



**THE PORT  
OF LOS ANGELES**

Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: SEPTEMBER 11, 2013**

**FROM: EXECUTIVE OFFICE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ – SPONSORSHIP AGREEMENT  
BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT  
AND SAN PEDRO BAY PORT TECHNOLOGIES DEVELOPMENT  
CENTER, CORP.**

**SUMMARY:**

The City of Los Angeles Harbor Department (Harbor Department) proposes to enter into a one-year Sponsorship Agreement (Agreement) with San Pedro Bay Technologies Development Center, Corp. (PortTechLA), San Pedro, CA in the amount of \$150,000 for sponsorship of their business incubator and commercialization center for maritime related technologies. PortTechLA identifies and recruits emerging companies with advanced technologies that will enable the Port of Los Angeles (Port) and the maritime and goods movement industries to address environmental, energy, transportation and security challenges; mentors these emerging companies; and creates employment opportunities in the region by helping these companies to commercialize these advanced technologies.

**RECOMMENDATION:**

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

1. Find that, in accordance with City Charter Section 1022, the scope of work of the proposed Agreement is temporary and occasional in nature and is best completed by a contractor on an interim basis;
2. Find that the proposed sponsorship is consistent with the criteria of the Board-approved Sponsorship/Hosting Policy;
3. Approve the Agreement with San Pedro Bay Technologies Development Center, Corp. (PortTechLA) to provide funding for a total not-to-exceed amount of \$150,000 for a period of one year; and
4. Adopt Resolution No. \_\_\_\_\_.

**DATE: SEPTEMBER 11, 2013**

**PAGE 2 OF 5**

**SUBJECT: SPONSORSHIP OF PORTTECHLA**

**DISCUSSION:**

Background/Context – Created in 2008, through a partnership between the Harbor Department and the San Pedro and Wilmington Chambers of Commerce, PortTechLA is a non-profit technology center and incubator. Its mission is to identify, support and incubate emerging companies that are developing technologies that will enable the Port, our tenants and the maritime and goods movement industries to address environmental, energy, cargo handling, and security challenges. The goals of PortTechLA include; applying new technologies developed by its client companies in the maritime and goods movement industries that result in cleaner, more efficient, and more secure operations; creating jobs in the Harbor communities of San Pedro, Wilmington, and Harbor City through the production of these technologies, and providing an opportunity for greater cargo volume through the Port by the export of these technologies worldwide.

As a business incubator, PortTechLA is dedicated to assisting clean technology entrepreneurs in transforming start-up companies into thriving businesses. Nationally, 87 percent of start-ups that were assisted by incubators are still operating three years later, as opposed to 50 percent of those start-ups that did not have a relationship with an incubator. PortTechLA offers client services such as business consulting, client pitch development, and networking opportunities with potential funding sources, academic and research institutions and potential users of client technologies. PortTechLA also works closely with the Harbor Department's Technology Advancement Program, which evaluates and funds technologies that support the Clean Air Action Plan and Clean Trucks Program. In addition, PortTechLA hosts PortTechForum, a monthly networking opportunity that brings together technology entrepreneurs, technology company suppliers and consultants, potential funders and business partners, as well as the annual PortTechExpo. Finally, PortTechLA works with its clients to identify potential sites in the Harbor area for establishing technology production and manufacturing operations.

Currently, PortTechLA has 15 clients representing a variety of clean technology industries. These include high-tech oil filtration systems that delay the need for oil changes on heavy duty trucks and is in use at the TraPac container terminal, portable biotreatment systems for separating oil and water, electric propulsion systems, plasma lighting, hazardous materials detection training hardware and software, and alternative fuel production systems. Recently, TransPower, a PortTechLA client company received \$3.7 million in grant funding from the California Energy Commission, the U.S. Department of Energy and the ports of Los Angeles and Long Beach for an advanced electric Class 8 drayage truck demonstration project.

