



Executive Director's  
Report to the

Board of Harbor Commissioners

**DATE: NOVEMBER 28, 2017**

**FROM: CARGO & INDUSTRIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVE REVOCABLE PERMIT NO. 16-40 WITH INNOVATIVE TERMINAL SERVICES, INC.**

**SUMMARY:**

Staff requests approval of Revocable Permit No. 16-40 (RP 16-40) with Innovative Terminal Services, Inc. (Innovative) for use of City of Los Angeles Harbor Department (Harbor Department) land in the backlands of Berths 206-209 (1221 East New Dock Street, Terminal Island, CA) to be operated as a chassis depot. Innovative presently occupies the proposed premises under a space assignment. RP 16-40 will combine the area covered under the space assignment and incorporate additional area, for a total of approximately 5.2 acres. This conversion to an RP will generate approximately \$725,000 in annual fixed revenue, an increase of \$484,904 over the revenue generated through a Space Assignment.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the proposed action is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Class 1(14) of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Approve Revocable Permit No. 16-40 with Innovative Terminal Services, Inc.;
3. Authorize the Executive Director to execute and the Board Secretary to attest to Revocable Permit No. 16-40; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background – Innovative currently occupies space at Berths 206-209 under a space assignment and operates a chassis depot. Due to traffic issues at the site, the issuance of an RP was delayed. All traffic and access issues have been resolved.

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Summary of Significant RP Terms

Effective Date: RP 16-40 (Transmittal 1) will be effective upon execution by the Executive Director and revocable upon 30 days' written notice.

Premises: As part of this transaction, RP 16-40 will combine 117,000 square feet (s.f.) of land under a space assignment, with an additional 102,739 s.f., for a total of 219,739 s.f. (Transmittal 2). When paired with 9,995 s.f. of nonexclusive "fire lane" area, the total is approximately 5.2 acres.

Permitted Use: The Premises shall be used as a chassis depot; providing chassis handling, staging, and storage.

Financial Considerations: Income generated under RP 16-40 will average \$57,860 monthly calculated pursuant to the Port of Los Angeles Rate of Return Policy for improved land.

Compensation: The following table represents the compensation calculations based upon the proposed term. Further, due to traffic and access considerations, execution of RP 16-40 has been delayed. The additional rent within the table represents the compensation which would have been paid, had the execution occurred as originally planned.

COMPENSATION CALCULATIONS FOR RP 16-40										
Parcel	Area	Type	ROR	Value	Rate/Yr	Annual Rent	Rate/Mo	Monthly Rent	Monthly Additional Rent	Total Monthly Rent
1	219739	Imp Land	10%	\$ 28.80	\$ 2.88	\$ 632,848.32	\$ 0.24	\$ 52,737.36	\$ 2,738.35	\$55,475.71
1	219739	Imp Land	10%	\$ 31.20	\$ 3.12	\$ 685,585.68	\$ 0.26	\$ 57,132.14	\$ 2,738.35	\$59,870.49
1	219739	Imp Land	10%	\$ 35.00	\$ 3.48	\$ 764,691.72	\$ 0.29	\$ 63,724.31	\$ 2,738.35	\$66,462.66

COMPENSATION CALCULATIONS BY PERIOD RP 16-40							
Area	Period	Rate	Rent/Mo	Rent for the Period	Add'l Rent/Mo	Add'l Rent for the Period	Total Rent for the Period
219739	Months 1-3	\$ 0.24	\$ 52,737.36	\$ 158,212.08	\$ 2,738.35	\$ 8,215.05	\$ 166,427.13
219739	Months 4-9	\$ 0.26	\$ 57,132.14	\$ 342,792.84	\$ 2,738.35	\$16,430.10	\$ 359,222.94
219739	Months 10-12	\$ 0.29	\$ 63,724.31	\$ 191,172.93	\$ 2,738.35	\$ 8,215.05	\$ 199,387.98

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**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of a Revocable Permit with Innovative, which is an activity involving the issuance of a permit to use an existing facility involving negligible or no expansion of use. As such, the Director of Environmental Management has determined that the proposed action is categorically exempt from the requirements of CEQA in accordance with Article III Class 1(14) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

The proposed action is approval of an RP with Innovative to utilize 219,739 s.f. of paved land, which will generate an annual fixed income stream of approximately \$725,000. This new income stream represents an increase of \$484,904 over the income generated through the former Space Assignment(s). Therefore, land rental rates are in compliance with the Port of Los Angeles Rate of Return Policy. In addition, the prescribed rents provide for upward trending rates consistent with market. RP 16-40 also provides for annual adjustments based upon the increase in the CPI.

**CITY ATTORNEY:**


RP 16-40 has been approved as to form and legality by the Office of the City Attorney.

**TRANSMITTALS:**


- 1. Revocable Permit No. 16-40
- 2. Site Map

  
 JACK C. HEDGE  
 Director of Cargo & Industrial Real Estate

APPROVED:

  
 FOR EUGENE D. SEROKA  
 Executive Director

FIS Approval:  (initials)  
 CA Approval:  (initials)

  
 MICHAEL DiBERNARDO  
 Deputy Executive Director