

**DATE: JANUARY 12, 2023**

**FROM: WATERFRONT & COMMERCIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - ORDER  
RESETTING COMPENSATION UNDER PERMIT NO. 930 WITH THE  
JANKOVICH COMPANY, LLC**

**SUMMARY:**

Staff requests approval of the proposed Order resetting compensation under Permit No. 930 (P930) with The Jankovich Company, LLC (Jankovich), a Washington limited liability company, for the five-year period of November 6, 2022 to November 5, 2027. P930 has a 20-year term that commenced on November 6, 2017, with two consecutive five-year options to extend the term. Compensation is to be reset every five years, with an annual Consumer Price Index (CPI) adjustment. P930 grants Jankovich the use of 2.72 acres of land, subsurface, and submerged land, along with 10,966 square feet of office space in San Pedro for the operation of a marine fueling terminal at Berth 73A and Berth 73B. Jankovich has agreed to new compensation effective November 6, 2022.

Effective November 6, 2022, approval of the proposed compensation reset will increase annual rent by \$141,359 or 45 percent from \$315,219 previously to \$456,578 (\$38,048 per month) as proposed. Thereafter, rent will be increased annually by the change in the CPI, subject to a floor of 0 percent.

**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 administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the Order resetting compensation under Permit No. 930 with The Jankovich Company, LLC;
3. Authorize the Board Secretary to attest to the Order resetting compensation under Permit No. 930; and
4. Adopt Resolution No. \_\_\_\_\_ and Order No. \_\_\_\_\_.

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**SUBJECT: COMPENSATION RESET - PERMIT NO. 930 WITH THE JANKOVICH COMPANY, LLC**

**DISCUSSION:**

Background - P930 is a 20-year term permit, which commenced on November 6, 2017, and expires on November 5, 2037. On or about March 4, 2021, the Board approved an assignment of the Permit from The Jankovich Corporation, a California corporation, to TJC CA, LLC, a Washington limited liability company. Subsequently, the Tenant changed its name to The Jankovich Company, LLC, a Washington limited liability company, on March 10, 2021. The Permit has two consecutive five-year options to extend the term, with compensation to be reset every five years with annual CPI adjustments. The premises (Transmittal 1) are comprised of 41,178 square feet of land, 1,740 square feet of subsurface right-of-way, 75,168 square feet of wharf and submerged land, and 10,966 square feet of office space. The premises are used for the operation of a marine fueling terminal at Berth 73A and Berth 73B. Jankovich currently pays annual rent of \$315,219.

Proposed Compensation Reset (Transmittal 2) – Staff recommends proposed compensation of \$456,577.96 per year (\$38,048.16 per month) based on various rental unit values effective November 6, 2022. The Rate of Return (ROR) is in accordance with the Harbor Department’s Leasing Policy. Approval of the proposed compensation reset will increase annual rent by \$141,359, or 45 percent, commencing on November 6, 2022 (Transmittal 3).

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of a compensation reset under P930 with Jankovich, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Approval of the proposed compensation reset will increase annual rent by \$141,359, or 45 percent, from \$315,219 currently to \$456,578 as proposed, effective November 6, 2022. Thereafter, rent will increase annually by the year-over-year change in the CPI, subject to a floor of zero percent.

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SUBJECT: COMPENSATION RESET - PERMIT NO. 930 WITH THE JANKOVICH COMPANY, LLC

**CITY ATTORNEY:**

The proposed Order resetting compensation under Permit No. 930 has been approved as to form and legality by the Office of the City Attorney.

**TRANSMITTALS:**

1. Site Map
2. Order
3. Compensation Calculation

FIS Approval: MB  
CA Approval: SO

*Michael J. Galvin*  
MICHAEL J. GALVIN  
Director of Waterfront & Commercial Real Estate

*Michael DiBernardo*  
MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:

*Marla Bleavins* For

EUGENE D. SEROKA  
Executive Director

MD:MG:ER:HP:KK:jt  
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