

AGENDA
REDONDO BEACH HARBOR COMMISSION
Monday, September 8, 2014, 6:30pm
REDONDO BEACH CITY COUNCIL CHAMBERS
415 DIAMOND STREET

I. OPENING SESSION

- 1. CALL MEETING TO ORDER**
- 2. ROLL CALL**
- 3. SALUTE TO THE FLAG**

II. APPROVAL OF ORDER OF AGENDA

III. RED FOLDER ITEMS

Red folder items require immediate action, and came to the attention of the City subsequent to the 72-hour noticing requirement. These items require a 2/3 vote of the Commission (or if less than 2/3 are present, a unanimous vote) to add to the Agenda.

IV. BLUE FOLDER ITEMS

Blue folder items are additional backup material to administrative reports and/or public comments received after the printing and distribution of the agenda packet for receive and file.

V. CONSENT CALENDAR

Business items, except those formally noticed for public hearing, or those pulled for discussion are assigned to the Consent Calendar. The Commission Members may request that any Consent Calendar item(s) be removed, discussed, and acted upon separately. Items removed from the Consent Calendar will be taken up under the "Excluded Consent Calendar" section below. Those items remaining on the Consent Calendar will be approved in one motion following Oral Communications.

5. APPROVAL OF AFFIDAVIT OF POSTING FOR THE HARBOR COMMISSION MEETING OF SEPTEMBER 8, 2014

6. APPROVAL OF THE FOLLOWING MINUTES: AUGUST 11, 2014

7. ADOPT BY TITLE ONLY RESOLUTION NO. CC-1408-075, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CA, AUTHORIZING THE REFINANCING OF A NOTE OF THE REDONDO BEACH COMMUNITY FINANCING AUTHORITY: FROM PREVIOUS CITY COUNCIL MEETING, AUG. 12, 2014

Staff recommendation: Receive and file

8. APPROVE CONTRACT NO. C-1408-103, AN AGREEMENT FOR PROJECT SERVICES BETWEEN THE CITY OF REDONDO BEACH AND AECOM TECHNICAL SERVICES, INC. FOR A MARKET STUDY FOR THE PROPOSED WATERFRONT PROJECT: FROM PREVIOUS CITY COUNCIL MEETING, AUG. 19, 2014

Staff recommendation: Receive and file

VI. ORAL COMMUNICATIONS

Anyone wishing to address the Harbor Commission on any Consent Calendar item on the agenda, which has not been pulled by Harbor Commission may do so at this time. Each speaker will be permitted to speak only once and comments will be limited to a total of three minutes.

VII. EXCLUDED CONSENT CALENDAR ITEMS

VIII. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

This section is intended to provide members of the public with the opportunity to comment on any subject that does not appear on this agenda for action. This section is limited to 30 minutes. Each speaker will be afforded three minutes to address the Commission. Each speaker will be permitted to speak only once. Written requests, if any, will be considered first under this section.

IX. EX PARTE COMMUNICATIONS

X. PUBLIC HEARINGS

XI. ITEMS FOR DISCUSSION PRIOR TO ACTION

9. COMMISSION DISCUSSION OF STRATEGIC PLAN INPUT

Staff recommendation: Receive and file

10. DIRECTOR'S REPORT

Staff recommendation: Receive and file

XII. ITEMS CONTINUED FROM PREVIOUS AGENDAS

XIII. MEMBERS ITEMS AND REFERRALS TO STAFF

XIV. ADJOURNMENT

The next meeting of the Harbor Commission of the City of Redondo Beach will be a regular meeting to be held October 13, 2014, in the Redondo Beach Council Chambers, 415 Diamond Street, Redondo Beach, California.

It is the intention of the City of Redondo Beach to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting you will need special assistance beyond what is normally provided, the City will attempt to accommodate you in every reasonable manner. Please contact the City Clerk's Office at (310) 318-0656 at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

An Agenda Packet is available at www.redondo.org under the City Clerk. Agenda packets are available at the Redondo Beach Main Library during Library Hours, at the Reference Desk and during City Hall hours in the Office of the City Clerk. Any writings or documents provided to a majority of the Harbor Commission regarding any item on this agenda will be made available for public inspection at the City Clerk's Counter at City Hall located at 415 Diamond Street, Door C, Redondo Beach, CA during normal business hours.

PROOF OF POSTING

I, Holly Short, hereby declare, under penalty of perjury, that I am over the age of 18 years and am employed by the City of Redondo Beach, Harbor Department, and that the following document was posted by me at the following location(s) on the date the time noted below:

Agenda – Redondo Beach Harbor Commission

Regular Meeting of September 8, 2014

Posted on: September 3, 2014 at 10:00 am

Posted at: DOOR "A" BULLETIN BOARD

and CITY CLERK'S OFFICE

Holly Short
Signature

9/3/14
Date

**MINUTES OF THE
REDONDO BEACH HARBOR COMMISSION MEETING
AUGUST 11, 2014**

CALL TO ORDER

A regular meeting of the Harbor Commission was called to order at 6:37 p.m. in the City Council Chambers, 415 Diamond Street, by Chairperson Shaer.

ROLL CALL

Commissioners Present: Bloss, Dalton, Horvath, D. Jackson, M. Jackson, Shaer

Commissioners Absent: Keidser

Officials Present: Pete Carmichael, Waterfront and Economic Development Director
Aaron Jones, Planning Director
Robert Metzger, Fire Chief
Margareet Wood, Recording Secretary

SALUTE TO THE FLAG

The Commissioners joined in the salute to the flag.

APPROVAL OF ORDER OF AGENDA

A motion by Commissioner M. Jackson and seconded by Commissioner D. Jackson to move the Quarterly Harbor Patrol Report and the Public Hearing ahead of the Consent Calendar carried unanimously.

ITEMS FOR DISCUSSION PRIOR TO ACTION

Quarterly Harbor Patrol Report

Chief Metzger distributed and reviewed Harbor Patrol Statistics.

A motion by Commissioner D. Jackson and seconded by Commissioner M. Jackson to receive and file the information carried unanimously.

Highlights of Chief Metzger's report include:

- A total of 60 boat rescues occurred during the reporting period
- Significant events: a busy July 4 holiday, 1 rock rescue, 1 vessel sinking, and a gas vapor explosion
- Staffing: 2 Harbor Patrol Officers retired and 2 promoted - recruitment underway
- Transient Vessel Mooring: installation nearly complete, contract completion to be approved by City Council, moorings installed per design, mooring management plan to be presented to City Council following City Attorney approval

In response to Commissioner Dalton, Chief Metzger said the transient moorings have been in use and boater feedback has not been received. He said criticism

received from the commercial segment will be considered and he felt confident that all issues will be resolved.

Also in response to Commissioner Dalton, Chief Metzger explained that staff interacts with stand-up paddle boarders daily; and they are cooperative and concerned with safety.

In response to Commissioner Bloss, Chief Metzger said the 2' wands are part of the transient vessel mooring contract: he was aware of concerns and said they will be monitored once they are in use.

In response to Commissioner D. Jackson, Chief Metzger confirmed the number of boat rescues is higher than normal; however he was unsure of the cause.

Commissioner M. Jackson said the existing 2' wands are too short to reach from his boat.

Director Carmichael believed the 2' wands are temporary: he planned to research further and report back.

Mark Hansen, King Harbor Voters Advisory Group, felt the 2' wands are unsatisfactory and should be changed.

The motion by Commissioner M. Jackson and seconded by Commissioner D. Jackson to receive and file the Harbor Patrol Report carried unanimously.

PUBLIC HEARING

Consideration of an Exemption Declaration and Coastal Development Permit Exemption to Amend an Existing Conditional Use Permit to Allow Live Entertainment at an Existing Restaurant on Property Located Within a Coastal Commercial (CC-2) Zone

The motion by Commissioner D. Jackson and seconded by Commissioner M. Jackson to open the public hearing was unanimously approved.

Director Jones explained the purpose of the request to consider amendments to the existing CUP for Barney's Beanery. He said the applicant is requesting to eliminate Condition #3 of the effective resolution to allow live entertainment on the outdoor patio. He said staff recommends approval of the request, adding that the applicant intends to apply for an entertainment permit to allow acoustic entertainment and 3 musicians.

David Houston from Barney's Beanery said he is planning for acoustic music by 2 performers on Saturday and Sunday. He said the music will not be directed toward residents, will likely end before 11:00 p.m., and will not include dancing or rock and roll.

In response to Commissioner M. Jackson, Mr. Houston responded that he holds entertainment permits in Pasadena and West Hollywood; however they are not utilized. He said John Denver is the type of music he has in mind and small amplifiers would be used.

Commissioner M. Jackson said the business is an asset to the area and he supported the request.

Commissioner D. Jackson also spoke in favor of the restaurant.

In response to Commissioner D. Jackson, Mr. Houston stated that he received approval from El Torito to use the shared patio.

In response to Commissioner Bloss, Mr. Houston said he plans to install 15-16 tables on the patio and food will be served.

In response to Commissioner Bloss, Director Jones said level 1 entertainment permits are approved administratively for amplification and up to 3 entertainers and can be revoked any time. He said level 2 permits require Council action.

Commissioner Dalton supported Barney's and he understood the value of acoustic music to increase patronage.

Commissioner Horvath supported the restaurant and asked about existing speakers to which Mr. Houston said currently speakers are installed in the rafters, and no complaints have been received. He said the new music will not be much louder and the musicians will face the El Torito wall.

In response to Chairperson Shaer, Director Jones said that patio seating can total 25% of the allowed indoor seating. He said entertainment permits are revocable by the City Manager or designee. He also answered that adverse effects as mentioned in the findings, are measured by complaints, a repeated annoyance or problem, or violation of conditions.

In response to Chairperson Shaer, Director Jones advised that entertainment permits are reviewed annually and he suggested adding a requirement for Harbor Commission review annually or as necessary.

Commissioner Bloss pointed out that CUP amendments apply to the property regardless of the status of entertainment permits and she expressed concern that the CUP amendment is not just for the existing business, Barney's Beanery.

