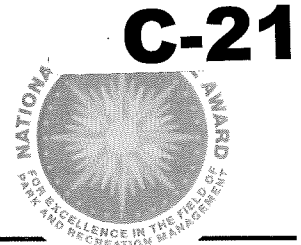




CITY OF LONG BEACH

DEPARTMENT OF PARKS, RECREATION & MARINE



C-21

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August 7, 2018

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary to transfer ownership of the American Pride Tall Ship from the City of Long Beach to the Los Angeles Maritime Institute (LAMI), a California non-profit corporation, dba Children's Maritime Institute; and, to execute all documents necessary to enter into a permit with LAMI, for vessel mooring and operations at Rainbow Harbor, for a ten year term, with two, five-year renewal options, at the discretion of the City Manager. (District 2)

DISCUSSION

The American Pride Tall Ship (Tall Ship) is a 130-foot three-mast schooner, which was designated in 2008 as the official Tall Ship of the City of Long Beach (City) (Attachment 1). From 1998 through 2016, the Tall Ship operated out of Rainbow Harbor in Long Beach, providing various educational opportunities to local youth, with a focus on living history, watershed programs, and marine biology (Attachment 2). During this period, the Tall Ship was owned by the American Heritage Marine Institute, LLC (American Heritage).

In August 2016, American Heritage informed the City that they were ceasing operations. In the months that followed, they considered several options to either sell or donate the Tall Ship, with the goal of ultimately donating it to a non-profit organization that accepts donated assets for resale to fund charitable causes. Unfortunately, American Heritage was unsuccessful in identifying a buyer for the Tall Ship, at which point they became non-responsive to the City's repeated requests for payment of guest docking fees, evidence of insurance, and its future plans for the Tall Ship.

On January 31, 2017, the United States Coast Guard, Certificate of Inspection (COI), expired for lack of the required hull inspection. Until the COI is reinstated, the Tall Ship is not allowed to operate as a passenger vessel. In addition to the overdue hull inspection, various vessel repairs and deferred maintenance requirements are needed to bring the Tall Ship to an approved operational standard. On June 23, 2017, the City impounded the Tall Ship for non-payment of guest docking fees. Following this impound period, the vessel's ownership and responsibility for its care transferred to the City under the California Harbor and Navigation Code, Section 525.

HONORABLE MAYOR AND CITY COUNCIL

August 7, 2018

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The Department of Parks, Recreation and Marine (PRM) proposes to transfer ownership of the Tall Ship to the Los Angeles Maritime Institute (LAMI), dba Children's Maritime Institute (CMI), and permit the 501(c)(3) non-profit organization to maintain and operate the ship for educational and recreational purposes. LAMI has a mission to provide youth with extraordinary at-sea experiences aboard educational sailing vessels built to train and equip young people with 21st century leadership skills, and inspire maritime and science, technology, engineering, and math (aka STEM) career paths.

LAMI currently operates from the Ports O'Call Village at the Port of Los Angeles in the City of San Pedro. LAMI's fleet includes two 110-foot wooden tall ships, and one 70-foot topsail schooner vessel from, which LAMI provides educational excursions. Since LAMI's founding in 1982, more than 90,000 young people from throughout Southern California have benefited from participation in hands-on learning experiences offered through LAMI programs, receiving "real life" context with subjects including science, mathematics, engineering, history, and literature, as well as developing awareness about environmental impacts to our local waters and oceans.

PRM proposes the City enter into a permit with LAMI, with the following major provisions:

- Permittee: Los Angeles Maritime Institute, a California non-profit corporation, dba Children's Maritime Institute.
- Premises: Commercial dock space in the Pine Avenue Pier in Rainbow Harbor, as assigned by PRM.
- Authorized Use: The Premises shall be used for passenger boarding and disembarking of participants of at-sea educational experiences for schools, youth groups, and other organizations; summer day camp activities; overnight stays in connection with educational programs; and, fundraising events and activities designed to support the educational mission of LAMI.
- Gangway System: LAMI shall assume all costs for the engineering, fabrication, and installation of a removable gangway system, used for boarding and disembarking passengers from the Tall Ship to the Pine Avenue Pier. The design and installation plan of this gangway equipment will be subject to the prior approval of the Marine Bureau Manager, or designee. LAMI shall be responsible for the cost of all required permits and, at its sole cost and expense, shall keep and maintain the gangway system in good and substantial repair and condition.
- Term: The permit shall be for ten years, from the date of execution.
- Renewal Options: Two, five-year renewal options at the discretion of the City Manager, or designee.
- Dock Rent: Unlike other docks in the Rainbow Harbor, the Pine Avenue Pier slip has historically been non-revenue producing and less desirous to tenants due to its lack of utilities and other infrastructure. Other slips in the Rainbow Harbor, such as Dock 4, have generated greater interest for profit-generating tenants due to the infrastructure installed, prompting a competitive bidding process for its use. Coupled with the fact that the proposed

tenant is a non-profit operator with extensive experience in similar operations, PRM staff has negotiated with LAMI directly.

