



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the
Board of Harbor Commissioners

DATE: FEBRUARY 13, 2013

FROM: PUBLIC RELATIONS

**SUBJECT: RESOLUTION NO. _____ - APPROVAL OF
AGREEMENT BETWEEN THE CITY OF LOS ANGELES
HARBOR DEPARTMENT AND AMERICAN SAIL TRAINING
ASSOCIATION DBA TALL SHIPS AMERICA®**

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) is proposing to enter into an agreement with American Sail Training Association DBA Tall Ships America® (Tall Ships America®) to host Tall Ships® Festival LA as an official stop on the Tall Ships Challenge® Series in August 2014. This will be the fourth time that the Port of Los Angeles (Port) has been an official stop of the Tall Ships Challenge®, but the first time that the Harbor Department has taken on the hosting role. Previous Tall Ships Challenge® events held at the Port in 2002, 2005 and 2008 were extremely popular, attracting as many as 12 national and international tall ships and 250,000 visitors to the area over a four-day period, directly promoting the Port's maritime history and traditional vessels. It is anticipated that the Tall Ships® Festival LA 2014 will attract a similar number of visitors to the LA Waterfront.

Staff is recommending the Board of Harbor Commissioners (Board) approve the Agreement with Tall Ships America® for a two-year term not-to-exceed \$60,150 in order to secure a spot and lock in the desired event dates of August 22-25, 2014; to authorize Tall Ships America® to begin recruiting ship appearances on the Harbor Department's behalf; to authorize the Harbor Department to promote itself as an official host port of the Tall Ships Challenge® 2014; and to facilitate promotion of the event to long-lead travel packagers and agents.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the proposed Agreement between the Harbor Department and Tall Ships America® for a two-year term not-to-exceed \$60,150;

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2. Authorize the Executive Director to execute and Board Secretary to attest to the Agreement; and
3. Adopt Resolution No. _____.

DISCUSSION:

Background and Context –Tall Ships America® organizes and operates the Tall Ships Challenge® Series, a race series that attracts tall ships from around the globe. The Tall Ships Challenge® is a unique annual event that alternates between the Atlantic Coast, the Great Lakes Region and the Pacific Coast. Host ports serve as stops on the race series and festivals are created around the ship visits. While Tall Ships® do visit the West Coast on occasion, such as the *Pallada* visit last year, Tall Ships America® is the only group currently putting on an organized race event along the coast – which ultimately attracts more vessels because this format allows multiple, high-visibility port visits with a festival component.

The Port of Los Angeles was a successful stop on the Tall Ships Challenge® Series in 2002, 2005 and 2008 bringing as many as 250,000 visitors to San Pedro over a four-day period. Local restaurants literally sold out of all their food and then began buying out the supplies from restaurant supply stores from San Pedro to Torrance. The 2005 event garnered a full-page presence in Los Angeles Magazine, television news coverage of the “Parade of Sail” as the vessels entered the Port – complete with Mayor Villaraigosa aloft in the sail rigging and wide newspaper coverage including the Daily Breeze, the LA Times, LA Parent and the Japanese Daily Sun.

In each of these events, the Harbor Department was a sponsor of the event, while the Los Angeles Maritime Museum or the Los Angeles Maritime Institute entered into official hosting duties with Tall Ships America®. For the 2011 Series, neither of these entities took the leadership role to be the official host and an organization in Long Beach took on this role instead. This organization was ultimately not able to fulfill its hosting duties and the tall ships bypassed the San Pedro Bay altogether.

With the event ultimately not taking place in 2011, the Harbor Department saw an opportunity to bring this popular event back to Los Angeles. As an added attraction, the San Pedro Downtown Harbor, which was designed with tall ship festivals in mind, is scheduled to be completed in the summer of 2014 in time for Tall Ships® Festival LA.

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The 2014 event will constitute a “first” on several fronts:

- It will be the inaugural event for the grand opening of the Downtown Harbor.
- It will be the first time the Harbor Department will be taking on the hosting role directly.
- It will be the first time the event will include local sponsors and paid admissions to defray the costs associated with the event.
- It will be the first time that the Harbor Department will be working with a professional event planner to assist with an event of this size.