Director Jones clarified the amendment would allow for future requests for entertainment; and not authorize automatic approvals. He also answered that outreach was not made to El Torito or other businesses beyond the required 300' required radius.

In response to Chairperson Shaer, Director Jones confirmed that findings a) through e) are required.

In response to Commissioner Dalton, Director Jones clarified that Condition #3 prohibits entertainment and #10 is a general condition about providing entertainment.

Commissioner M. Jackson pointed out language in the administrative report which clarifies the entertainment permit is specific to the operator.

In response to Commissioner Horvath, Director Jones confirmed the CUP applies to the property; and future owners could request music on the patio.

In response to Commissioner Horvath, Mr. Houston said he operates 7 other restaurants – some for many years – and he intends to stay at this location and be part of the community.

Marna Smeltzer, Chamber of Commerce, supported Barney's and the request, which she suggested could be approved on a trial basis.

Mark Hansen, King Harbor Boaters' Advisory Panel, supported the restaurant.

Joe Zacada, resident, recommended quantifying the noise from the location to establish a database in the event complaints are received. He said the fact that the change applies to future owners is problematic.

Kelly Charles, resident, said the meeting notice was too short and also that previous businesses at the location have been nuisances. She said Barney's has been a good neighbor, and she encouraged the members to consider the possibility that Barney's will move on.

The motion by Commissioner D. Jackson and seconded by Commissioner M. Jackson to extend Ms. Charles' speaking time was unanimously approved.

Ms. Charles said the music from the pier travels up to the nearby condos. She said that Barney's has had Karaoke on Thursday night for months, which has not been a problem; and last weekend the door was open at midnight which was an issue.

Gretchen Lloyd, resident, supported Barney's; but she expressed concern that the amendment is permanent and not just for Barney's.

Marci Guillermo expressed concern that families who visit the beach would be disturbed by the noise; and she recommended a decibel-regulating policy. She spoke in favor of an organized approach to entertainment permits and she

suggested a temporary CUP for Barney's. She also recommended outreach to other business owners.

Avesta McDermott, resident, said the summer concerts are too loud, decibel levels should be a consideration, and he did not support a permanent CUP change.

Mr. Houston stressed his willingness to be flexible, adding that the permit could prohibit drums or other loud sounds and require an ending time of 10:00 p.m.

Commissioner M. Jackson appreciated Mr. Houston's flexibility and said the sounds do travel to the Village Apartments. He recommended approval on a trial basis with an agreement for Harbor Commission review after 6 months.

Director Jones said the conditions can be modified to require a reporting schedule, i.e. language allowing certain types of entertainment to be reviewed after 6 months and annually thereafter.

Commissioner Bloss expressed confusion about CUP conditions that she said sound like part of an entertainment permit, to which Director Jones said the CUP condition is appropriate providing the applicant agrees to the restriction which would also apply to future occupants. If the criteria are not being met, he said the permit could be revoked or brought back for review.

Commissioner Bloss expressed concern about the ongoing unpermitted Karaoke on the patio and the open door until midnight.

Director Jones reported that the existing operation is not generating complaints. He said the standard 300' radius was used for public notification.

The motion by Commissioner Horvath, seconded by Commissioner Bloss to close the public hearing was unanimously approved.

Commissioner M. Jackson felt that taking action to impose CUP conditions without Mr. Resnick's presence could pose a risk. He preferred to tie conditions to the use and amend as uses change.

Chairperson Shaer agreed, and explained he is not concerned about Barney's, but about future uses.

Director Jones clarified that Mr. Houston has been authorized by Mr. Resnick to apply and make requests for the business.

Commissioner Bloss raised the possibility that Mr. Resnick could appeal to City Council if he objects to the decision revising the condition.

Chairperson Shaer felt that Mr. Resnick's presence is necessary because the decision may have important effects on his property i.e. value and financing.

Commissioner D. Jackson said the property owner has put faith and trust in the lessee and postponing would be a disservice. She recommended proceeding with a motion to approve the staff recommendation or add conditions.

Chairperson Shaer felt that Finding 1C should be listed as a condition unless the wording is changed to ensure the permit is administered correctly.

Motion by Commissioner M. Jackson to approve the CUP amendment as proposed by staff and include mitigations and conditions in the entertainment permit.

Director Jones suggested that such conditions would include compliance with the noise ordinance and restricting the number of performers to 2 or 3.

Substitute motion by Commissioner Dalton and seconded by Commissioner Bloss to modify Condition 3 as follows: *that no entertainment, live or piped in music, DJ, or crowd participatory events shall be allowed on the outdoor patio other than permitted level 1 acoustic music ending at 10:00 p.m.*

Director Jones recommended adding a requirement for Harbor Commission review in 6 months to which Commissioner Dalton agreed.

In response to Commissioner Horvath regarding noise levels, Director Jones said that noise certification requirements include documentation from a licensed acoustical engineer to prove noise levels are acceptable for the location.

Mr. Houston agreed with limiting music to hours between 10 a.m. and 10 p.m. He requested approval of his existing speaker system.

Director Jones recommended striking the restriction on live or piped in music, to which Commissioner Dalton agreed.

In response to Commissioner Horvath, Mr. Houston stated that breakfast and brunch are ongoing and entertainment on the patio would probably begin at noon and end at 6:00 p.m.

In response to Commissioner Dalton, Director Jones stated that jazz is permitted under acoustic music.

In response to Chairperson Shaer, Director Jones said that adding operating hours to Finding #4 is unnecessary.

Commissioner Dalton restated his motion to modify the CUP Condition 3 as follows: *no entertainment, DJ, or crowd participatory events shall be allowed on the outdoor patio other than permitted level 1 acoustic music beginning at 10:00 a.m. and ending at 10:00 p.m.* The motion was unanimously approved.

CONSENT CALENDAR

5. Approval of Affidavit of Posting for the Harbor Commission Meeting of August 11, 2014
6. Approval of the Following Minutes: July 14, 2014
7. Quarterly Submittal of Strategic Plan From Previous City Council Agenda, July 15, 2014
8. Public Hearing to Consider Adoption of an Exemption Declaration and a Coastal Development Permit From Previous City Council Meeting, July 15, 2014
9. First Amendment to Lease Between the City of Redondo Beach and Portofino Hotel Partners, L.P From Previous City Council Meeting, August 5, 2014

Commissioner Bloss excluded Consent item 6.

Commissioner Dalton excluded Consent item 8.

Chairperson Shaer excluded Consent item 9.

ORAL COMMUNICATIONS

None.

The motion by Commissioner D. Jackson and seconded by Commissioner Dalton to approve Consent items 5 and 7 carried unanimously.

EXCLUDED CONSENT CALENDAR ITEMS

Approval of the Following Minutes: July 14, 2014

Commissioner Bloss referred to the top of page 5 and explained that she raised the issue that she believed a majority is not required to agendaize an item.

Director Carmichael said the majority rule is correct.

Commissioner Bloss requested to know the source of the rule and clarify the issue for all.

Director Carmichael confirmed the chair and staff meet before each meeting to set the agenda. He said that technically agenda item requests require a majority vote; therefore agendaizing a topic could take 2 meetings.

Commissioner Dalton felt that taking 2 meetings is too long.

Director Carmichael said that members may also call the Chairperson to request an agenda item.

Chairperson Shaer requested a legal opinion regarding the required procedure for establishing a new subcommittee and for agendaizing Commission items.

Director Carmichael said the subject matter of a subcommittee must be within the duties and responsibilities of the Harbor Commission.

The motion by Commissioner M. Jackson and seconded by Commissioner Horvath to approve Consent item 6 carried unanimously.

Public Hearing to Consider Adoption of an Exemption Declaration and a Coastal Development Permit from Previous City Council Meeting, July 15, 2014

In response to Commissioner Dalton, Director Carmichael said that safety precautions for the Harbor Drive bike path include paving treatment changes at cross traffic entrances and bump outs on the north and south sides of driveways. He planned to research and report back on driveway signage and he advised that bicycles will not be required to yield right-of-way at driveways.

Commissioner Dalton expressed concern for safety at the driveway intersections and he recommended all possible safety precautions, including consideration of traffic rerouting.

Director Carmichael said the plans are currently out to bid; and safety hazards will be addressed.

Commissioner D. Jackson said the issue of rerouting to traffic lights was raised and she questioned why it was not further researched. Director Carmichael said that is a possible long-term solution, adding that the 4 property owners would forfeit parking.

The motion by Commissioner Jackson and seconded by Commissioner Bloss to approve Consent item 8 carried unanimously.

First Amendment to Lease Between the City of Redondo Beach and Portofino Hotel Partners, L.P. From Previous City Council Meeting, August 5, 2014

In response to Chairperson Shaer, Director Carmichael reported that the lease negotiations began in April 2012 and terms were reached 18 months later.

The motion by Commissioner D. Jackson and seconded by Commissioner Horvath to approve Consent item 9 carried unanimously.

PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

Mr. Hansen expressed concern that some Commissioner referrals were not agendized i.e. State Lands Commission subcommittee, CenterCal EIR, and Mole B master plan.

The motion by Commissioner M. Jackson and seconded by Commissioner D. Jackson to extend Mr. Hansen's speaking time was unanimously approved.

Mr. Hansen said the Mole B plan is critical and more public input is necessary.

Ms. Guillermo agreed with Mr. Hansen's comments. She requested to know the Commissioners' position on the Gold's Gym issue. She opposed the present location of the boat launch ramp; and she requested a recommendation on the ideal location. She did not endorse the CenterCal project and requested to know the Commissioners' position.

EX PARTE

None.