Upon execution of the permit, monthly dock rent for use of dock space in Rainbow Harbor will be waived, for a period of up to the initial four years to off-set LAMI's start-up costs to restore the Tall Ship to operational status. Should LAMI secure reliable external funding from grants, donations or other sources dedicated to these same restoration and start-up costs during this four-year period (and provided such funding covers all such costs), LAMI shall be subject to dock rent, consistent with those rates paid by other non-profit organizations using dock or slip inventory in Rainbow Harbor or other City Marina locations. Following the initial four years of the permit's term (or sooner per the provision outlined herein), monthly dock rent will be charged at the applicable City Council approved rates for non-profit organizations, for that current and future budget years.

- Percentage Rent: Throughout the entirety of the permit term, any revenues generated by LAMI for activities outside their mission statement, considered Unrelated Business Income, will be subject to percentage rent to City equaling 8 percent of all gross revenues collected from such activities (e.g., non-educational excursions; private use for weddings; etc.) paid on a monthly basis. Revenues generated from those activities consistent with the organization's mission statement (e.g., educational youth group excursions; school field trips; overnight youth sailing camps; etc.) shall not be subject to percent rent payments to the City.
- Termination: The permit may be terminated by either party at any time without cause upon providing 90 days' prior written notice to the other party.
- Insurance: LAMI shall provide proof of insurance coverage as defined and accepted as to sufficiency by the City's Risk Manager.

This matter was presented to the Marine Advisory Commission (MAC) at the July 12, 2018 public meeting (Attachment 3). Captain Bruce Heyman, Executive Director, LAMI, presented the proposed Long Beach at-sea educational program and provided information regarding their unique qualifications for providing this service. Commissioner comments included: "this is a win-win" and "Tall Ship experiences leave a lifelong impact" on the participants. Public comments included: "in our travels all over the world, these tall ships are beautiful and majestic," "the public loves these ships," and "the educational component is a great combination." MAC unanimously voted to support the recommendation to present the proposal to City Council for approval.

This matter was reviewed by Deputy City Attorney Linda T. Vu on July 12, 2018 and by Budget Management Officer Rhutu Amin Gharib on July 6, 2018.

TIMING CONSIDERATIONS

City Council action is requested on August 7, 2018, to formalize and execute the permit with LAMI.

FISCAL IMPACT

The Tall Ship will be moored at the Pine Avenue Pier in Rainbow Harbor in a space that is currently not being used and thus has been non-revenue producing. PRM is proposing to waive dock fees for the first four years of the permit term to help facilitate the needed ship repairs and maintenance. Approximately \$14,000 in dock fees will be collected annually in the remaining six years of the original ten-year permit term as well as any subsequent renewal terms. The permit also allows for revenue-sharing from activities beyond the stated mission of LAMI but amounts are difficult to estimate at this time. Funds will be deposited in the Rainbow Harbor Fund (TF 411) in the Parks, Recreation and Marine Department (PR). PRM will request a budget adjustment for any unbudgeted revenue at the time the revenue is realized.

There will be positive local job impacts associated with this recommendation, as the Tall Ship's operator will staff a Long Beach-based, live-aboard crew, both full- and part-time, to maintain the Tall Ship and conduct the educational excursions, camp activities, and other operations.

SUGGESTED ACTION:

Approve recommendation:

Respectfully submitted,



GERARDO MOUET
DIRECTOR OF PARKS, RECREATION AND MARINE

GM:SS:EH:KB:RL:lh

- Attachment 1: Photo of American Pride Tall Ship
- Attachment 2: Rainbow Harbor Map/Diagram
- Attachment 3: Marine Advisory Commission Letter

APPROVED:



PATRICK H. WEST
CITY MANAGER

Attachment 1: Photos of American Pride Tall Ship



Attachment 2: Rainbow Harbor Map/ Diagram



Proposed Mooring Location for American Pride
Pine Avenue Pier



CITY OF LONG BEACH

DEPARTMENT OF PARKS, RECREATION AND MARINE

MARINE BUREAU

Long Beach Shoreline Marina
450 East Shoreline Drive, LB, CA 90802
(562) 570-4950 FAX: (562) 570-1799

Alamitos Bay Marina
205 N. Marina Drive, LB, CA 90803
(562) 570-3215 FAX: (562) 570-3247

Rainbow Harbor/Marina
200B Aquarium Way, LB, CA 90802
(562) 570-8636 FAX: (562) 570-8640

July 12, 2018

COMMISSIONERS
MARINE ADVISORY COMMISSION
City of Long Beach
California

RECOMMENDATION:

Recommendation to support the transfer of ownership of the American Pride Tall Ship from the City of Long Beach to the Los Angeles Maritime Institute (LAMI), a California non-profit corporation, doing business as, Children's Maritime Institute; and submission of a ten-year operating permit, with two five-year renewal options, for vessel mooring and operations at Rainbow Harbor for the purposes of hands on, educational at-sea programs aboard the American Pride, to City Council for approval.

