



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: AUGUST 15, 2013

FROM: PUBLIC RELATIONS

SUBJECT: RESOLUTION NO. _____ - SPONSORSHIP OF INTERNATIONAL TRADE EDUCATION PROGRAMS, INC.

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) is proposing to enter into an Agreement with International Trade Education Program, Inc. (ITEP), Glendale, CA, for sponsorship of their educational program, which provides maritime industry-related student enrichment programs in high schools across various California regions for the purpose of promoting international trade job and related career opportunities. The Harbor Department and its customers (ITEP's other primary funding source) benefit from having a large, knowledgeable labor pool available for the variety of jobs associated with port operations.

Harbor Department sponsorship is recommended for ITEP programming for four academies (subject-specific learning centers) on the Banning High School campus in Wilmington and for the Mojave Xpress Logistics Academy at Barstow High School (Barstow, CA). Banning High School ITEP academies include the International Trade Academy, the Global Environmental Sciences Academy, the Global Safety and Security Academy and the Maritime Agriculture, Tourism, Cuisine and Hospitality Academy. In 2008, using support for other agencies ITEP added three new academies in San Pedro, Gardena and Carson. ITEP's eight academies served a total of 2,200 students annually. Sponsorship is recommended for the 2013/14 school year with a not-to-exceed amount of \$400,000.

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 of a temporary and occasional 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 (March 2010);

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3. Approve the Grant Agreement with International Trade Education Program, Inc. to provide funding for the 2013/14 academic year ending June 30, 2014 for a total not-to-exceed amount of \$400,000;
4. Authorize the Board Secretary to transmit the Agreement to the Los Angeles City Council for approval pursuant to City Charter Section 373;
5. Authorize the Executive Director to execute and the Board Secretary to attest to the Agreement upon approval by the Los Angeles City Council; and
6. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – In 1999, International Trade Education Programs, Inc., was founded as a pilot program called the International Trade Academy on the campus of Banning High School in Wilmington. As conceived, the program's goal was to introduce disadvantaged secondary school students to careers in maritime commerce and international trade. ITEP has since developed four model academies on that campus, with 800 students participating yearly. The other three Banning academies are the Global Safety and Security Academy, the Global Environmental Sciences Academy and the Maritime Agriculture, Tourism, Cuisine and Hospitality Academy

In addition to on-campus and local harbor activities, ITEP and its maritime industry sponsors provide valuable, future-focused learning experiences for each academy group. For example, the International Trade Academy group annually participates in the National Youth Leadership Foundation program in Washington, D.C., funded by Pasha Stevedoring & Terminals, while the Global Safety and Security Academy annually sends a select group of students for training at the California Maritime Academy in Vallejo through sponsorship by Nautilus International Holding Corporation.

The ITEP administration has worked diligently over the years to obtain maritime industry partners and contributors to fund its programs and has had moderate success. A report on the status of ITEP's programs and current sources of funding is attached as Transmittal 2.

Approximately 56 ITEP students entering their senior year regularly participate in a Summer Intern Program, and ITEP places these students in maritime organizations. The students receive a practical introduction to careers in maritime commerce, force firms and security sectors. The creation of a strong, stable work force greatly benefits the Harbor Department, and the maritime industry exposure offered by the ITEP program helps generate awareness, interest and preparation among the next generation of maritime industry professionals.

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The high school graduation rate for ITEP students is 85% compared to 79% for Banning High School. In 2012 ITEP conducted a survey of its graduates. Of the 115 (25% of the 460 2012 graduates) that responded, 84% reported that they are pursuing post-secondary education and four of which have enrolled in the California Maritime Academy.

Additional results from the survey were that 65 of them, or 57%, reported working in port-related fields. Efforts continue to effectively track the students from ITEP academy programs after graduation, tracking their attendance at colleges and universities, and their eventual employment. ITEP is also creating program for post high school networking and job placement support for its growing alumni base.