ITEMS FOR DISCUSSION PRIOR TO ACTION

Director's Report

- Harbor Drive Bike Path – plans/specs approved last month, anticipated project completion in late spring or early summer
- Transient Vessel Moorings – management plan presented to Council in September
- Mole B Master Plan – plan submitted to Council possibly in August, schedule includes Commission input
- Harbor Trash Skimmers - have been installed in Basin 3
- Shade Hotel – project moving forward, grading ongoing
- Sunrise Hotel – increased project scope, permits have been updated
- CenterCal EIR – scoping process complete, comments published later this month, draft EIR published late this year, EIR process to be presented to Harbor Commission in September or October
- Subleases - Pier Plaza is over 90% occupied
- Summer concerts continue through August 30
- Parking revenue has increased this year

Director Carmichael said that new subcommittees require a vote, and he recommended the members review the Harbor Commission powers and duties regarding areas under their purview. He recommended a written request to City Council for subcommittees outside the purview of the Commission, such as the State Lands Commission.

Commissioner M. Jackson felt the State Lands Commission topic is not in the purview of the Commission. He said the CenterCal EIR process is important and he requested to have it agendized.

Commissioner Bloss complimented staff on leasing the pier properties and she questioned why other leaseholders have not had similar success over the years.

Director Carmichael said that reduced prices and a competent broker contributed to the success. Regarding land use he answered that office space is not allowed in the tidelands and also that visitor-serving uses and public access are priorities for the Coastal Commission. He said the law office on the pier is grandfathered in.

In response to Commissioner Horvath, Director Carmichael anticipated the SUP ordinance will be presented in September or October. He also answered that the AES proposed development is not within the Harbor Commission purview.

Commissioner Horvath believed the AES proposed development relates to other harbor development, and he questioned whether it will be addressed in the EIR process, to which Director Carmichael said there is a good chance it will be taken into account in the CenterCal EIR.

In response to Commissioner Horvath, Director Carmichael said he will email information on the transient vessel mooring specifications for the wands.

Commissioner Dalton felt that much of what AES does is related to the harbor.

In response to Commissioner Dalton, Director Carmichael advised that Gold's Gym is being appraised and is part of a proposed land swap with the State.

In response to Commissioner Shaer, Director Carmichael said the Sunrise Hotel will be independently flagged the Redondo Beach Sunrise Hotel.

In response to Commissioner Shaer regarding Commissioner requests, Director Carmichael said that referrals to staff are not automatically agendized. He said not agendizing the EIR was an oversight.

Commissioner Bloss noted that the minutes include a request for a Mole B agenda item.

Director Carmichael said there is nothing new to report on the Mole B plan; therefore a discussion would not have been productive.

Motion by Commissioner D. Jackson and seconded by Commissioner M. Jackson to receive and file the Director's Report.

Mr. Hansen believed the Chairperson should set the agenda. He felt the public should be engaged with the redesigned Mole B plan and he recommended a formal motion to agendize. He also encouraged the members to vote to agendize the State Lands Commission subcommittee.

Ms. Guillermo recommended motions to agendize the Mole B plan and the State Lands Commission subcommittee.

Commissioner D. Jackson's motion carried unanimously.

Discussion and Input to the City's Strategic Plan

Chairperson Shaer said he intends to discuss the Commission input with City Council prior to the workshop. He also said he plans to address proper communication channels between the Commission and Council.

Commissioner M. Jackson recommended early delivery of Commissioner input and subsequent follow-up by the Chairperson.

Chairperson Shaer requested comments on the strategic plan input process.

Commissioner Bloss said she is comfortable with the current process.

Chairperson Shaer planned to hand-deliver and discuss comments with Councilmembers. He requested input from the members by September 1.

The following Strategic Plan objectives were recommended:

Commissioner Bloss

- Torrance Boulevard renaming
- Light signal for bicyclists at entrance to pier
- Plan for integrating AES and CenterCal projects

Commissioner D. Jackson

- Moonstone Park/Mole B plan with a requirement for the Harbor Commission to have a input on development

The motion by Commissioner D. Jackson and seconded by Commissioner Horvath to receive and file the item carried unanimously.

Status Update Regarding State Lands Commission Review of Redondo Beach Internal Service Funds

Director Carmichael reported that the State Lands Commission staff has recommended a review of the Redondo Beach internal service fund policy and cost allocation plan. He said internal service fund amounts will be adjusted in accordance with the findings. He also said the audit performed in 2006 will be reviewed.

Commissioner M. Jackson recalled that Commissioner Keidser requested this agenda item. He felt the topic is outside the areas of the Harbor Commission, and he questioned if the members were interested in creating a subcommittee.

Commissioner Dalton felt that financial matters are not in the Commission's purview.

The motion by Commissioner M. Jackson and seconded by Commissioner Bloss, to receive and file the item carried unanimously.

ITEMS CONTINUED FROM PREVIOUS AGENDAS

None.

MEMBERS ITEMS AND REFERRALS TO STAFF

Chairperson Shaer looked forward to the CenterCal EIR agenda item.

The motion by Commissioner D. Jackson and seconded by Commissioner Bloss to adjourn the meeting carried unanimously.

At 9:55 p.m. Chairperson Shaer adjourned the meeting until the next regular meeting on September 8, 2014

Respectfully submitted,

Peter Carmichael
Waterfront and Economic
Development Director



Administrative Report

Council Action Date: August 12, 2014

To: MAYOR AND MEMBERS OF THE CITY COUNCIL

**From: PETE CARMICHAEL, WATERFRONT AND ECONOMIC
DEVELOPMENT DIRECTOR**

CRAIG KOEHLER, FINANCE DIRECTOR

**Subject: APPROVAL OF RESOLUTION No. ____ A RESOLUTION OF THE
COMMUNITY FINANCING AUTHORITY OF THE CITY OF REDONDO
BEACH, CALIFORNIA, AUTHORIZING THE ISSUANCE OF A NOTE IN
THE PRINCIPAL AMOUNT OF \$1,100,071.15 AND A SALE OF THE
NOTE TO THE CITY OF REDONDO BEACH**

RECOMMENDATION

Approve and execute Resolution No. ____ A RESOLUTION OF THE COMMUNITY FINANCING AUTHORITY OF THE CITY OF REDONDO BEACH, CALIFORNIA, AUTHORIZING THE ISSUANCE OF A NOTE IN THE PRINCIPAL AMOUNT OF \$1,100,071.15 AND A SALE OF THE NOTE TO THE CITY OF REDONDO BEACH

EXECUTIVE SUMMARY

In April of 1999, the City's Public Financing Authority ("PFA") now known as the Community Financing Authority ("CFA"), borrowed \$1.75 million from First California Bank for the purchase of the building occupied by Kincaid's Bay House restaurant ("Kincaid's"). The Loan was refinanced in 2002 which then extended the maturity date to August 15, 2009. In August, 2009 the City Council approved the City's internal refinancing of the debt by paying off the note with First California Bank. The new term was set for five years and will mature on August 12, 2014. This internal refinance saved significant costs by reducing the interest rate. Similar to 2009, staff is recommending an internal refinancing of the debt, now just over \$1M, for a five year term. The refinance will reduce costs by over \$4,000 per month while preserving flexibility.

BACKGROUND

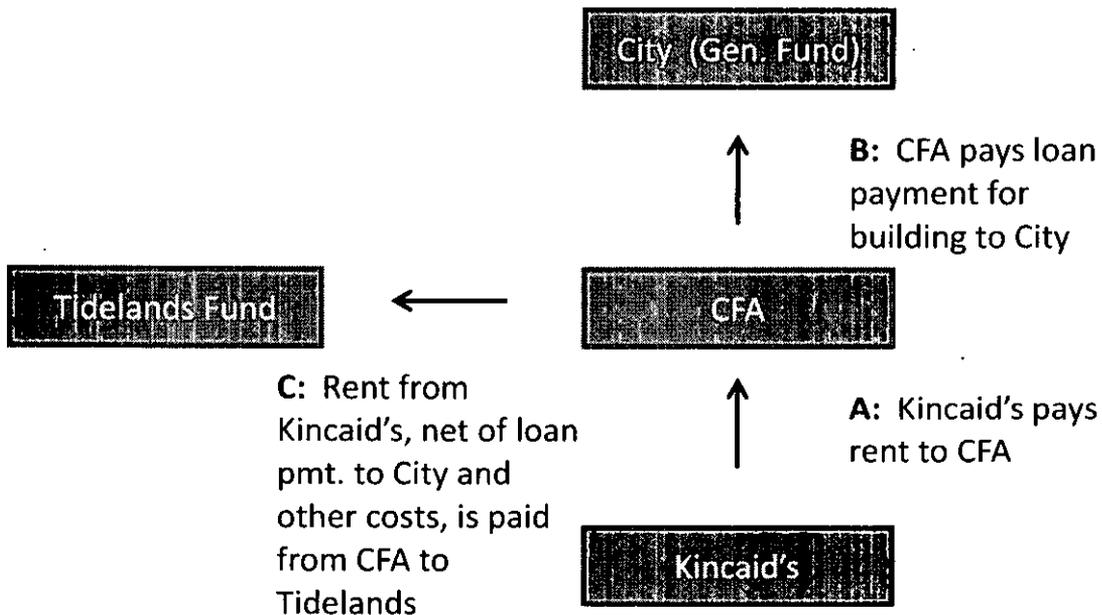
In 1997, the City leased the Pier pad known as 500 Fisherman's Wharf for the development of a Kincaid's restaurant. In negotiating the lease, the City was to own the building, but did not have the funding available to build the building. The tenant, RUI One Corp, "RUI" (dba Kincaid's) had the ability to build the restaurant building at a lower cost than the City, and the PFA was able to obtain a loan to purchase the building. The lease was then written with the PFA as building owner and landlord to the restaurant.

**Administrative Report
 APPROVAL OF RESOLUTION No. ____ A
 RESOLUTION OF THE CITY COUNCIL OF THE
 CITY OF REDONDO BEACH, CALIFORNIA,
 AUTHORIZING THE REFINANCING OF A NOTE
 OF THE REDONDO BEACH COMMUNITY
 FINANCING AUTHORITY IN THE PRINCIPAL
 AMOUNT OF \$1,100,071.15.2**

August 12, 2014

In April of 1999, the PFA borrowed \$1.75 million from First California Bank for the purchase of the restaurant building. The loan was then refinanced in 2002 at a lower interest rate and an extended maturity date of August, 2009. On August 4, 2009, the City Council approved an internal refinancing of the debt with a 15-year amortization, due in five years. As a result of this refinancing the Public Financing Authority now made the loan payments to the City. In February 2011, with the elimination of the City's Redevelopment Agency, the PFA was renamed the Community Financing Authority ("CFA").

