CEQA under Article II Section 2(i) of the Los Angeles City CEQA Guidelines.

SUBJECT: FIVE-YEAR EXTENSION PACIFIC BATTLESHIP CENTER

FINANCIAL IMPACT:

The proposed action is the approval of the first of two, five-year extension options to P899 with Pacific Battleship. Under the proposed extension, Pacific Battleship would continue to pay annual rent at the greater of \$111,348 or four percent of gross receipts. The fixed minimum annual compensation is also adjusted annually according to the Consumer Price Index.

CITY ATTORNEY:

The Office of the City Attorney has reviewed the Board Report and extension letter (Transmittal 2), and there are no legal issued at this time.

TRANSMITTALS:

1. Site Map
2. Extension Letter

FIS Approval: MB
CA Approval: SO

Michael J. Galvin
MICHAEL J. GALVIN
Director of Waterfront & Commercial Real Estate

Michael DiBernardo
MICHAEL DIBERNARDO
Deputy Executive Director

APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director

ES:MD:MG:HP:MS:cb
Author: Meagan Sestich
BL935cb Pacific Battleship Extension