Past Agreements – In FY 2006/07, the Board of Harbor Commissioners approved Agreement E2490, a one-year grant of \$440,000 to specifically assist ITEP with the expansion of its maritime education programs, start-up costs for establishing ITEP as an independent, non-profit corporation, and for development of marketing materials to solicit corporate sponsorships. In a letter dated December 14, 2005, the State Tidelands Commission (Commission) approved utilization of Port revenue for this program and provided recommendations on future funding. The State Tidelands Commission stated that compliance with the recommendations were within the Harbor Department's discretion, but not mandated by the Commissions' granting statute or existing public trust doctrine. In all subsequent actions, the Board of Harbor Commissioners has exercised its authority to determine the level of funding and how those funds should be used.

The Board subsequently approved Agreement E2646, providing funding of \$400,000 each year for FY 2007/08 and FY 2008/09 to assist with development of a model academy for potential implementation on a regional or state-wide basis. ITEP met or exceeded all requirements of Agreement E2646, including, the establishment of academies at San Pedro High School, Barstow High School in the Inland Empire, Excel High School in Oakland and at high schools in Gardena and Carson.

Funding was not provided to ITEP in FY 2009/10 because they were able to operate with funds received from the Harbor Department at the end of the 2008/09 fiscal year.

Finally, the Board approved Agreement 10-2897, a three-year agreement (2010-2013) which continued to provide ITEP with \$400,000 a year for its programs.

Proposed Agreement – The proposed Agreement calls for specific deliverables per academy. ITEP will also ensure that the ITEP program continues to meet the

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needs of the youths and provides a more effective link between high school, post-secondary degree programs and employment in maritime-related fields. To achieve that goal, ITEP will continue its work with the core groups of representatives from various maritime and related businesses and agencies who serve as advisory board members for each of the academies.

Another requirement of the Harbor Department Agreement is for ITEP to continue to establish funding strategies and implementation plans which would increase its revenue streams from industry donors, grants and contract sources. ITEP programs have historically been strongly supported by industry companies, many of whom are still experiencing lingering economic constraints due to the global recession. In 2009, the Harbor Department's funding provided 70% of ITEP's operating costs. Their FY 2013/14 projections anticipate the \$400,000 provided by the Harbor Department by this agreement will represent 53% of their operational costs. If the Harbor Department were to maintain the current level of support ITEP projects the percentage to drop to 36% by 2016.

The proposed Grant Agreement is for the 2013-14 academic school year for a total not-to-exceed amount of \$400,000 (Transmittal No. 1).

Sponsorship/Hosting Policy – The proposed Agreement is consistent with the criteria of the Sponsorship/Hosting Policy approved by the Board in March 2010.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an agreement with ITEP for sponsorship of their educational program which provides maritime industry-related curricula to high school students. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from 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 6 direct and 3 secondary one-year equivalent jobs for the five-county region.

FINANCIAL IMPACT:

The financial impact of the proposed Agreement is that the Harbor Department will commit \$400,000 to sponsor the ITEP for the 2013/14 academic school year. By June 30, 2014, it is expected that \$400,000 will have been expended under this Agreement. This funding will provide the Harbor Department and their stakeholders a large, knowledgeable labor pool available for the variety of jobs associated with its operations.

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Funds in the amount of \$400,000 for the proposed Agreement are included in the Adopted fiscal year 2013/14 budget in Account 52031 (Sponsorships), Center 220 (Public Relations), Program 621 (Maritime Education).

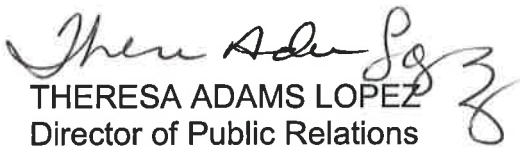
CITY ATTORNEY:

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

TRANSMITTALS:

1. Proposed Agreement with ITEP
2. ITEP 2012 Audited Financial Report

FIS Approval: KP (initials)
CA Approval: gml (initials)


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