THE PORT
OF LOS ANGELES

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: **APRIL 24, 2008**

FROM: **REAL ESTATE DIVISION**

SUBJECT: **ORDER NO. _____ - PROPOSED SECOND AMENDMENT TO EXECUTIVE DIRECTOR AGREEMENT NO. E6310 WITH GAMBOL INDUSTRIES, INC. FOR MARINE CARETAKER/PROPERTY MANAGEMENT SERVICES AT THE FORMER SOUTHWEST MARINE FACILITY**

SUMMARY:

The proposed action requests approval of a Second Amendment to Agreement E6310, which will amend the term of the agreement with Gambol Industries, Inc. (Gambol) from two years to a month-to-month agreement, with a termination date of no later than April 17, 2009.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners adopt the Order approving the Second Amendment to Executive Director Agreement No. E6310, which will amend the term of the agreement from two years to a month-to-month agreement with a termination date of no later than April 17, 2009, and change the termination provision from a 60-day notification requirement to 30 days.

DISCUSSION:

1. Gambol was granted Executive Director Agreement No. E6310, a one-year agreement, to provide marine caretaker and property management services at a 13-acre portion of the former Southwest Marine shipbuilding facility (SWM). The agreement called for services of a company that had the ability to secure, repair and maintain the facility; coordinate the various activities permitted at the site; market the facility to the film industry; monitor all activities at the site and ensure the facility is in compliance with the Port of Los Angeles' (Port) requirements; and indemnify the Port against claims arising from use of the site. The Port receives 18.5% of all gross receipts generated at the facility.

2. Through the First Amendment, the term of the agreement was modified from one year to two years in order to allow Gambol to continue providing services until such time as the EIR for the demolition of the SWM structures is completed. The First Amendment also prohibited the charging of additional fees for berthing assignments at Berth 240 granted by the Port, and required a film industry representative to coordinate all filming activities at the site.

3. The EIR and demolition at SWM has not been completed. In the interest of keeping the site available for filming, staff recommends extending the term of the agreement to ensure that the facility is made available for filming. The agreement will be on a month-to-month basis, and will be cancelable with 30 days' written notification should the EIR be completed within the year. All other terms of the agreement remain unchanged.

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ENVIRONMENTAL ASSESSMENT:

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 III, Class 1(14) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of this month-to-month Agreement would allow the Port to continue to receive 18.5% of Gambol's gross receipts. For the time period April 2007 – March 2008, net revenue to the Port totaled $150,584.72.

ECONOMIC IMPACT:

This Board action will have no direct employment effect.

CITY ATTORNEY:

The Second Amendment has been reviewed and approved as to form by the Office of the City Attorney.

TRANSMITTAL:

1. Second Amendment

MICHAEL J. GALVIN II
Director of Real Estate

KATHRYN McDERMOTT
Deputy Executive Director

APPROVED:

GERALDINE KNATZ, Ph.D.
Executive Director

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