Since inception of the loan in 1999, the debt service (principal and interest payments) paid by the financing authority have come from the rent that is paid by Kincaid's restaurant. The Financing Authority then pays the Kincaid's rental, net of the loan payment and other costs, to the Tidelands Fund. This arrangement is displayed graphically below.



With the term of the note coming to a close later this month, staff recommends the loan be refinanced internally with the CFA issuing a new note in a principal amount of \$1,100,071.15 with an interest rate of 2.72%, a term of 5 years and an amortization over

Administrative Report
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AMOUNT OF \$1,100,071.15.3

August 12, 2014

15 years. The term is similar to the previous note and is restricted to 5 years per City investment policy. Also, the 5 year term is consistent with the remaining 5 years of lease term with Kincaid's, pending further lease extension. The interest rate is set at the Municipal Market Data California Tax exempt "BBB" Revenue Bond scale as of July 30, 2014, and a 0.50% premium is added as a cost of issuance, and is the same interest rate index used for the previous CFA loan. It is recommended that this note be internally refinanced rather than trying to replace the note with a third-party lender, which may have a higher interest rate and additional costs to process and approve the loan. The City will continue to earn interest on the note at a rate similar to what it would earn if the money were invested in a security with comparable risk.

A refinance retains flexibility. During the 5 year term, the CFA will have the option of refinancing the loan with a third-party, or paying off the entire loan amount. As well, at the end of the term, the CFA can pay the loan off or refinance either internally with the City or externally with a bank.

The Kincaid's rental payment will continue to provide the necessary income to satisfy monthly debt service on the loan. The current monthly payment by Kincaid's for the 2009 CFA loan is \$11,760. With the decreased amount of principal and the current low interest rates, the monthly loan payment from the CFA to the City is expected to decrease by \$4,310 to \$7,450, with a corresponding increase in the payment from the CFA to the Tidelands Fund.

Other options for dealing with the maturing loan at this point include the placement of a loan with a private third-party lender, and a payoff. Current interest rates with private lenders, for a loan payable solely from the Kincaid lease payments, could be at least 2% higher than the rate obtained through the internal financing, or about \$1,000 more per month, making the internal refinance a less expensive option. A third-party lender may also charge additional fees for the preparation of loan documents and to process the loan.

A payoff of the loan balance would mean a cash payment of \$1,100,071.15 from the Harbor Tidelands Fund to the City. The payoff would result in a transfer of Tidelands Fund cash balance to the General Fund, and a potential loss of interest income from the retired loan of approximately \$2,500 per month with a corresponding savings to the Tidelands Fund, unless the City is able to reinvest the loan at a comparable yield and risk point that it would not otherwise make. It would also reduce the flexibility for a potential payoff of the loan by an external party in coming years. More specifically, the potential exists to bring in a new ground lessee for the Kincaid's parcel (replacing the CFA) who could be responsible for the payoff of the note as a condition of a new ground

Administrative Report
APPROVAL OF RESOLUTION No. ____ A
RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF REDONDO BEACH, CALIFORNIA,
AUTHORIZING THE REFINANCING OF A NOTE
OF THE REDONDO BEACH COMMUNITY
FINANCING AUTHORITY IN THE PRINCIPAL
AMOUNT OF \$1,100,071.15.4

August 12, 2014

lease. By refinancing the note now rather than paying it off, the obligation remains on the city's books and provides leverage to negotiate a payoff by the new ground lessee rather than the Tidelands Fund.

COORDINATION

The Waterfront and Economic Development Department coordinated with the Financial Services Department and City Attorney's Office in preparing this item. The City Attorney's Office has approved the documents as to form.

FISCAL IMPACT

With this new loan, monthly loan payments from the CFA to the City are expected to decrease by \$4,310 per month. This means that the General Fund will be receiving \$4,310 less on a monthly basis, although the new amount is similar to what the City would otherwise earn currently for an investment of comparable risk. The net rental from Kincaid's, after debt service on the loan, will accrue to the City's Harbor Tidelands Fund. Thus, the cash flow to the Harbor Tidelands Fund will increase by \$4,310 per month or \$51,000 annually at current rent levels

Submitted by:
Pete Carmichael
Waterfront and Economic Development Director

Approved for forwarding by:
Joe Hoefgen, Interim City Manager

Craig Koehler
Finance Director

dkaku

Attachments:

- A RESOLUTION OF THE COMMUNITY FINANCING AUTHORITY OF THE CITY OF REDONDO BEACH, CALIFORNIA, AUTHORIZING THE ISSUANCE OF A NOTE IN THE PRINCIPAL AMOUNT OF \$1,100,071.15 AND A SALE OF THE NOTE TO THE CITY OF REDONDO BEACH.

RESOLUTION NO. CC-1408-075

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, AUTHORIZING THE REFINANCING OF A NOTE OF THE REDONDO BEACH COMMUNITY FINANCING AUTHORITY IN THE PRINCIPAL AMOUNT OF \$1,100,071.15

WHEREAS, in 2009, the Redondo Beach Public Financing Authority obtained a loan (the "Loan") from the City Of Redondo Beach (the "City") in order to pay off a maturing loan from First California Bank that financed improvements to the Redondo Beach pier, which Loan is evidenced by a promissory note of the Redondo Beach Public Financing Authority, dated August 13, 2009 (the "2009 Note") in the original principal amount of \$1,470,540.93; and

WHEREAS, after the State's elimination of the Redevelopment Agency, which was a member of the Redondo Beach Public Financing Authority, the need to create a new authority arose to facilitate the financing of capital improvements and other municipal projects; and

WHEREAS, on January 31, 2012, a new joint powers authority, the Redondo Beach Community Finance Authority ("Authority") was created; and

WHEREAS, on January 31, 2012, after the formation of the Authority, the Authority approved and accepted, among other things, the assignment of the 2009 Note and the assignment of the Kincaid's Restaurant Lease – Redondo Beach Horseshoe Pier, dated as of October 7, 1997; and

WHEREAS, the 2009 Note currently matures on August 12, 2014 (the "Maturity Date"); and

WHEREAS, in order to refinance the 2009 Note by the Maturity Date, the Authority proposes to issue its promissory note (the "2014 Note") in a principal amount equal to the amount due on the 2009 Note on the Maturity Date, in a principal amount of \$1,100,071.15 (the "Principal Amount"); and

WHEREAS, the Authority expects to repay the 2014 Note with lease payments made to the Authority under the provisions of the Kincaid's Restaurant Lease – Redondo Beach Horseshoe Pier, dated as of October 7, 1997, between the Authority and RUI One Corp.; and

WHEREAS, the City has money in its treasury not required for the immediate needs of the City, and proposes to use some of such funds to purchase the 2014 Note from the Authority.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Form of the 2014 Note. The 2014 Note shall be in the form attached to this Resolution, together with any changes therein or additions thereto deemed advisable by the City Manager, upon consultation with the City Attorney and Bond Counsel.

SECTION 2. Refinance of the 2009 Note and Purchase of the 2014 Note. The refinance of the 2009 Note and purchase of the 2014 Note by the City from the Authority is hereby approved. The City Treasurer is hereby authorized and directed to advance the purchase price of the 2014 Note from any lawfully available funds of the City (which purchase price shall be equal to the Principal Amount of the 2014 Note) to or upon the order of the Authority upon the delivery of the executed, final 2014 Note to the Treasurer, so long as the Principal Amount of the 2014 Note is not in excess of \$1,100,071.15, the maturity date of the 2014 Note is not later than August 12, 2019, and the interest rate on the 2014 Note is equal to the five year maturity of the Municipal Market Data California Tax exempt "BBB" Revenue Bond scale (as most recently published prior to the date of issuance of the 2014 Note), plus 0.50%, which as of July 30, 2014, was equal to 2.72%.

SECTION 3. Official Actions. The Mayor, the City Manager, the City Treasurer, the City Clerk and the City Attorney, or any of them or their appointed and authorized designees acting in such capacities, are further authorized and directed to make, execute and deliver all certificates, agreements and documents required by the City in connection with the purchase of the 2014 Note.

SECTION 4. Effective Date. This Resolution shall take effect upon its adoption by this City Council.

PASSED, APPROVED AND ADOPTED THIS 12th day of August, 2014.

Steve Aspel, Mayor

ATTEST:

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF REDONDO BEACH)

I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that the foregoing Resolution No. CC-1408-075 was duly passed, approved and adopted by the City Council of the City of Redondo Beach, California, at a regular meeting of said City Council held on the 12th day of August, 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eleanor Manzano, City Clerk

APPROVED AS TO FORM:

Michael W. Webb, City Attorney

**REDONDO BEACH COMMUNITY FINANCING
AUTHORITY**

2014 NOTE

PRINCIPAL AMOUNT	INTEREST RATE	MATURITY DATE	DATED DATE:
\$ 1,100,071.15	2.72 %	August 11, 2019	August 12, 2014

The REDONDO BEACH COMMUNITY FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the CITY OF REDONDO BEACH, CALIFORNIA (the "City"), on the Maturity Date specified above (subject to any right of prior prepayment hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon at the Interest Rate specified above in like lawful money from the Dated Date specified above, payable monthly on the first day of each month, commencing September 1, 2014 (each an "Interest Payment Date"), until the Maturity Date stated above or upon earlier prepayment. Principal hereof and interest thereon are payable at the office of the City Treasurer of the City of Redondo Beach at 415 Diamond Street, Redondo Beach, California (the "Office").

This Note has been issued by the Authority to provide funds to be used by the Authority to refinance an existing loan from the City. The principal of this Note is subject to mandatory sinking payments by the Authority in the amounts and on the dates shown in Exhibit A attached hereto, and the Authority shall make such sinking fund payments without any requirement for notice to the City. All sums due hereunder shall be paid in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months. All payments made hereunder shall be credited first against accrued and previously unpaid interest; and the balance of each such payment shall be credited against principal, and interest thereafter shall not accrue on the amount so credit to principal.

