



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: FEBRUARY 10, 2012

FROM: PUBLIC RELATIONS

**SUBJECT: RESOLUTION NO. _____ - APPROVAL OF AGREEMENT
BETWEEN THE CITY OF LOS ANGELES HARBOR
DEPARTMENT AND PROMOTE L.A. TRADE – IAPH 2013 FOR
INITIAL CONFERENCE EXPENSE FUNDING**

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) is hosting the 2013 International Association of Ports and Harbors (IAPH) World Ports Conference in May 2013. In order to control and partition the revenue and expenditures of the conference from the Harbor General Fund, the Harbor Department created a private non-profit corporation -- Promote L.A. Trade -- IAPH 2013, an action approved by the Board of Harbor Commissioners (Board) on March 17, 2011.

It is anticipated that 1,000 attendees comprised of registered participants and their accompanying guests will be attending the week-long conference which will feature plenary sessions, technical committee and working sessions, an exhibition hall, activities for the accompanying guests, and off-site events for both groups.

Revenue will be generated through registrations, sponsorships and exhibitor fees. The anticipated cost for the entire conference is \$2,000,000, with revenue generation to begin in mid-2012. It is anticipated that revenues generated will cover the conference expenses.

Expenses for some components of the conference will be generated before any revenues are collected, in particular web design, accounting services and conference planning services. Initial funding for these services was included in the Public Relations Division fiscal year (FY) 2011/12 budget.

To move forward with contracting for these services, and others in the future, the proposed Agreement will allow for seed funding to be transferred into a Promote L.A.Trade – IAPH 2013 account and provide the Harbor Department with oversight authority regarding the non-profit's use of those funds.

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RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the proposed funding Agreement between the Harbor Department and Promote L.A. Trade – IAPH 2013 for an amount not-to-exceed \$350,000 for funding of initial expenses related to hosting the IAPH World Ports Conference in May 2013;
2. Authorize the Executive Director to execute and Board Secretary to attest to said Agreement for and behalf of the Board;
3. Adopt Resolution No. _____.

DISCUSSION:

Background – The International Association of Ports and Harbors has a membership of 230 ports from 90 countries. The Port of Los Angeles has not hosted this conference for over 50 years. Hosting an IAPH World Ports Conference is an opportunity for the hosting port to bring revenue to its city through tourism and associated taxes. It is also an opportunity to promote the Port's industry-leading environmental initiatives such as Alternative Maritime Power and Clean Air Action Plan. Because of the revenue component and the local expertise, hosting ports are required to take on full responsibility of coordinating all aspects of the conference. These responsibilities include: obtaining conference venues (session rooms and exhibition area); securing hotel space for conference venues (session rooms and exhibition area); securing hotel space for conference attendees; creating the full program of speakers; creating the event website and all promotional materials; managing all aspects of registrations and securing exhibitors; securing sponsorship partners; providing group transportation; and coordinating visitor excursions, daily dinner programs and as-needed translator and attendee guest program support.

In March 2011, the Board of Harbor Commissioners approved the creation of a non-profit corporation, Promote L.A. Trade – IAPH 2013, to oversee the conference. Since the creation of the Promote L.A. Trade - IAPH 2013, its board has held its first meeting and elected officers. The next steps are to enter into agreements with an accounting firm, a convention planner and a website developer for the event. Promote L.A. Trade – IAPH 2013 is adhering to City of Los Angeles and Harbor Department contracting processes for the selection of these vendors and will soon be ready to finalize agreements with the selected

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companies for these services. The Harbor Department and Promote L.A. Trade – IAPH 2013 will enter into an agreement pertaining to these funds (Transmittal 1) and seed funding provided by the Harbor Department is expected to be returned to the Department at the conclusion of the conference. Revenue generation can begin once the Conference Planner is on-board. The planner will put together exhibitor and sponsorship packages as well as finalize the registration portion of the website. It is anticipated that revenue generation will be approximately \$900,000 from registrations, \$700,000 from sponsorships and \$400,000 from exhibitor fees.

Prior Board Actions - At the March 17, 2011 meeting of the Board of Harbor Commissioners, the Board approved the creation of Promote L.A. Trade – IAPH 2013, a 501 (C)(4) corporation, to oversee the 2013 IAPH World Ports Conference.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a funding agreement between the Harbor Department and Promote L.A. Trade – IAPH 2013 for funding of initial expenses related to hosting the IAPH Conference. 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:

Approval of the proposed funding Agreement will have no employment impact.

FINANCIAL IMPACT:

The proposed Agreement provides for initial seed funding for Promote L.A. Trade – IAPH 2013 in support of efforts to manage and host the IAPH World Ports Conference in 2013. The Agreement provides for reimbursement of Harbor Department funds expended towards this endeavor provided that the Consultant has revenues remaining after payment of all debts outstanding upon completion of the IAPH World Ports Conference; the reimbursement amount shall not exceed the amount expended by the Harbor Department.

It is anticipated that the 2013 IAPH conference will cost approximately \$2 million, which is expected to be offset by anticipated revenues. Revenue generation is anticipated to begin mid-2012 at which time “Promote L.A. Trade – IAPH 2013” will begin handling expenses directly. It is anticipated that the nonprofit corporation will be financially self-sufficient in fiscal year 2012-13 and will ultimately reimburse the Harbor Department for start-up funding expended in

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fiscal years 2010-11 and 2011-12. In the case where a funds shortage exists in fiscal year 2012-13, the difference will be paid from the Harbor Department general fund. Should a funds surplus exist at the completion of the final accounting for "Promote L.A. Trade – IAPH 2013," the distribution of those funds will be determined at that point in accordance with the Articles of Incorporation, as well as federal and state tax laws.

The proposed Agreement is for a not-to-exceed amount of \$350,000 over the course of two consecutive fiscal years beginning with FY 2011/2012 proposed commitment amount of no more than \$150,000 and not-to-exceed \$200,000 in the subsequent FY 2012/2013. Funds for FY 2011/2012 are available in Account 52030, Center 0220, Program 625. Funds in the amount of \$200,000 for FY 2012/2013 will be requested to be budgeted as part of the annual budget adoption process, upon Board approval.

CITY ATTORNEY:


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

TRANSMITTAL:

- 1. Proposed Agreement with Promote L.A. Trade

FIS Approval WJ (initials)

CA Approval Jre (initials)



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APPROVED:



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