



Legislation Text

File #: 18-0661, **Version:** 1

Recommendation to authorize 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)

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.

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.

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

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.

Approve recommendation.

GERARDO MOUET
DIRECTOR OF PARKS, RECREATION AND MARINE

APPROVED:

PATRICK H. WEST
CITY MANAGER