The Authority hereby pledges towards the payment of the principal of and interest on this Note all lease payments (the "Lease Payments") received by the Authority, from and after the Dated Date above, pursuant to that certain Kincaid's Restaurant Lease - Redondo Beach Horseshoe Pier, dated as of October 7, 1997, between the Authority and RUI One Corp. However, so long as the Authority is current on its payment obligations under this Note, the Authority may dispose of the Lease Payments for any lawful purpose of the Authority.

Authority represents and warrants to the City that (i) it is duly authorized to execute and deliver this Note and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (ii) the person signing this Note on its behalf is duly authorized to do so on its behalf, (iii) it has obtained all authorizations of any governmental body required in connection with this Note hereunder and such authorizations are in full force and effect, and (iv) the execution, delivery and performance of this Note will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected.

Authority agrees to pay all costs and expenses, including reasonable attorneys' fees, incurred by the City in enforcing payment hereof and hereby waives to the full extent permitted by law presentment, demand, protest and notice of dishonor.

Neither this Note nor any provision hereof may be amended, modified, waived, discharged or terminated orally, but only by a statement in writing signed by the Authority and the City.

This Note shall be governed by and construed in accordance with the laws of the State of California.

This Note also is subject to prepayment in whole or in part at the option and at the direction of the Authority on any date, from any available source of funds, at a prepayment price equal to the principal amount of this Note to be prepaid, without premium, plus accrued interest to the date of prepayment. No notice of prepayment need be given.

This Note is non-transferable and non-exchangeable. The Authority may treat the City as the absolute owner hereof for all purposes, and the Authority shall not be affected by any notice to the contrary.

This Note is not a debt of the City of Redondo Beach or the State of California or any of its political subdivisions (other than the Authority), and neither said City nor said State or any of its political subdivisions (other than the Authority), is liable hereon nor in any event shall this Note be payable out of any funds or properties other than those of the Authority.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Note do exist, have happened or have been performed in due and regular time, form and manner as required by the laws of the State of California and that the amount of this Note, together with all other indebtedness of the Authority, does not exceed any limit prescribed by any laws of the State of California.

IN WITNESS WHEREOF, the Redondo Beach Community Financing Authority has caused this Note to be executed in its name and on its behalf with the manual or facsimile signature of its Executive Director, and attested to by the manual or facsimile signature of its Secretary, all as of the Dated Date specified above.

REDONDO BEACH COMMUNITY
FINANCING AUTHORITY

By _____
Steve Aspel, Executive Director

Attest:

Eleanor Manzano, Secretary

EXHIBIT A

Mandatory Sinking Payments for 2014 Note

Amortization Table

<u>Principal</u>	<u>Interest</u> <u>Rate</u>	<u>Term</u>	<u>Mo. Payment</u>
\$1,100,071.15	2.720%	180	(\$7,449.63)

Terms: 15-year amortization, due in 5 years

	<u>Remaining</u> <u>Principal</u>	<u>Monthly</u> <u>Interest</u>	<u>Paid on</u> <u>Principal</u>
1	\$1,100,071.15	(\$2,493.49)	(\$4,956.13)
2	\$1,095,115.02	(\$2,482.26)	(\$4,967.37)
3	\$1,090,147.65	(\$2,471.00)	(\$4,978.63)
4	\$1,085,169.03	(\$2,459.72)	(\$4,989.91)
5	\$1,080,179.12	(\$2,448.41)	(\$5,001.22)
6	\$1,075,177.89	(\$2,437.07)	(\$5,012.56)
7	\$1,070,165.34	(\$2,425.71)	(\$5,023.92)
8	\$1,065,141.42	(\$2,414.32)	(\$5,035.31)
9	\$1,060,106.11	(\$2,402.91)	(\$5,046.72)
10	\$1,055,059.39	(\$2,391.47)	(\$5,058.16)
11	\$1,050,001.23	(\$2,380.00)	(\$5,069.62)
12	\$1,044,931.61	(\$2,368.51)	(\$5,081.12)
13	\$1,039,850.50	(\$2,356.99)	(\$5,092.63)
14	\$1,034,757.86	(\$2,345.45)	(\$5,104.18)
15	\$1,029,653.69	(\$2,333.88)	(\$5,115.75)
16	\$1,024,537.94	(\$2,322.29)	(\$5,127.34)
17	\$1,019,410.60	(\$2,310.66)	(\$5,138.96)
18	\$1,014,271.64	(\$2,299.02)	(\$5,150.61)
19	\$1,009,121.03	(\$2,287.34)	(\$5,162.29)
20	\$1,003,958.74	(\$2,275.64)	(\$5,173.99)
21	\$998,784.75	(\$2,263.91)	(\$5,185.71)
22	\$993,599.04	(\$2,252.16)	(\$5,197.47)
23	\$988,401.57	(\$2,240.38)	(\$5,209.25)
24	\$983,192.32	(\$2,228.57)	(\$5,221.06)
25	\$977,971.26	(\$2,216.73)	(\$5,232.89)
26	\$972,738.37	(\$2,204.87)	(\$5,244.75)
27	\$967,493.62	(\$2,192.99)	(\$5,256.64)

28	\$962,236.98	(\$2,181.07)	(\$5,268.56)	
29	\$956,968.42	(\$2,169.13)	(\$5,280.50)	
30	\$951,687.92	(\$2,157.16)	(\$5,292.47)	
31	\$946,395.45	(\$2,145.16)	(\$5,304.46)	
32	\$941,090.99	(\$2,133.14)	(\$5,316.49)	
33	\$935,774.50	(\$2,121.09)	(\$5,328.54)	
34	\$930,445.97	(\$2,109.01)	(\$5,340.62)	
35	\$925,105.35	(\$2,096.91)	(\$5,352.72)	
36	\$919,752.63	(\$2,084.77)	(\$5,364.85)	
37	\$914,387.77	(\$2,072.61)	(\$5,377.01)	
38	\$909,010.76	(\$2,060.42)	(\$5,389.20)	
39	\$903,621.56	(\$2,048.21)	(\$5,401.42)	
40	\$898,220.14	(\$2,035.97)	(\$5,413.66)	
41	\$892,806.48	(\$2,023.69)	(\$5,425.93)	
42	\$887,380.55	(\$2,011.40)	(\$5,438.23)	
43	\$881,942.31	(\$1,999.07)	(\$5,450.56)	
44	\$876,491.76	(\$1,986.71)	(\$5,462.91)	
45	\$871,028.84	(\$1,974.33)	(\$5,475.29)	
46	\$865,553.55	(\$1,961.92)	(\$5,487.71)	
47	\$860,065.84	(\$1,949.48)	(\$5,500.14)	
48	\$854,565.70	(\$1,937.02)	(\$5,512.61)	
49	\$849,053.09	(\$1,924.52)	(\$5,525.11)	
50	\$843,527.98	(\$1,912.00)	(\$5,537.63)	
51	\$837,990.35	(\$1,899.44)	(\$5,550.18)	
52	\$832,440.17	(\$1,886.86)	(\$5,562.76)	
53	\$826,877.41	(\$1,874.26)	(\$5,575.37)	
54	\$821,302.04	(\$1,861.62)	(\$5,588.01)	
55	\$815,714.03	(\$1,848.95)	(\$5,600.68)	
56	\$810,113.35	(\$1,836.26)	(\$5,613.37)	
57	\$804,499.98	(\$1,823.53)	(\$5,626.09)	
58	\$798,873.89	(\$1,810.78)	(\$5,638.85)	
59	\$793,235.04	(\$1,798.00)	(\$5,651.63)	
60	\$787,583.42	(\$1,785.19)	(\$5,664.44)	Loan Matures



Administrative Report

Council Action Date: August 19, 2014

To: MAYOR AND CITY COUNCIL

From: PETE CARMICHAEL, WATERFRONT AND ECONOMIC DEVELOPMENT DIRECTOR

Subject: CONTRACT WITH AECOM FOR MARKET STUDY OF PROPOSED WATERFRONT PROJECT

RECOMMENDATION

Approve the Agreement for Project Services between the City of Redondo Beach and AECOM Technical Services, Inc. for a market study for the proposed Waterfront project.

EXECUTIVE SUMMARY

In November 2013, the City Council directed staff to conduct a third party, independent market study evaluating the economic feasibility of the proposed Waterfront project proposed by CenterCal Properties. The City Council approved an RFP for the additional market study, outlining the scope of work, in March, 2014. Four firms responded to the RFP and attended the July 1, 2014 City Council meeting. At the meeting, the City Council had the opportunity to ask questions and learn more about the respondents. Ultimately, the City Council selected AECOM as the desired consultant to perform the market study. Staff has developed the contract with AECOM and has brought it back for City Council approval.

BACKGROUND

The City plays an important role as the steward of a magnificent stretch of the California coastal zone and has an obligation to preserve this asset for future generations. Part of the City's responsibility in this regard is to preserve and enhance the public infrastructure, to seek opportunities that will improve access for both residents and visitors, and to ensure ongoing environmental sustainability. With this responsibility as steward and trustee of the coastline as a guiding principle, the City Council has made the revitalization of the waterfront a key strategic priority.

The most recent revitalization efforts in the Waterfront were begun nearly a decade ago with the City Manager's Harbor and Pier Working Group and the Asset Management Plan and Harbor Enterprise Business Plan, developed in 2008 and 2010 respectively. Ultimately, a new set of zoning standards were approved by the voters of Redondo

Beach and certified by the California Coastal Commission in 2010. In 2012, the City Council selected CenterCal Properties, out a field of qualified developers, to further the revitalization of a consolidated site on and around the Pier. Over the last two years, CenterCal has conducted several large town hall style meetings to draw public input and conducted numerous meetings with residents, businesses, and stakeholders. The concept that CenterCal has developed through this collaborative process includes no residential and is within the voter and California Coastal Commission approved limitations on density and square footage. The plan has a density consistent with other South Bay beach city downtown districts, with expansive waterfront promenades, outdoor dining, shops, better pedestrian and bicycle access to the water, improved connectivity, and expanded opportunities for coastal recreation. Based on City Council direction in summer, 2013, an Environmental Impact Report (EIR) is being conducted to evaluate the likely impacts of the proposed project on a variety of factors including noise, views, traffic, and water quality. The EIR is expected to be completed in 2015.

