



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MAY 13, 2015

FROM: REAL ESTATE

SUBJECT: RESOLUTION NO. _____ – TEMPORARY ENTRY AND USE PERMIT NO. 1505 WITH MEADOW LAKE, LLC. FOR PREMISES IN THE OUTER HARBOR, SAN PEDRO

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) proposes to grant a six-month Temporary Entry and Use Permit (TEUP) to Meadow Lake, LLC. (ML) for the construction, operation, and maintenance of a temporary live entertainment venue at the Outer Harbor in San Pedro (Berths 45-49). ML has previously produced and operated many successful shows in cities throughout Britain and other countries. This year, ML has selected the Port of Los Angeles as its first United States location for its events. The Outer Harbor facility is a short-term, multi-use facility used for three-ship cruise operations and other special events.

The estimated gross revenue to the Harbor Department is \$683,268 for the six-month term of the TEUP. Staff has negotiated an in-kind exchange of a minimum of \$300,000 in joint media and publicity value for the LA Waterfront for approximately \$178,976 in rent abatements.

RECOMMENDATION:

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

1. Approve Temporary Entry and Use Permit No. 1505 between the City of Los Angeles Harbor Department and Meadow Lake, LLC.;
2. Authorize the Executive Director to execute and the Board Secretary to attest to Temporary and Use Permit No. 1505; and
3. Adopt Resolution No. _____.

SUBJECT: PROPOSED TEMPORARY ENTRY AND USE PERMIT NO. 1505

DISCUSSION:

Background/Context – In support of City of Los Angeles Mayor Eric Garcetti's and the Harbor Department's goal to bring more visitors to the LA Waterfront, staff negotiated an agreement with ML to bring its unique entertainment experience to the LA Waterfront. ML is a seasoned producer and operator that initiated its live performance shows in 2007, successfully bringing cinema to life in unique locations throughout Britain. Other performances were held in various cities in Mexico, Italy, Canada, Germany, and Spain.

The location at Berths 45-49 at the Outer Harbor (Transmittal 1, Exhibit A) was selected as the ideal performance site. Berths 45-49 are generally used for temporary events and three-cruise ship days. The current schedule shows only two, three-cruise ship days during ML's term at the site. Harbor Department staff worked with the cruise operator and the ML design staff on a strategic plan that allows simultaneous use of the site without disruption.

ML plans to hire local residents for approximately 150 jobs, which does not include parking and security staff. ML will also directly engage local businesses, organizations, artists, and contractors for business opportunities associated with its production.

Terms and Conditions – The key terms and conditions of the TEUP (Transmittal 1) are as follows:

Term: October 1, 2015 through March 31, 2016

Premises: The performance site includes approximately nine acres of land at Berths 45-49 and 10,000 square feet of warehouse space for construction and storage of props at Berth 55. The parking sites include a total of approximately nine and a half acres located at the 22nd Street Parking Lot and the parking lot on the corner of 22nd and Miner Streets (Transmittal 1, Exhibit B). The term for the warehouse is only for three weeks.

Permitted Uses: Construction, maintenance, and operation of a live entertainment facility and other related ancillary activities.

Compensation: Land Rent: \$466,008
Port Police Fees: \$217,260 (reimbursements to Harbor Department)
Total Compensation: \$683,268

Other Compensation: Tenant is also required to provide a minimum of \$300,000 in joint media and publicity value for the LA Waterfront.

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Restoration: ML is required to surrender possession of the premises to the Harbor Department and shall, without cost to the Harbor Department, remove any and all of its property and restore the premises to the same or as good condition, ordinary wear and tear and damage from casualty excepted, as at the time of the first occupancy thereof by ML.

Insurance: ML is required to provide various insurances including liability insurance of \$5 million plus standard indemnifications.

ENVIRONMENTAL ASSESSMENT:

The proposed action is issuance of a six-month TEUP to ML for the construction, operation, and maintenance of a live immersive entertainment venue at the Outer Harbor. As a temporary use of land having no permanent effects on the environment, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article III Class 4(6) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

This Board action will support approximately 150 direct jobs from October 1, 2015 through March 31, 2016.

FINANCIAL IMPACT:

Approval of the proposed TEUP would result in the Harbor Department committing approximately nine acres located at Berths 45-49 for the performance venue and on event days only, nine and a half acres for parking at 22nd Street for a period of six months, beginning October 1, 2015 through March 31, 2016. Net compensation to the Harbor Department is approximately \$466,008 (\$683,268 less \$217,260 in Port Police reimbursements) for the use of the premises during the term of the TEUP, plus a minimum of \$300,000 in joint media and publicity value for the LA Waterfront. The proposed use of Berths 45-49 by ML will not impede any of the cruise operations, current tenants, or prospective tenants during the term of the TEUP. ML will also provide its own security and emergency medical services for the event so additional costs beyond the Port Police reimbursements are not anticipated, assuming attendance to the event does not significantly surpass the anticipated levels.

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CITY ATTORNEY:

TEUP No. 1505 is subject to approval as to form and legality by the Office of the City Attorney.

TRANSMITTAL:

1. Temporary Entry and Use Permit No. 1505



JACK C. HEDGE
Director of Real Estate

APPROVED:



EUGENE D. SEROKA
Executive Director

ES:MD:JH:RG:raw
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FIS Approval:  (initials)
CA Approval:  (initials)



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Deputy Executive Director