



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

DATE: JANUARY 19, 2017

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ OPERATING AGREEMENT
BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT
AND WILMINGTON YOUTH SAILING CENTER**

SUMMARY:

Staff requests approval of the Operating Agreement with Wilmington Youth Sailing Center (WYSC), a California 501(c)(3) non-profit corporation. WYSC will serve low-income and at-risk regional youth with after-school, weekend, and summer recreation activities, as well as maritime educational programs and navigational instruction, all of which are included in WYSC's Science, Technology, Engineering and Math (STEM) curriculum in conformity with Exhibit C of the Operating Agreement. All STEM programs will eventually be delivered in the new facility, including mooring slips, which is proposed to be located within the Wilmington Waterfront Development area. Funding for the program has been set aside from the Community Aesthetic Mitigation Program.

In 2006, the Board of Harbor Commissioners (Board) authorized the allocation of \$3.1 million in funds, of which the Board reallocated \$500,000 to fund the start-up and operating costs for WYSC. Fundraising, other income, and grant funding are projected to cover additional costs as detailed in the Income/Expenses projections of Exhibit C of the Operating Agreement.

Until a new facility is built, WYSC will operate in and utilize various existing facilities within the Wilmington Waterfront area, including Banning's Landing and the former Colonial Yacht Marina.

RECOMMENDATION:

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

1. Find that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Class 4(6) of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;

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2. Find that it is in the best interest of the Harbor Department to approve the variance to the Port's Leasing Policy for the no-rent Operating Agreement with WYSC for temporary storage of their boats at the small craft storage and mooring facilities located at Berth 204;
3. Approve the Operating Agreement with the Wilmington Youth Sailing Center;
4. Direct the Board Secretary to transmit the Operating Agreement to the City Council for approval pursuant to the Charter Section 606 of the City Charter;
5. Authorize the Executive Director to execute and the Board Secretary to attest to the Operating Agreement upon approval by City Council; and
6. Adopt Resolution No. _____.

DISCUSSION:

Background - In 2006, the Board authorized the allocation of \$3.1 million in funds from the Community Aesthetic Mitigation Program, established through the China Shipping Settlement Agreement, for the construction of the WYSC facility, as initially proposed by the Wilmington Neighborhood Council and Pacific Unicom. In 2010, the City of Los Angeles Harbor Department (Harbor Department) released a Request for Proposal for the operation of WYSC. Pacific Unicom was selected and shortly thereafter registered its 501(c)(3) non-profit corporation under the name of "Wilmington Youth Sailing Center."

WYSC and the Harbor Department have spent several years analyzing potential sites to establish the public sailing program. Several potential sites were identified and studied over the years; however, those sites were deemed unacceptable for WYSC's facility due to various environmental and operational issues. The Wilmington Waterfront Development area has been identified as the best available location, and the Harbor Department is verifying that the site meets WYSC's operational and Harbor Department's environmental requirements.

During the months of July and August in 2016, a "pilot" sailing program was initiated by WYSC utilizing small craft storage and mooring facilities at the former Colonial Yacht Marina at Berth 204, now referred to as the Interim Facilities (Premises), under a Temporary Entry Use Permit. WYSC also used the public gangway and floating dock at Berth 186 (Banning's Landing) for the boarding and un-boarding of small training sailboats. WYSC also conducted classes at Banning's Landing Community Center (BLCC) and the Boys and Girls Club under a direct agreement with the respective operators. The pilot sailing/STEM program was considered extremely successful by the Boys and Girls Club staff, parents, and student attendees.

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The Harbor Department proposes to enter into an Operating Agreement (Transmittal 1) with WYSC to allow it to continue the sailing program until the permanent facility is constructed (projected to be June 2020). The Operating Agreement will increase WYSC's ability to raise additional capital from outside sources to meet its short and long-term needs. The Harbor Department will contribute designated startup costs to WYSC in two phases to meet its basic annual operating costs as detailed below.