At its November 19, 2013 meeting, the City Council approved several project related documents. Additionally, at that meeting, a market study was presented by consultant Jeff Green Partners, providing a forecast for the proposed project's sales performance and overall prospects for success. In reviewing the report, some members of the City Council cited the appearance that the consultant was not independent in their analysis due to the fact that they had represented retailers that are tenants in CenterCal Properties elsewhere in the past. For this reason, and so that a more comprehensive report could be conducted that would include the hotel portion of the project, the City Council provided direction to initiate a second study.

At its March 4, 2014 meeting, the City Council approved a Request for Proposals (RFP) which defined the scope of work for this second market study as well as the procedure for selection of a consultant. The key areas of study outlined in the RFP are shown below.

- What is the likely trade area for the project and who are the likely customers for the various uses?
- What are the population, demographic, lifestyle (psychographic) and other relevant characteristics of trade area residents, how are they projected to change and what impact will this have on the project?
- What is the likely worker and tourist base that will frequent the project? What demand can be generated by this component?
- What is the projected growth for retail, entertainment, and hotel expenditures and how will this impact the project?
- What is the existing retail and hotel market in the greater Redondo Beach area? How is this landscape expected to change and how will this impact the project?

- What is the relevant retail, entertainment, and hotel competition, including projected / planned projects and what impact will this competition have on the proposed Waterfront Revitalization Project?
- Based on the site plan provided, are the uses supportable, when are they supportable, and what sales are achievable by this project?
- What sales and sales per square foot can the retail, restaurant, and entertainment components achieve in its first-year and fifth-year of operation?
- What average daily rate and revenue per available room can the hotel component achieve in its first-year and fifth-year of operation?
- What annual rental rate can the creative office space achieve in its first and fifth year of operation?

Staff elicited potential respondents to the RFP through web search and through consultation with other cities and public agencies that have engaged with consultants for similar work. Five responses to the RFP were received. One response was eliminated due to the consultant's location in Atlanta, Georgia and the significant additional expense associated with their travel costs. The four remaining qualified responses included AECOM, Bay Area Economics (BAE), the Concord Group, and Metropolitan Research Economics (MR+E). The four groups were in attendance at the July 1 City Council meeting. During the meeting, each consultant was given the opportunity to provide an overview of their firm and why they thought they were the best fit for the project. There was also the opportunity for the City Council to ask questions. Ultimately, the City Council voted to select AECOM to perform the market study.

Staff has developed a contract with AECOM based on the scope of work in the RFP and AECOM's response. AECOM's work plan will start with a site visit and kickoff meeting. Their scope of work will include a market analysis of demand potential for the retail, dining, entertainment, and hotel portions of the proposed project. AECOM's analysis will take into account both current and projected supply and demand. More specifically, the report will look at relevant existing and proposed projects in the geographical area, including potential impacts associated with the proposed AES Harbor Village ballot measure, as well as existing and projected changes to the customer base. Based on the RFP submittal from AECOM, the market study will take approximately 60 to 90 days. At the conclusion of the analysis, AECOM will present their findings to the City Council, likely in November or December.

COORDINATION

The Waterfront and Economic Development Department coordinated with the City Attorney's Office in preparing this item. The City Attorney's Office has approved the document as to form.

FISCAL IMPACT

The contract is for a not to exceed amount of \$60,000 and will be paid out of the Upland and Tidelands budget for contracts and professional services in the approved FY 2014/15 budget.

Funding

\$ 30,000 Harbor Uplands Fund
\$ 30,000 Harbor Tidelands Fund
\$ 60,000 Total

Expenditures

\$ 60,000 AECOM Technical Services
\$ 60,000 Total

Submitted by:

Pete Carmichael
Waterfront & Economic Development Director

Approved for forwarding by:

Joe Hoefgen
Interim City Manager

Attachments:

- Agreement for Project Services Between the City of Redondo Beach and AECOM Technical Services, Inc.

**AGREEMENT FOR PROJECT SERVICES
BETWEEN THE CITY OF REDONDO BEACH
AND AECOM TECHNICAL SERVICES, INC .**

THIS AGREEMENT FOR PROJECT SERVICES (this "Agreement") is made between the City of Redondo Beach, a Chartered Municipal Corporation ("City") and AECOM TECHNICAL SERVICES, INC a California corporation ("Contractor" or "Consultant").

The parties hereby agree as follows:

- A. Description of Project or Scope of Services. The project description or scope of services to be provided by Contractor, and any corresponding responsibilities of City or services required to be performed by City are set forth in Exhibit "A".
- B. Term and Time of Completion. Contractor shall commence and complete the project or services described in Exhibit "A" in accordance with the schedule set forth in Exhibit "B".
- C. Compensation. City agrees to pay Contractor for work performed in accordance with Exhibit "C".

GENERAL PROVISIONS

- 1. Independent Contractor. Contractor acknowledges, represents and warrants that Contractor is not a regular or temporary employee, officer, agent, joint venturer or partner of the City, but rather an independent contractor. This Agreement shall not be construed as a contract of employment. Contractor shall have no rights to any benefits which accrue to City employees unless otherwise expressly provided in this Agreement. Due to the independent contractor relationship created by this Agreement, the City shall not withhold state or federal income taxes, the reporting of which shall be Contractor's sole responsibility.
- 2. Brokers. Contractor acknowledges, represents and warrants that Contractor has not hired, retained or agreed to pay any entity or person any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the award or making of this Agreement.
- 3. City Property. All plans, drawings, reports, calculations, data, specifications, videos, graphics or other materials prepared for or obtained pursuant to this Agreement shall upon request be delivered to the City within a reasonable time, and the rights thereto shall be deemed assigned to the City. If applicable, Contractor shall prepare check prints upon request. Said plans, drawings, reports, calculations, data, specifications, videos, graphics or other materials

shall be specific for the project herein and shall not be used by the City for any other project without Contractor's consent. Notwithstanding the foregoing, Contractor shall not be obligated to assign any proprietary software or data developed by or at the direction of Contractor for Contractor's own use; provided, however, that Contractor shall, pursuant to Paragraph 14 below, indemnify, defend and hold the City harmless from and against any discovery or Public Records Act request seeking the disclosure of any such proprietary software or data.

4. Inspection. If the services set forth in Exhibit "A" shall be performed on City or other public property, the City shall have the right to inspect such work without notice. If such services shall not be performed on City or other public property, the City shall have the right to inspect such work upon reasonable notice. Inspections by the City shall not relieve or minimize the responsibility of Contractor to conduct any inspections Contractor has agreed to perform pursuant to the terms of this Agreement. Contractor shall be solely liable for said inspections performed by Contractor. Contractor shall certify in writing to the City as to the completeness and accuracy of each inspection required to be conducted by Contractor hereunder.
5. Services. The project or services set forth in Exhibit "A" shall be performed to the full satisfaction and approval of the City. In the event that the project or services set forth in Exhibit "A" are itemized by price in Exhibit "C", the City in its sole discretion may, upon notice to Contractor, delete certain items or services set forth in Exhibit "A", in which case there shall be a corresponding reduction in the amount of compensation paid to Contractor. City shall furnish Contractor, to the extent available, with any City standards, details, specifications and regulations applicable to the Project and necessary for the performance of Contractor's services hereunder. Notwithstanding the foregoing, any and all additional data necessary for design shall be the responsibility of Contractor.
6. Records. Contractor, including any of its subcontractors, shall maintain full and complete documents and records, including accounting records, employee time sheets, work papers, and correspondence pertaining to the project or services set forth in Exhibit "A". Contractor, including any of its subcontractors, shall make such documents and records available for City review or audit upon request and reasonable notice, and shall keep such documents and records, for at least four (4) years after Contractor's completion of performance of this Agreement. Copies of all pertinent reports and correspondence shall be furnished to the City for its files.
7. Changes and Extra Work. All changes and/or extra work under this Agreement shall be performed and paid for in accordance with the following:

Only the City Council, City Manager, or the Department Head responsible for the administration of, or supervision of the scope of work under, this Agreement may

authorize extra and/or changed work. Contractor expressly recognizes that other City personnel are without authorization to either order extra and/or changed work or waive contract requirements. Failure of Contractor to secure the authorization for such extra and/or changed work shall constitute a waiver of any and all right to adjustment in contract price due to such unauthorized work and Contractor thereafter shall be entitled to no compensation whatsoever for performance of such work.

If Contractor is of the opinion that any work which Contractor has been directed to perform is beyond the scope of this Agreement and constitutes extra work, Contractor shall promptly notify the City of the fact. The City shall make a determination as to whether or not such work is, in fact, beyond the scope of this Agreement and constitutes extra work. In the event that the City determines that such work does constitute extra work, City shall provide extra compensation to Contractor on a fair and equitable basis. A written amendment providing for such compensation for extra work shall be executed by Contractor and the City, and approved by the City Council.

In the event City determines that such work does not constitute extra work, Contractor shall not be paid extra compensation above that provided herein and if such determination is made by City staff, said determination may be appealed to the City Manager as long as a written appeal is submitted to the City Manager within five (5) days after the staff's determination is received by Contractor. Said written appeal shall include a description of each and every ground upon which Contractor challenges the staff's determination.