With the approval of the proposed Agreement, Tall Ships America® will begin recruiting tall ships to participate in the Tall Ships Challenge® 2014 and stop in Los Angeles for the Tall Ships® Festival LA. The organization will attend naval attaché meetings in Washington, D.C., where they will promote Los Angeles to a wide variety of nations with tall ships in their naval fleets as well as independent vessels. These vessels plan their travel years in advance, so it is critical that recruitment for 2014 visits begin now to maximize the number of vessels able to commit to the Tall Ships® Festival LA. By finalizing the Agreement with Tall Ships America® now, the Harbor Department will lock in our preferred event dates of August 22-25, 2014 and greatly increase our opportunity to attract high-interest vessels such as the United States Coast Guard Academy *Eagle*. See Transmittal 1 for a full listing of deliverables from Tall Ships America®.

The cost to host the Tall Ships event in 2005 was approximately \$235,000. We are estimating that the cost to host the Tall Ships® Festival 2014 will be approximately \$300,000 which includes this Agreement with Tall Ships America®, fencing, tents, ship appearance fees, ship servicing costs, volunteer coordination, captain and crew events, reimbursement for City services such as traffic control and other event production costs. The reason for the increase in cost from 2005 to the 2014, beyond a natural increase in cost of services nearly a decade later, is the fact that in 2005 it was not a paid-gate event and in moving to a paid-gate event in 2014, a significant amount of fencing, etc., will be required.

The Harbor Department will be working with a professional event planner to find sponsors, create a paid-gate scenario and other methods to recoup these costs. The bottom-line cost to the Harbor Department cannot be estimated until the professional event planner is on board, but is anticipated to be significantly less than the total cost to produce the event. Additionally, there will be staffing costs associated with the festival, primarily Port Police and External Relations. The \$60,150 in fees included in the proposed Agreement with Tall Ships America® will be considered part of the Harbor Department’s sponsorship of the event.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an Agreement with Tall Ships America® for planning services for the Tall Ships® Festival LA 2014 event to be hosted by the Harbor Department as a part of the Tall Ships Challenge® Series in August 2014. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

This Board action will have no immediate direct employment effect in the five county region. The future economic impact of Tall Ships Festival LA will depend on the number of visitors and their local spending; based upon attendance at previous Tall Ships events, and average local spending by event attendees (based upon visitor surveys), the 2014 Tall Ships Festival LA is estimated to result in at least \$2.5 million in additional local spending.

FINANCIAL IMPACT:

It is anticipated that the Tall Ships® Festival LA will cost approximately \$300,000, which is expected to be offset by sponsorships and other revenues generated by a professional event planner in FY 2013/14 and FY 2014/15. The goal is for all expenses of the Tall Ships® Festival 2014 to be covered through sponsorship funding.

The estimated \$300,000 cost consists of: the attached Agreement with Tall Ships America®; ship appearance fees; ship services fees; fencing; tents; promotional materials; crew and captains receptions; volunteer support; traffic control; Port Police; Public Relations staffing; Media Relations staff and support; and shore side equipment to support the event (radios, generators, etc.).

The proposed Agreement is for a not-to-exceed amount of \$60,150 over the course of two consecutive fiscal years beginning with FY 2012/2013. Funds for FY 2012/2013 in the amount of \$50,150 are available in Account 52040, Center 0220, Program 620. Funds in the amount of \$10,000 for FY 2013/2014 will be requested to be budgeted as part of the annual budget adoption process, upon Board approval. These funds will be considered the Port's monetary contribution to the event, under community promotional account, and not included in the costs to be covered by the Event Planner solicitation of sponsorship monies.

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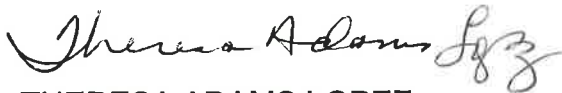
CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the proposed Agreement as to form and legality.

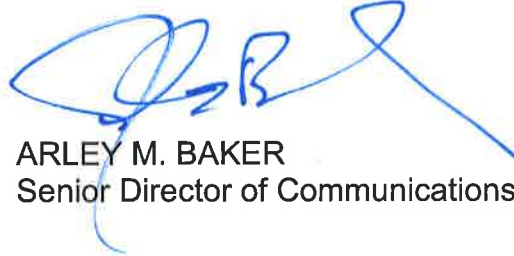
TRANSMITTALS:

1. Proposed Agreement with Tall Ships America®
2. Highlights from prior Tall Ships Festivals

FIS Approval MP (initials)
CA Approval MP (initials)



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