DISCUSSION

On March 4, 2008, Mayor Bob Foster signed a proclamation designating the American Pride as the official tall ship of the City of Long Beach, California, representing the City as an Ambassador of Goodwill in any port she visits. The American Pride, was owned and operated by the Clinton Family who founded the American Heritage Marine Institute (American Heritage), a California non-profit Corporation, doing business as the Children's Maritime Institute, whose mission was to provide educational at-sea programs to Long Beach youth.

The American Pride, is a 130-foot three-mast schooner, originally built in 1941 as a two-mast eastern rigged trawler, who spent 40+ years fishing the Gulf of Maine. In 1986, the vessel was fitted with passenger cabins, additional heads, a dining room, lounge, and crew accommodations, during this time she was a member of the Maine Windjammer Fleet. She was purchased by the American Heritage Marine Institute in 1996. Rainbow Harbor has been the tall ship's home port since 1997.

Between spring 1998 and summer 2016, American Heritage provided educational charter boat services based on the California State Curriculum designed to provide shipboard learning experiences focusing on history, science, and both ocean and wildlife preservation. Through the years, they worked with the Long Beach Unified School District to offer these unique opportunities to local youth. On an annual basis, they served 3,000 students per year.

MARINE ADVISORY COMMISSION

July 12, 2018

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In late 2016, the Clinton Family made the decision to cease its operations and entered into preliminary discussions with the Los Angeles Maritime Institute (LAMI) for the donation of the vessel, with the intent of having LAMI continue providing at-sea educational programs in Long Beach. Several issues contributed to the eventual abandonment of the vessel and ultimately leaving the City no choice but to impound the vessel on June 23, 2017, under the CA Harbor and Navigation Code, Section 525.

On January 31, 2017, the United States Coast Guard, Certificate of Inspection (COI) expired for lack of the required hull inspection. Until the COI is reinstated the American Pride cannot operate as a passenger vessel. In addition to the overdue hull inspection, various vessel repairs and deferred maintenance requirements are needed to bring the ship up to standards, estimated costs are upwards of \$90,000. Following these repairs, there is no guarantee that the Coast Guard will issue the COI.

Since the time of the impound, the Marine Bureau has been attempting to identify the best way of continuing the American Pride Tallship's legacy in the City of Long Beach of providing at-sea educational programs. These efforts have included discussions with LAMI, following their having expressed interest in assuming responsibility for the vessel's restoration as well as establishing a Long Beach presence for their operation.

LAMI currently operates from the Ports O'Call Village at the Port of Los Angeles in San Pedro. Their fleet includes two 110-foot wooden tall ships, and one 70-foot topsail schooner vessel from which they provide educational excursions. Since their founding in 1982, LAMI has provided more than 90,000 Southern California youth the opportunity to participate in their hands-on learning experiences.

LAMI is organized as a 501c3 non-profit with experienced executive leadership as well as dedicated staff and volunteers and a Board of Directors who provide oversight and governance. The Board's members include professionals from the maritime industry, legal and financial professions, K-12 educators, and professionals from related fields. The organization has the necessary in-house infrastructure, experience, financial support, and capacity in key areas needed to make American Pride's future operation a success including: maritime operations, vessel maintenance and repairs, youth programming and curriculum delivery, community outreach and fund-raising.

Similar to the Clinton family's operation, LAMI's mission is to provide youth with extraordinary at-sea experiences aboard educational sailing vessels, with the on-board educational curriculum focusing on leadership skills and science, technology, engineering and math (aka STEM) fields of study. In order to continue with the Long Beach at-sea educational legacy, LAMI proposes to operate under the name Children's Maritime Institute.

MARINE ADVISORY COMMISSION

July 12, 2018

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SUMMARY

Staff is requesting support from the Marine Advisory Commission to submit a proposal for an agreement with Children's Maritime Institute, to provide at-sea educational programs to Long Beach youth for the reasons listed above. This organization in our professional opinion is best equipped to successfully operate the program and undertake the responsibility of preserving the American Pride Tallship (Attachment).

SUGGESTED ACTION:

Approve Recommendation:

Respectfully submitted;

A handwritten signature in cursive script that reads "Elvira Hallinan".

Elvira Hallinan
Manager, Marinas and Beaches