8. Additional Assistance. If this Agreement requires Contractor to prepare plans and specifications, Contractor shall provide assistance as necessary to resolve any questions regarding such plans and specifications that may arise during the period of advertising for bids, and Contractor shall issue any necessary addenda to the plans and specifications as requested. In the event Contractor is of the opinion that City's requests for addenda and assistance is outside the scope of normal services, the parties shall proceed in accordance with the changes and extra work provisions of this Agreement.
9. Professional Ability. Contractor acknowledges, represents and warrants that Contractor is skilled and able to competently provide the services hereunder, and possesses all professional licenses, certifications, and approvals necessary to engage in its occupation. City has relied upon the professional ability and training of Contractor as a material inducement to enter into this Agreement. Contractor shall perform in accordance with generally accepted professional practices and standards of Contractor's profession.
10. Business License. Contractor shall obtain a Redondo Beach Business License before performing any services required under this Agreement. The failure to so obtain such license shall be a material breach of this Agreement and grounds for

immediate termination by City; provided, however, that City may waive the business license requirement in writing under unusual circumstances without necessitating any modification of this Agreement to reflect such waiver.

11. Termination Without Default. Notwithstanding any provision herein to the contrary, the City may, in its sole and absolute discretion and without cause, terminate this Agreement at any time prior to completion by Contractor of the project or services hereunder, immediately upon written notice to Contractor. In the event of any such termination, Contractor shall be compensated for: (1) all authorized work satisfactorily performed prior to the effective date of termination; and (2) necessary materials or services of others ordered by Contractor for this Agreement prior to Contractor's receipt of notice of termination, irrespective of whether such materials or services of others have actually been delivered, and further provided that Contractor is not able to cancel such orders. Compensation for Contractor in such event shall be determined by the City in accordance with the percentage of the project or services completed by Contractor; and all of Contractor's finished or unfinished work product through the time of the City's last payment shall be transferred and assigned to the City. In conjunction with any termination of this Agreement, the City may, at its own expense, make copies or extract information from any notes, sketches, computations, drawings, and specifications or other data, whether complete or not.
12. Termination in the Event of Default. Should Contractor fail to perform any of its obligations hereunder, within the time and in the manner provided or otherwise violate any of the terms of this Agreement, the City may immediately terminate this Agreement by giving written notice of such termination, stating the reasons for such termination. Contractor shall be compensated as provided immediately above, provided, however, there shall be deducted from such amount the amount of damages, if any, sustained by the City by virtue of Contractor's breach of this Agreement.
13. Conflict of Interest. Contractor acknowledges, represents and warrants that Contractor shall avoid all conflicts of interest (as defined under any federal, state or local statute, rule or regulation, or at common law) with respect to this Agreement. Contractor further acknowledges, represents and warrants that Contractor has no business relationship or arrangement of any kind with any City official or employee with respect to this Agreement. Contractor acknowledges that in the event that Contractor shall be found by any judicial or administrative body to have any conflict of interest (as defined above) with respect to this Agreement, all consideration received under this Agreement shall be forfeited and returned to City forthwith. This provision shall survive the termination of this Agreement for one (1) year.
14. Indemnity. To the fullest extent permitted by law, Contractor shall indemnify, hold harmless, and defend (at Contractor's expense with counsel acceptable to the City), City and its elected and appointed officials, officers, employees, agents,

independent contractors, and volunteers from and against any and all claims, demands, causes of action, compensation, lawsuits (whether at law, equity or both), proceedings, liabilities, losses, damages, expenses, costs (including without limitation attorneys' fees, expert witness fees, and other related costs and expenses), judgments, fines, penalties, liens of every nature, and other amounts arising or claimed to arise, directly or indirectly, out of Contractor's (including Contractor, its subcontractors, and each of their officials, officers, employees, and agents) performance of work hereunder] or its failure to comply with any of its obligations contained in the Agreement, or its failure to comply with any current or prospective law, except to the extent such loss or damage was caused by the sole negligence, or willful misconduct of the City. This indemnification obligation shall survive this Agreement and shall not be limited by any term of any insurance policy required under this Agreement.

15. Insurance. Contractor shall comply with the requirements set forth in Exhibit "D." Insurance requirements that are waived by the City's Risk Manager do not require amendments or revisions to this Agreement.

Notwithstanding the foregoing, California Labor Code Sections 1860 and 3700 provide that every contractor will be required to secure the payment of compensation to its employees. In accordance with the provisions of California Labor Code Section 1861, the Contractor hereby certifies as follows:

"I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to under take self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract."

16. Non-Liability of Officials and Employees of the City. No official or employee of the City shall be personally liable for any default or liability under this Agreement.

17. Compliance with Laws. Contractor shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals, with respect to this Agreement, including without limitation all environmental laws, employment laws, and non-discrimination laws.

- a. Contractor acknowledges that eight (8) hours labor constitutes a legal day's work. Contractor shall comply with and be bound by Labor Code Section 1810. Contractor shall comply with and be bound by the provisions of Labor Code Section 1813 concerning penalties for workers who work excess hours. Contractor shall, as a penalty to the City, forfeit twenty-five dollars (\$25) for each worker employed in the performance of this Agreement by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one (1) calendar day and forty (40) hours in any one calendar week. Pursuant to

Labor Code section 1815, work performed by employees of Contractor in excess of 8 hours per day, and 40 hours during any one week shall be permitted upon compensation for all hours worked in excess of 8 hours per day at not less than 1 1/2 times the basic rate of pay. For every subcontractor who will perform work on the project, Contractor shall be responsible for such subcontractor's compliance with Labor Code Sections 1810, 1813 and 1815, and Contractor shall include in the written contract between it and each subcontractor copies of Labor Code Sections 1810, 1813 and 1815 and a requirement that each subcontractor shall comply with these aforementioned sections. Contractor shall be required to take all actions necessary to enforce such contractual provisions and ensure subcontractor's compliance, including without limitation, conducting a periodic review of the certified payroll records of the subcontractor and upon becoming aware of the failure of the subcontractor to comply with Labor Code Sections 1810, 1813 and 1815, Contractor shall diligently take corrective action to halt or rectify the failure.]

18. Limitations upon Subcontracting and Assignment. Contractor acknowledges that the services which Contractor shall provide under this Agreement are unique, personal services which, except as otherwise provided herein, Contractor shall not assign or sublet to any other party without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion. In the event that the City, in writing, approves any assignment or subletting of this Agreement or the retention of subcontractors by Contractor, Contractor shall provide to the City upon request copies of each and every subcontract prior to the execution thereof by Contractor and subcontractor. Any attempt by Contractor to assign any or all of its rights under this Agreement without first obtaining the City's prior written consent shall constitute a material default under this Agreement.

The sale, assignment, transfer or other disposition, on a cumulative basis, of twenty-five percent (25%) or more of the ownership interest in Contractor or twenty-five percent (25%) or more the voting control of Contractor (whether Contractor is a corporation, limited liability company, partnership, joint venture or otherwise) shall constitute an assignment for purposes of this Agreement. Further, the involvement of Contractor or its assets in any transaction or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Agreement or Contractor's assets occurs, which reduces Contractor's assets or net worth by twenty-five percent (25%) or more shall also constitute an assignment for purposes of this Agreement.

19. Subcontractors. Contractor shall provide properly skilled professional and technical personnel to perform any approved subcontracting duties. Contractor shall not engage the services of any person or persons now employed by the City without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion.

20. Integration. This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes any previous oral or written agreement; provided, however, that correspondence or documents exchanged between Contractor and City may be used to assist in the interpretation of the exhibits to this Agreement.
21. Amendment. This Agreement may be amended or modified only by a subsequent written amendment executed by both parties and approved by the City Council.
22. Conflicting Provisions. In the event of a conflict between the terms and conditions of this Agreement and those of any exhibit or attachment hereto, this Agreement proper shall prevail. In the event of a conflict between the terms and conditions of any two or more exhibits or attachments hereto, those prepared by the City shall prevail over those prepared by Contractor.
23. Non-Exclusivity. Notwithstanding any provision herein to the contrary, the services provided by Contractor hereunder shall be non-exclusive, and City reserves the right to employ other contractors in connection with the project.
24. Exhibits. All exhibits hereto are made a part hereof and incorporated herein by reference; provided, however, that any language in Exhibit "A" which does not pertain to the project description, proposal, or scope of services (as applicable) to be provided by Contractor, or any corresponding responsibilities of City, shall be deemed extraneous to, and not a part of, this Agreement.
25. Time of Essence. Time is of the essence of this Agreement.
26. Confidentiality. To the extent permissible under law, Contractor shall keep confidential its obligations hereunder and the information acquired during the performance of the project or services hereunder.
27. Third Parties. Nothing herein shall be interpreted as creating any rights or benefits in any third parties. For purposes hereof, transferees or assignees as permitted under this Agreement shall not be considered "third parties."
28. Governing Law and Venue. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law. Venue for any litigation or other action arising hereunder shall reside exclusively in the Superior Court of the County of Los Angeles, Southwest Judicial District.
29. Attorneys' Fees. In the event either party to this Agreement brings any action to enforce or interpret this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees (including expert witness fees) and costs. This provision shall survive the termination of this Agreement.

30. Claims. Any claim by Contractor against City hereunder shall be subject to Government Code §§ 800 *et seq.* The claims presentation provisions of said Act are hereby modified such that the presentation of all claims hereunder to the City shall be waived if not made within six (6) months after accrual of the cause of action.
31. Interpretation. Contractor acknowledges that it has had ample opportunity to seek legal advice with respect to the negotiation of this Agreement. This Agreement shall be interpreted as if drafted by both parties.
32. Warranty. In the event that any product shall be provided to the City as part of this Agreement, Contractor warrants as follows: Contractor possesses good title to the product and the right to transfer the product to City; the product shall be delivered to the City free from any security interest or other lien; the product meets all specifications contained herein; the product shall be free from material defects in materials and workmanship under normal use for a period of one (1) year from the date of delivery; and the product shall be fit for its intended purpose(s). Notwithstanding the foregoing, consumable and maintenance items (such as light bulbs and batteries) shall be warranted for a period of thirty (30) days from the date of delivery. All repairs during the warranty period shall be promptly performed by Contractor, at Contractor's expense, including shipping. Contractor shall not be liable under this warranty for an amount greater than the amount set forth in Exhibit "C" hereto.
33. Severance. Any provision of this Agreement that is found invalid or unenforceable shall be deemed severed and all remaining provisions of this Agreement shall remain enforceable to the fullest extent permitted by law.
34. Authority. City warrants and represents that upon City Council approval, the Mayor of the City of Redondo Beach is duly authorized to enter into and execute this Agreement on behalf of City. The party signing on behalf of Contractor warrants and represents that he or she is duly authorized to enter into and execute this Agreement on behalf of Contractor, and shall be personally liable to City if he or she is not duly authorized to enter into and execute this Agreement on behalf of Contractor.
35. Waiver. The waiver by the City of any breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

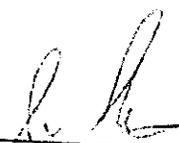
SIGNATURES FOLLOW ON NEXT PAGE

IN WITNESS WHEREOF, the parties have executed this Agreement in Redondo Beach, California, as of this 19th day of August, 2014.

