



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

**DATE: JULY 17, 2013**

**FROM: CONSTRUCTION AND MAINTENANCE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - PROPOSED SALE OF MARINE VESSEL *TUNA* TO CALIFORNIA MARITIME ACADEMY, A CAMPUS OF THE CALIFORNIA STATE UNIVERSITY**

**SUMMARY:**

In 2003, the California Department of Fish & Game sold the marine vessel *Tuna* to the City of Los Angeles Harbor Department (Harbor Department) for \$1.00. From 2003 to 2012, the *Tuna* was used by Port Police for dive operations and day-to-day patrol. Due to its age and on-going maintenance costs, the *Tuna* was retired from Port Police operations in 2012 with the intention of salvaging the vessel. Subsequent to the vessel being taken out of service the California Maritime Academy requested the vessel for use as a training platform. It is requested that the Board of Harbor Commissioners (Board) approve the sale of the *Tuna* for \$1.00 to California Maritime Academy, a campus of the California State University.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Find and determine that the marine vessel *Tuna*, United States Coast Guard Documentation No. 940144, is no longer suitable for use by the Harbor Department;
2. Find and determine that a private sale of the marine vessel to the California Maritime Academy, a campus of the California State University, is in the best interest of the Harbor Department;
3. Find and determine that selling the marine vessel *Tuna* to the California Maritime Academy for \$1.00 is in the best interest of the Harbor Department; and
4. Authorize the Executive Director or her designee to effectuate the sale the marine vessel *Tuna* pursuant to the Los Angeles Administrative Code Section 7.71; and
5. Adopt Resolution No. \_\_\_\_\_

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**DISCUSSION:**

Background/Context – In the fall of 2003, the California Department of Fish and Game sold the marine vessel *Tuna* to the Harbor Department for Port Police operations for a cost of \$1.00. A survey of the *Tuna* at that time established the market value of the vessel at \$50,000.

Upon receipt from California Department of Fish and Game, the Harbor Department refurbished and retrofitted the vessel, originally built in 1988, for Port Police dive operations. The retrofit included the purchase and installation of equipment necessary for Port Police and diving operations, including blue strobe lights and a tow fish winch system (winch, sheave, remote joystick, GPS antenna and all electrical harnesses), etc. The *Tuna* served Port Police and benefited Port security operations for the following nine years. However, due to its age, on-going maintenance costs for the vessel continually increased while vessel reliability decreased. The two main and auxiliary engines on the vessel have outlived their life expectancy and would require replacement or overhaul and the bottom of the vessel would need to be re-coated with anti-fouling paint for continued Port operations, which is estimated to cost approximately \$271,000 (\$220,000 for engines and materials and \$51,000 in labor costs). Thus, the *Tuna* was taken out of service in late 2012 and replaced with a new dive boat. The blue strobe lights and tow fish winch system (parts estimated at \$45,000) were removed from the *Tuna* and installed on the new dive boat.

The salvage process for the *Tuna* vessel is pending. A marine surveyor engaged by the Harbor Department estimated the current market value of the *Tuna* vessel at \$45,000. The Harbor Department's depreciated net book value for the vessel is \$353,483, which includes the labor and overhead costs associated with the vessel repairs performed by Construction and Maintenance Division (C&M) personnel upon receipt of the vessel.

In May 2013, the President of the California Maritime Academy (CMA) requested the Harbor Department to consider providing the vessel to CMA, a campus of the California State University, to continue her legacy of effectively serving the State of California and its residents, as well as the Harbor Department's interests. CMA learned that the *Tuna* had been taken out of service from Harbor Department staff during one of their visits to the Port to meet with Maritime Law Enforcement Training Center representatives regarding development of a cooperative training MOU.

Pursuant to Section 7.71(a) of the Los Angeles Administrative Code (LAAC), any personal property belonging to the City that is no longer required for use may be sold at the request of or with the approval of the Board. In addition, the Board must also

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determine the most appropriate manner of sale of the property. Section 7.71(b) of LAAC provides that the sale may be either a public or private sale.

CMA's unique focus on marine engineering technology, mechanical engineering, and marine transportation educational programs, offers the ability to employ the vessel in hands-on repair and maintenance, mechanical engineering and technology educational opportunities for students. This would benefit both the State of California and the Harbor Department by assisting in the training of future generations of employees in the maritime transport industry so vital to port operations. Further, due to the large investment required to replace the *Tuna* engines to make the vessel reliable, CMA's ability to accommodate those costs through integration of the vessel into its hands-on educational programs, provides CMA with a unique funding option unavailable to other organizations.

Given the administrative processes, including the time, transportation logistics, and costs associated with the salvaging of the vessel, and the unique ability of the CMA to productively use the vessel for educational programs that ultimately benefit port operations, it is recommended that the Board approve the sale of the *Tuna* to the CMA, a campus of the California State University. Further, a sale price of \$1.00 is recommended in consideration of:

- The California Department of Fish & Game's sale of the vessel with a then market value of \$50,000 to the Harbor Department in 2003 for \$1.00;
- The resulting nine years of Port security benefits;
- The age and condition of the vessel;
- The current market value of \$45,000, which is commensurate with the \$50,000 market value of the vessel when the Harbor Department purchased it from the California Department of Fish & Game for \$1.00; and
- The benefits to the Harbor Department, port operations, and the State of California from the *Tuna* being used to further the education of marine engineers, mechanics, and transportation experts.

CMA will take delivery of the *Tuna* at its current location at the Harbor Department's C&M yard.

Returning the vessel to the State for productive use is appropriate in this case. It provides a good use for the vessel and maintains the Harbor Department's cooperative working relationship with California agencies that will benefit both parties in the future. The Harbor Department did not perform any additional outreach or perform a selection process to sell the *Tuna* for \$1.00 to other state agencies or non-profit entities.

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**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval to sell the Harbor Department marine vessel *Tuna* to Cal Maritime, a campus of the California State University. 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 IMPACT:**

This Board action will have no employment impact.

**FINANCIAL IMPACT:**

The vessel *Tuna* was sold to the Harbor Department in 2003 for \$1.00 by a State agency and was subsequently utilized by the Harbor Department for nine years after being upgraded with various equipment (\$45,000 worth of equipment has since been removed and re-installed onto another port police vessel). The subject property was recorded on the Harbor Department's property ledger at an acquisition cost of \$694,872, reduced by an accumulated depreciation of \$341,389, and resulting in a net book value of \$353,483. The proposed sale with the cash proceeds of \$1.00 will result in a net loss on sale of fixed assets of \$353,482. This loss, which will be reflected on the current fiscal year's Statement of Revenues, Expenses, and Changes in Net Position as a non-operating item, will reduce the Harbor Department's net position by \$353,482. It should be noted that since the *Tuna* was retired from service and no longer needed by the Harbor Department, and therefore is planned for salvage, the write-off of the residual value of the vessel will occur regardless of the proposed action.

**CITY ATTORNEY:**

This Board Report is consistent with the requirements of the City of Los Angeles Administrative Code and raises no legal issues at this time.

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TRANSMITTALS:

1. Letter from California Maritime Academy



JIM MORGAN  
Director of Port Construction  
and Maintenance

FIS Approval:  (initials)

CA Approval:  (initials)



JOHN M. HOLMES  
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.  
Executive Director

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JM:bkg