



THE PORT
OF LOS ANGELES

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MARCH 8, 2022

FROM: CARGO & INDUSTRIAL REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ - APPROVAL OF FIVE-YEAR
REVIEW OF REVOCABLE PERMIT NO. 16-26 WITH AGUSTIN ALCALA,
DBA A&A CONTAINERS**

SUMMARY:

Pursuant to the City of Los Angeles Harbor Department (Harbor Department) policy for five-year review by the Board of Harbor Commissioners (Board) for the continuation or modification of revocable permits, staff requests approval of the continuation of Revocable Permit (RP) No. 16-26 with Agustin Alcala, dba A&A Containers (A&A), located at 918-928 Murdock Avenue in Wilmington. Approval of the proposed action will allow the tenant to continue to use and occupy the premises on a month-to-month basis, subject to an increase in monthly compensation from \$4,369.70 per month to \$5,049.10 per month, with annual Consumer Price Index (CPI-U) adjustments of no less than three percent thereafter.

RECOMMENDATION:

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

1. Find that the Director of Environmental Management has determined that the proposed action is generally and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Class 1(18(d)) of the Los Angeles City CEQA Guidelines;
2. Approve the continuation of Revocable Permit No. 16-26 with Agustin Alcala, dba A&A Containers;
3. Adopt Resolution No. _____.

DISCUSSION:

Background – Harbor Department policy is for RPs to be subject to Board action in open session to continue or modify under the current entitlement every five years. The RP herein is under the threshold of \$150,000 per year in Harbor Department revenue; therefore, compensation resets and other modifications fall under Executive Director authority and do not require further Board action beyond this confirmation of review every five years. The effective date of the current permit was March 16, 2017. Under RP No. 16-26, A&A stores approximately 18 to 20 containers and approximately 10 chassis on 14,426 square feet of paved land located on Murdock Avenue in Wilmington (Transmittal No. 1).

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This action constitutes the first five-year review for RP No. 16-26. While the action to confirm continuation of the revocable permit requires Board action, resetting compensation does not; it may be authorized by the Executive Director pursuant to the terms of current RP No. 16-26. Such compensation resets shall be made to the then-current applicable fair market rent. The tenant is in good standing, with \$51,611.54 paid to the City of Los Angeles Harbor Department in calendar year 2021.

Staff requests approval to continue A&A's tenancy under RP 16-26. There will be no changes to the amount of paved land, nor any physical changes to the premises from the original configuration. Staff intends to reset compensation to market rent at \$0.35 per square foot per month for paved land consistent with current rate for paved Land in the Tariff. The proposed monthly rent amounts to an increase of 15.55 percent for paved land for the first year, followed by a minimum increase of 3.0 percent for years two to five. New annual revenue will be \$60,589.20 with an effective date of March 16, 2022. Provided the RP is not sooner terminated, compensation would increase annually by the CPI by no less than three percent. In the event the CPI increase is less than three percent, or the compensation increase is less than one cent per square foot per year, the Executive Director will increase the rent by way of a letter to account for the difference.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the continuation of RP 16-26 with A&A for continued storage of container and chassis on a paved parcel, which is an activity involving the renewal or extension of permits granting use of storage areas involving negligible or no expansion of use and/or alteration or modification of the facilities or its operations beyond that previously existing or permitted. Therefore, 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(18(d)) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed action will entitle the tenant to continue business operations and occupation of the premises on a month-to-month basis. Additionally, pursuant to the terms of the permit, through a notification from the Executive Director, compensation for the permit will be reset to market rent of \$0.35/sf/month for paved land. Annual rent for the permit will total \$60,589.20, representing an increase of 15.55 percent in the first year, with a rate of return of 6.2 percent on the market value of land at \$68 per square foot or \$8,152.80 from the prior year annual rent amount of \$52,435.40.

Staff anticipates the initial annual rent will increase from \$52,436.40 to \$60,589.20, or an additional \$8,152.80 rent per year or \$679.40 rent per month as follows:

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Rent Component	Square Feet	Current Monthly Rent	Proposed Monthly Rent	% Increase from Current Rent
Paved Land	14,426	\$4,369.70	\$5,049.10	15.55%

CITY ATTORNEY:

The Office of the City Attorney has reviewed the proposed action and finds no legal issues at this time.

TRANSMITTAL:

- 1. Site Map

FIS Approval MB
 CA Approval: SO

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APPROVED:

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