CITY OF REDONDO BEACH

AECOM TECHNICAL SERVICES, INC

Steve Aspel, Mayor

By: 
Name: John Noriega
Title: VP

ATTEST:

APPROVED:

Eleanor Manzano, City Clerk

Risk Manager

APPROVED AS TO FORM:

City Attorney's Office

EXHIBIT "A"

PROJECT DESCRIPTION AND/OR SCOPE OF SERVICES

Consultant will provide a market study analyzing the demand for the proposed Waterfront project including a forecast of projected revenues for the various uses.

The market study will address the following specific questions;

- What is the likely trade area for the project and who are the likely customers for the various uses?
- What are the population, demographic, lifestyle (psychographic) and other relevant characteristics of trade area residents, how are they projected to change and what impact will this have on the project?
- What is the likely worker and tourist base that will frequent the project? What demand can be generated by this component?
- What is the projected growth for retail, entertainment, and hotel expenditures and how will this impact the project?
- What is the existing retail and hotel market in the greater Redondo Beach area? How is this landscape expected to change and how will this impact the project?
- What is the relevant retail, entertainment, and hotel competition, including projected / planned projects and what impact will this competition have on the proposed Waterfront Revitalization Project?
- Based on the site plan provided, are the uses supportable, when are they supportable, and what sales are achievable by this project?
- What sales and sales per square foot can the retail, restaurant, and entertainment components achieve in its first-year and fifth-year of operation?
- What average daily rate and revenue per available room can the hotel component achieve in its first-year and fifth-year of operation?
- What annual rental rate can the creative office space achieve in its first and fifth year of operation?

The primary deliverable will be a comprehensive market study document that addresses the above questions and other relevant factors in a practical and comprehensive manner. Additionally, the scope of work includes

- At least one visit to the site and surrounding area to develop a thorough understanding of the existing uses, proposed project, and locational context.
- An in-person kick off meeting with city staff to discuss introductions, lines of communication, roles, schedule, and tasks
- At least two mid-project meetings (in-person or teleconference) to discuss status and progress toward completion, etc.
- An in-person presentation of completed market study and results to the City Council.

Consultant shall complete the market analysis in the following manner.

TASK 1 – SITE VISIT AND PROJECT INITIATION

The first task will require a meeting with the project team leaders from the City and AECOM to discuss:

- Introductions, roles, lines of communication.
- Assignment priorities, schedule, and tasks.
- Key project issues, preliminary project concepts, goals, and the like.

Following the kick off meeting AECOM will tour the Project site and surrounding environments to determine site-specific effects on potential market performance. The site evaluation will encompass the following comparative factors: location; size; existing and proposed access routes; visibility; compatibility of surrounding land uses; proximity to resident market and exposure to tourist market; and placement within the local/regional development framework and with respect to complimentary and/or competitive RDE developments.

TASK 2 – MARKET ANALYSIS AND DEMAND POTENTIAL

Task 2A – Retail Dining Entertainment

AECOM will evaluate the resident and tourists markets as a starting point for our demand analysis. The resident market area will be defined based on the Project's proximity and travel time to population and employment centers and in consideration of the broader regional draw required of a destination RDE. Current and projected population and employment characteristics of defined market areas will be quantified and evaluated.

The tourist market and associated characteristics will be quantified, including collection and evaluation of information on the following, as available: historic visitation and forecasts; and visitor demographics/socio-economic characteristics. We will also examine the anticipated rate of tourist market growth within the market area. In order to avoid double-counting, we will focus on the overnight tourist market since day tripper visitors are captured in the resident market.

We will analyze the current and proposed supply for RDE and other competitive attractions or specialty attraction destinations to develop an evaluation of the demand potential for the proposed Project. This will include evaluating the following information, as reasonably available: analysis of the performance of the general retail market in the area, including existing and new supply, occupancy rates, and rent levels; research to identify competitive destination

retail, restaurant/bar, and entertainment operations in the area, and the associated operating characteristics. AECOM maintains a national database on the characteristics and performance of RDE developments. We will update this as necessary and glean pertinent information on comparable facilities in various markets, as needed.

We will also review various comparable developments in the Los Angeles area to determine their complementary or competitive influence on the proposed Project. These facilities will be related to the proposed Project in terms of location, size, capital investment, and other factors as appropriate. This task will include a low, medium, high estimate of stabilized demand (in terms of achievable square footage at the Project) taking into account the proportion from each source market as well as expected changes in the markets over the analysis period. AECOM will also estimate achievable occupancies, rents, and gross revenue potential based on local and national comparable developments. AECOM will comment on the potential mix and orientation of the RDE as well as provide guidance on any perceived gaps in the RDE marketplace.

Task 2B – Hotel

AECOM will perform research to determine the marketability of a hotel at the Project site, using the resident, employee, and tourist market information collected in the preceding task to inform the analysis. The hotel analysis will evaluate the existing and projected supply and demand conditions for a boutique hotel in the South Bay. To perform the analysis, AECOM will review regional and South Bay tourism and room-night trends and projected growth; boutique hotel performance (i.e. ADR, occupancy, seasonality, etc.); and planned and proposed hotels, as well as any data that the City may be able to provide that has been gathered as part of other local hotel analyses. AECOM will make efforts to interview local hotel boutique operators regarding the viability of the site for hotel use based on operational or other requirements. As part of this task, AECOM will also identify a number of comparable developments. Based on our research, AECOM will develop an evaluation of hotel demand potential for the proposed Project. Again, this will include a low, medium, high estimate of stabilized demand (in terms of supportable rooms/room nights), achievable occupancies, and room rates.

Task 2C – Creative Office

Based on employment projections collected in the preceding tasks, AECOM will examine industry sectors that demand creative office space. These typically include smaller firms in the information sector such as software, marketing, and design companies. Using CoStar commercial real estate data, we will focus on determining unique performance and demand metrics of creative office space in the South Bay. Specific information gathered will include data on trends in the market area such as available square footage in the market, lease and vacancy rates, and historic absorption of office space. As part of this task, AECOM will also identify a number of comparable developments. From this analysis, we will assess potential market support for creative office space at the Project site under a low, medium, and high capture of demand. We will include estimated achievable occupancies, rents, and gross revenue potential.

TASK 3 – FINANCIAL ANALYSIS

AECOM will take the market information established in Task 2 and prepare a financial analysis that focuses on gross revenue potentials of the Project given the anticipated demand for RDE, hotel, and creative office development at the Project site. Specifically, based on our estimate of supportable uses, we will provide information regarding the target sales per square foot of the RDE, average daily rate and RevPAR of the boutique hotel, and average asking rents for the creative office upon project completion and during a stabilized year of operations.

TASK 4 – REPORTING

AECOM will prepare a draft market report in PowerPoint or memorandum format, with key text and tables/figures at the front, followed by supporting tables/figures at the back. Following receipt of consolidated written questions/comments and subsequent discussion with the City, we will make agreed revisions, and prepare the final. Unless otherwise requested, we will provide the draft and final reports in electronic PDF version only. AECOM will also present the report findings to the City Council.

EXHIBIT "B"

SCHEDULE FOR COMPLETION

Term. This Agreement shall commence on August 19, 2014 and shall continue until August 18, 2015, unless otherwise terminated as herein provided.

EXHIBIT "C"
COMPENSATION

Provided Contractor is not in default under this Agreement, Contractor shall be compensated as provided below.

1. Amount. Not to exceed \$60,000.
2. Method of Payment. Contractor shall provide invoices to City for approval and payment. Invoices must be adequately detailed, based on accurate records, and in a form reasonably satisfactory to City. Contractor may be required to provide back-up material upon request.
3. Schedule for Payment. Monthly in arrears based upon the time spent during the previous month for which an invoice shall be submitted. City agrees to pay Consultant within thirty (30) days of receipt of monthly invoices; provided, however, that payments by City shall not exceed \$60,000.
4. Contractor's Address for Notice.

AECOM Technical Services, Inc.
1178 Paysphere Circle
Chicago, IL 60674

EXHIBIT "D"

INSURANCE REQUIREMENTS FOR CONTRACTORS

Without limiting Contractor's indemnification obligations under this Agreement, Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, or employees.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).

Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).

Workers' Compensation insurance as required by the State of California.

Employer's Liability Insurance.

Minimum Limits of Insurance

Contractor shall maintain limits no less than:

General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. The general aggregate limit shall apply separately to this project.

Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

Employer's Liability: \$1,000,000 per accident for bodily injury or disease.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers or (2) the Contractor shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.



Administrative Report

Commission Action Date: September 8, 2014

To: MEMBERS OF THE HARBOR COMMISSION

**From: PETE CARMICHAEL, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR**

Subject: DIRECTOR'S REPORT

RECOMMENDATION

Receive and file a report from the Waterfront & Economic Development Director on current and upcoming waterfront projects and activities.

EXECUTIVE SUMMARY

An oral report will be provided by the Waterfront & Economic Development Director at the Commission meeting on current and upcoming waterfront projects and activities, including but not limited to property management, leasing activity, project updates, events and other information.

COORDINATION

Department staff collaborated on the development of this report.

FISCAL IMPACT

The cost for preparing this report is included within the Waterfront & Economic Development Department's adopted FY2014-15 annual budget and is part of the department's annual work program.

Submitted by:

Pete Carmichael
Waterfront and Economic Development Director