



**THE PORT  
OF LOS ANGELES**

Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: MARCH 1, 2012**

**FROM: PLANNING & ECONOMIC DEVELOPMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ – PROPOSED SECOND AMENDMENT  
TO AGREEMENT NO. E6530 BETWEEN THE CITY OF LOS ANGELES  
HARBOR DEPARTMENT AND THE MAXIMA GROUP, LLC**

**SUMMARY:**

The Maxima Group, LLC (Maxima), a Los Angeles based firm provides the City of Los Angeles Harbor Department (Harbor Department) with financial, real estate, and economic consulting services relating to commercial development sites at the Port of Los Angeles (Port). The agreement was originally approved as a one-year Executive Director agreement on October 28, 2009 in the amount of \$150,000, and was later extended by the Board of Harbor Commissioners (Board) through April 27, 2012, and increased the amount \$243,450, for a total amount not to exceed \$393,450. To continue waterfront development strategies as described in the original scope of work, an extension of time and additional funding is proposed for this agreement. Staff is recommending the extension of Agreement No. E6530 for a period of 18 months and a funding increase in the amount of \$95,000. The new agreement total will be \$488,450 with an effective date of April 28, 2012, expiring October 27, 2013.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Approve the Second Amendment to Agreement No. E6530 to increase the agreement amount by \$95,000 and extend the agreement an additional 18 months;
2. Authorize the Executive Director and the Board Secretary to execute and attest to the Second Amendment for and on behalf of the Board; and
3. Adopt Resolution No. \_\_\_\_\_.

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**SUBJECT: SECOND AMENDMENT TO AGREEMENT NO. E6530 WITH MAXIMA**

**DISCUSSION:**

Background – On October 28, 2009, the Harbor Department entered into an Executive Director Agreement with Maxima (Transmittal 1) to assist with the process of selecting a development team for commercial development sites along the San Pedro and Wilmington waterfront project areas, including Ports O' Call Village and Cabrillo Way Marina. The services include conducting extensive research and developer outreach to determine the most effective commercial development strategy. The agreement had a one-year contract term with compensation not to exceed \$150,000. The First Amendment was approved by the Board on October 7, 2010 extending the contract for an additional 18 months through April 28, 2012, and increasing the funding authority by \$243,450 (Transmittal 2). This extension enabled a continuation of services to support waterfront development strategies as well as amend the scope of work to include assistance developing criteria for evaluating a potential term extension for a hotel ground lease.

Maxima provides commercial real estate development and financing consulting services to the Harbor Department for the purpose of enhancing the success of the waterfront commercial development sites. Success is measured by (1) the retention of a quality developer and development and (2) the economic benefits generated from the commercial development. Maxima's participation was critical in securing quality proposals for the adaptive reuse of Warehouses Nos. 9 & 10 and in assisting staff in negotiating a long-term lease with the developer of Bergamot Station for a crafts marketplace in the warehouses. The major commercial development site within the San Pedro waterfront, Ports O'Call Village was scheduled to be offered to developers through a competitive process last year. However, due to the lingering effects of the recession severely impacting commercial development activity and based on feedback received from Maxima's consultations with developers, staff determined it was in the Harbor Department's best economic interests to postpone the competitive offering for Ports O' Call. In the interim, Maxima recommended that the Harbor Department undertake actions that would bring additional visitors and activities to the waterfront. These actions included bringing the crafts marketplace to Warehouses Nos. 9 & 10 and pursuing additional event programming on the waterfront. An agreement with a special events promoter, currently nearing completion, combined with the crafts marketplace and the potential berthing of the USS Iowa in San Pedro will build the critical mass of activities and visitors to the waterfront which will improve the likelihood of receiving greater developer interest for Ports O' Call.

The extension of this agreement would provide the additional time to complete the selection of a developer for the Ports O' Call site. Specific tasks under the proposed Second Amendment (Transmittal 3) include the following:

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- Identify Ports O' Call development alternatives
- Developer outreach and consultation
- Competitive selection process input
- Developer negotiation support
- Identify financing strategies for parking and infrastructure development
- Assist in the development of the waterfront parking strategy and plan

Maxima will identify potential development alternatives for Ports O' Call, market the Ports O' Call development opportunity at commercial real estate conferences and events, continue developer outreach and education efforts, assist in developing the competitive offering for Ports O' Call, assist staff in evaluating developer responses, provide input during developer negotiations, prepare financial analyses of various ground lease terms, assess financing strategy alternatives for required public infrastructure, and advise staff on developer issues relating to the development of a waterfront parking strategy.

To continue the efforts and complete the scope of work, it has become necessary to extend the length of Agreement No. E6530 by 18 months. The new expiration date would be revised from the current date of April 28, 2012 to October 27, 2013. The proposed Second Amendment would also increase the maximum amount payable by \$95,000, from \$393,450 to \$488,450. Although the proposed Second Amendment would extend the total term of Agreement No. E6530 to four years, City Council approval is not required in accordance with Section 10.5 (b) 2 of the Los Angeles Administrative Code as the annual estimated payment under the agreement will not exceed \$143,000.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of a Second Amendment to Agreement No. E6530 with Maxima to extend the length of the agreement by 18 months. As an administrative activity, 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 II, Section 2(f) of the Los Angeles City CEQA Guidelines.

**ECONOMIC BENEFITS:**

This Board action will have a minimal employment impact (supporting less than one additional full-time job in the five-county region).

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**FINANCIAL IMPACT:**

Approval of the proposed Second Amendment will extend the term of the existing 30-month contract by an additional 18 months and will add \$95,000 to the current agreement amount of \$393,450, bringing the total agreement amount to \$488,450. To date \$345,450 of the current \$393,450 agreement amount has been expended. Extending the existing length of the contract with Maxima to complete the work is more cost effective than seeking a new consultant to complete the work. Planning and Economic Development staff does not have expertise in multi-million dollar commercial retail and entertainment projects and the Harbor Department must move forward with this project as part of the waterfront development. If the Board approves the recommended actions, funds in the amount of \$65,000 from the proposed FY 12/13 budget will be provided from Planning and Economic Development Division budget, Account Number 54290, Center Number 0428, and Program Number 000. Funds for future fiscal years will be requested to be budgeted as part of the annual budget adoption process, upon Board approval. A Termination for Non-Appropriation of Funds (otherwise known as a funding out clause) is included in the Second Amendment.

**CITY ATTORNEY:**

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

**TRANSMITTALS:**



1. Agreement No. E6530
2. First Amendment to Agreement No. E6530
3. Second Amendment to Agreement No. E6530

  
DAVID L. MATHEWSON  
Director of Planning & Economic Development

APPROVED:

  
GERALDINE KNATZ, Ph.D.  
Executive Director

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FIS Approval:  (initials)  
CA Approval:  (initials)

  
KATHRYN McDERMOTT  
Deputy Executive Director