

DATE: JANUARY 4, 2012

FROM: REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ - PROPOSED PERMIT NO. 894 WITH
THE UNIVERSITY OF SOUTHERN CALIFORNIA FOR PREMISES AT
BERTH 194, WILMINGTON**

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) Permit No. 828 grants the University of Southern California (USC) the use of 23,200 square feet (s.f.) of land and 8,000 s.f. of water at Berth 194 in Wilmington for the operation of a boathouse, storage and launching of racing shells and related incidental purposes. Permit No. 828 had a three-year term, which expired on February 23, 2006. At that time, Permit No. 828 was placed on holdover status, with no increase in compensation, while USC explored potential facility expansion and modification plans.

Permit No. 894 is recommended for a five-year term to allow the tenant to install temporary trailers for locker room purposes, while providing the Harbor Department flexibility should future development in the area require the property.

RECOMMENDATION:

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

1. Approve Permit No. 894 with the University of Southern California;
2. Direct the Board Secretary to transmit the proposed Second Amendment to City Council pursuant to Charter Section 606;
3. Authorize the Executive Director and Board Secretary to execute and attest to the permit upon Board approval; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background – The USC rowing program has been located in the Port of Los Angeles (Port) since 1948. This location provides suitable conditions for practicing year-round with little boat traffic. Since USC's establishment of the program in the Port, the program has developed thousands of rowers, including national and Olympic team members. In addition to being one of the premier rowing programs on the West Coast, the program regularly competes with other universities that boast high-caliber rowing programs by participating in the San Diego Crew Classic and the Head of the Charles races.

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Proposed Permit Summary

Effective Date: The proposed permit (Permit No. 894 - Transmittal 1) shall become effective following approval by the Board and execution by the Executive Director.

Premises: The proposed permit shall entitle USC to use and occupy premises consisting of 23,200 s.f. of land and 8,000 s.f. of water as depicted on attached map (Transmittal 2).

Use: The permit shall entitle USC to continue to use the premises for the operation of a boathouse, and the storage and launching of racing shells. No change or additional uses of the premises will be allowed under the proposed permit.

Term: Five years

Tenant Improvements: During the entire term of the permit, USC shall maintain and repair the premises and all improvements thereon, at its sole cost and expense, including the installation of temporary trailers to provide locker rooms for the women's rowing team.

Compensation: USC's current compensation under Permit No. 828 is \$1,766 per month. As shown in the table below, the proposed compensation will initially increase by 19 percent and continue to increase over the five-year term. Based on the Board's rate of return (ROR) policy, the ROR of 10 percent will be met in the fifth year of the permit term. A step increase in the compensation was incorporated in the proposed compensation to lessen the impact of an eventual rental increase of 168 percent.

USC Proposed Compensation		
	Monthly	Yearly
Year 1	\$2,108	\$25,296
Year 2	\$2,635	\$31,620
Year 3	\$3,818	\$45,816
Year 4	\$4,223	\$50,676
Year 5	\$4,740	\$56,880
		\$210,288

Environmental: USC's environmental obligations during the term of the permit shall be substantially as set forth in the Harbor Department's Leasing Policy, CEQA policies and requirements, and any requirements of the Water Resources Action Plan, with respect to mitigation measures that may be required.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of Permit No. 894 with the USC for continued use of Berth 194 in Wilmington for the operation of a boathouse, storage and launching of racing shells, and related incidental purposes. As an activity involving the issuance of a permit to use an existing facility involving negligible or no expansion of use, the Director of Environmental Management has determined that the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with Article III, Class 1(14) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

This Board action will have no direct employment effect.

FINANCIAL IMPACT:

The proposed permit will increase the fixed annual rent due to the Harbor Department. Increases in revenues for Years 1-5 are as follows: Year 1: \$4,104, Year 2: \$10,428, Year 3: \$24,624, Year 4: 29,484, Year 5: \$35,688. The overall revenue over the five-year period is expected to be \$210,288, providing an overall increase in revenue by approximately \$104,328.

CITY ATTORNEY:

Permit No. 894 has been approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

- 1. Proposed Permit No. 894
- 2. Site Map

FIS Approval: KP (initials)
CA Approval: TR (initials)

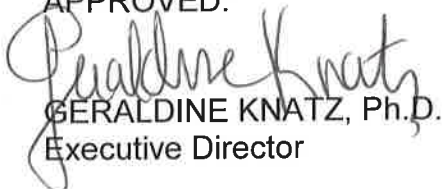


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