In addition to the proposed sponsorship funding, PortTechLA currently has a three-year, \$1 million Community Development Block Grant funding commitment from the City of Los Angeles. Other current funding source commitments include \$25,000 from the Port of Long Beach. Past funding sources include \$450,000 from the Port of Los Angeles over the past three years which funded the Executive Director position (\$150,000

**SUBJECT: SPONSORSHIP OF PORTTECHLA**

annually), \$250,000 in federal funds sponsored by Senator Diane Feinstein and former Congresswoman Jane Harman, a \$75,000 Small Business Development Assistance grant from the U.S. Small Business Administration, \$50,000 from Supervisor Don Knabe and \$50,000 from SA Recycling. An additional \$30,000 was received from foundations of financial institutions. PortTechLA also receives revenue from its clients through office rent and mentoring services. PortTechLA's current annual calendar year budget is approximately \$500,000 and the proposed sponsorship agreement would be 15 percent of the current year budget based on the proposed payment schedule. It is anticipated that the proposed sponsorship would fund approximately 10 percent of PortTechLA's 2014 calendar year budget, based on anticipated expansion of services.

In the past four years, the Harbor Department has also contributed to the incubator through in-kind services such as administrative support and event support for the annual PortTechExpo. These in-kind services have been valued at approximately \$30,000 annually. When the Harbor Department initiated the funding of the Executive Director position in November 2009, PortTechLA had 3 clients and has since grown the number of clients being served to 15 currently.

Past Agreements – In November 2009, the Harbor Department entered into a one-year, \$150,000 agreement with Innovative Partners, Inc. to perform the services of the Executive Director of PortTechLA. The Board approved two subsequent amendments to that agreement in October, 2010 and 2011. Each amendment extended the agreement for an additional 12 months with the compensation remaining the same at \$150,000 annually. Recently, PortTechLA selected a new Executive Director, Stan Tomsic. Stan Tomsic has over 25 years of experience in clean technology industries and incubating businesses, including serving as the administrator of Los Angeles County's Business Technology Center, an incubator for high technology entrepreneurial companies. Mr. Tomsic also was a partner of ACODA Technology and Investments, LLC, which specialized in strategic assistance, business consulting, investments and mergers and acquisitions for technology companies; and is also a member of the Pasadena Angels, an organization that provides early stage financing to emerging ventures, is chairman emeritus of the Executive Committee of the Caltech/MIT Enterprise Forum, and chairman of the Business Incubation Network of Southern California.

Proposed Agreement – The proposed Sponsorship Agreement (Transmittal 1) is for \$150,000 for Fiscal Year 2013-2014. PortTechLA and Harbor Department staff identified how proposed sponsorship funding will be applied. This includes the acquisition of computer equipment which will support a client tracking and reporting system; hiring part-time administrative support personnel and a grant writer; and leasing additional space to support additional client office space and on-site consulting and mentoring services. The proposed Agreement would provide for an initial transfer of \$75,000 to PortTechLA with two subsequent payments of \$37,500 each at the end of the third quarter of the Agreement and prior to the expiration of the Agreement. These

**DATE: SEPTEMBER 11, 2013**

**PAGE 4 OF 5**

**SUBJECT: SPONSORSHIP OF PORTTECHLA**

payments would be based on PortTechLA satisfactorily meeting the milestones and deliverables identified in the agreement's scope of work.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of a Sponsorship Agreement with PortTechLA for sponsorship of their non-profit business incubator for maritime-related technologies. 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 Agreement will support approximately one direct job for the five-county region.

**FINANCIAL IMPACT:**

The financial impact of the proposed Agreement is that the Harbor Department will commit \$150,000 to sponsor PortTechLA. Funds in the amount of \$150,000 for the proposed Agreement are included in the adopted FY 2013/2014 budget in Account No. 54290. Within one year of executing the Sponsorship Agreement, it is expected that \$150,000 will have been expended under this Agreement. This funding will provide the Harbor Department and Port tenants with a variety of advanced technologies that have been evaluated by PortTechLA to help the City, the maritime industry and/or port-related goods movement industry resolve any environmental, energy, transportation and security issues they may encounter in the most cost-effective way.

DATE: SEPTEMBER 11, 2013

PAGE 5 OF 5

SUBJECT: SPONSORSHIP OF PORTTECHLA

**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 PortTechLA

FIS Approval: EJ (initials)  
CA Approval: JML (initials)



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Deputy Executive Director



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APPROVED:



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