Until WYSC moves into its permanent facility at the proposed Wilmington Waterfront area, it is proposed that WYSC continue its use of the Premises for boat storage and mooring. WYSC will continue to utilize the classrooms at BLCC, the Boys and Girls Club of Wilmington, and other local neighborhood schools. The Harbor Department will forgo approximately \$28,724 annually for the land and the slip rents based on a ten percent rate of return for land value at \$25 per square foot and \$9.00 per linear foot of slip per month.

WYSC will also be required to establish a Community Advisory Committee to further align with the needs of the Wilmington community.

Summary of the Terms of the Operating Agreement:

Term: Nine years from the date of execution, with a 30-day cancellation provision should WYSC fail to provide service to the community or utilize the facility fully in sole determination of the Executive Director of the Harbor Department.

Effective Date: Upon approval by the Los Angeles City Council and execution by the Executive Director.

Services to be provided: Sailing and STEM training programs for at-risk and local Wilmington community and surrounding area students.

Additional programs such as Keelboat Levels 1-3, Racing & Regattas, Maritime/Environmental Certification, Adult Sailing, USGA Boating Skills & Seamanship, and USCG Navigation programs will be added to programs delivered as WYSC expands its services. These, and other program descriptions, can be found starting on page 28 of Exhibit C of the Operating Agreement

Compensation: On May 19, 2009, the Port of Los Angeles Community Advisory Committee approved Recommendation No. 98 requesting the Board to reallocate \$500,000 of the approved \$3,100,000 in construction funds to fund start-up and operating costs for WYSC; \$200,000 was dedicated for start-up costs and \$300,000 for three years of operating costs. Due to a longer development schedule, staff recommends that the funds be dispersed as follows:

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Pre-Facility Occupancy: The initial payment of \$50,000 shall be delivered to WYSC within 30 days of the approval and execution of the Operating Agreement; thereafter, \$50,000 annual payments shall be paid upon delivery by WYSC and approval of the annual report by the Harbor Department, as required in the Operating Agreement. Total disbursement of funds will not exceed \$500,000.

Post-Facility Occupancy: Once WYSC occupies the permanent facility, the annual payment will be increased to \$100,000 and paid upon delivery by WYSC and approval of the annual report by the Harbor Department until the balance of the initial \$500,000 is exhausted.

Maintenance: WYSC will be responsible for all general maintenance and repairs to the facility and slips, except for structural and fire and life safety equipment. The Harbor Department's responsibilities are stated more fully in the Operating Agreement.

Utilities: WYSC shall pay for all utilities, including, but not limited to: electrical, water, gas, telephone, internet, and any other serving the facility.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an Operating Agreement with WYSC for continued operation of a youth sailing program. This action does not constitute approval of a permanent operating location or construction of any such facilities. A separate assessment of the environmental impacts of the permanent facility will be conducted pursuant to CEQA. Therefore, as an activity involving the temporary use of Port property having no permanent effects on the environment, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article III Class 4(6) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Funds have been set aside from the Community Aesthetic Mitigation Program. Fundraising, other income, and grant funding are projected to cover additional costs as detailed in the Income/Expenses projections of Exhibit C of the Operating Agreement. In 2006, the Board authorized the allocation of \$3.1 million in funds. On May 19, 2009, the Board reallocated \$500,000 to fund the start-up and operating costs for WYSC. Due to a longer development schedule, the proposed nine-year Operating Agreement recommends that the initial disbursement of \$50,000 be delivered within 30 days of execution of this proposed Operating Agreement; thereafter, \$50,000 annually upon approval by the Harbor Department of the annual report. Once WYSC occupies the permanent facility, the annual payment will be increased to \$100,000 until the balance of the initial \$500,000 is exhausted. WYSC will be responsible for all utilities, general maintenance, and repairs to the facility and slips, except for structural and fire and life equipment.

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CITY ATTORNEY:

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

TRANSMITTAL:

1. Proposed Operating Agreement

FIS Approval: MB (initials)
CA Approval: gnc (initials)



MICHAEL J. GALVIN
Director of Waterfront & Commercial Real Estate



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

ES:MD:MG:ER:HP:KK:RL:raw
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BL621cb - WYSC Operating Agreement