



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: AUGUST 6, 2020

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF JOINT REVOCABLE PERMIT NO. 20-12 AMONG CRIMSON CALIFORNIA PIPELINE, L.P., CITY OF LOS ANGELES HARBOR DEPARTMENT, AND PORT OF LONG BEACH, AS JOINT OWNERS

SUMMARY:

Staff requests approval of Joint Revocable Permit (JRP) No. 20-12 among Crimson California Pipeline, L.P. (Crimson), the City of Los Angeles Harbor Department (Harbor Department), and the Port of Long Beach (POLB), (collectively Ports), as joint owners, for environmental sampling that includes soil borings located along the railroad east and southeast of the intersection of Alameda Street and O Street in Wilmington.

The JRP will be a short-term occupancy agreement with an expected duration of less than 30 days for environmental sampling. The monthly rent is \$2,307, which will be split equally between the Ports. As a 50 percent joint owner, the Harbor Department will receive \$1,153.50. In addition, the Harbor Department will also receive \$1,250, which represents 50 percent of a \$2,500 permit processing fee to be paid by Crimson.

This JRP requires approval from the Board of Harbor Commissioners of both Ports, and the POLB Board of Harbor Commissioners approved this JRP at its meeting on July 27, 2020.

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 categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Sections 15301 and 15306 of the State of California CEQA Guidelines;
2. Approve Joint Revocable Permit No. 20-12 among Crimson California Pipeline L.P. and the City of Los Angeles Harbor Department and Port of Long Beach, as joint owners;
3. Authorize the Executive Director to execute and the Board Secretary to attest to Joint Revocable Permit No. 20-12; and
4. Adopt Resolution No. _____.

SUBJECT: APPROVAL OF MASTER JOINT REVOCABLE PERMIT NO. 20-12

DISCUSSION:

Background - On December 22, 1994, the Harbor Department and POLB jointly purchased rail properties as part of the Alameda Corridor Transportation Authority (ACTA) construction project. The properties are the former Southern Pacific Railroad and Union Pacific Railroad (UPRR) right-of-way (ROW) within the County of Los Angeles and are held by the Ports as tenants-in-common, with each holding an undivided 50 percent interest in the properties. In addition, the Ports became successors-in-interest to all railroad agreements, leases, and licenses related to the acquired railroad ROW.

In December of 2010, there was a release from a Crimson pipeline in the vicinity of the Thennard Crossing on the railroad ROW. The oil entered the French drain system along the west side of the ROW and traveled approximately 3300 feet south to the French drain outfall. The purpose of the proposed soil borings/testing is to determine if oil is present under three parcels adjacent to the railroad tracks (Transmittal 1) to the east of the French drain. This effort is part of Crimson's continued obligation to determine the extent of the contamination and is part of its Remediation Action Plan monitored by various agencies including the Environmental Protection Agency. The proposed JRP (Transmittal 2) would allow Crimson the necessary access to conduct such environmental sampling.

JRP 20-12 Summary:

<u>Provisions</u>	<u>Description</u>
Permitted Use	Access and soil borings for environmental sampling
Term	Month-to-month
Termination	Subject to termination by either party with 30 days' written notice.
Premises	The premises are comprised of 3 land parcels next to the railroad totaling approximately 8,650 square feet, as depicted on Transmittal 1.
Compensation ¹	<p>1. The Harbor Department will receive 50 percent of the total rent, equal to \$1,153.50 per month. Total rent for the first month is \$2,307.00, split equally between the Ports.</p> <p>2. The Harbor Department will also receive \$1,250, half of a \$2,500 permit processing fee paid by Crimson.</p>
Adjustments	<p>1. Annual CPI adjustment</p> <p>2. Adjust rents to market rates upon 30 days' written notice to Crimson.</p>
Maintenance and Restoration	Crimson, at its sole cost, will keep and maintain the permit areas and facilities and restore the premises.
Insurance	All standard insurance requirements apply, plus additional coverage for Environmental Impairment Insurance.

Notes: ¹Market rent for the above railroad crossing is \$3.20 per square foot per year as determined in a recent third party appraisal report specifically commissioned by the Ports for railroad properties. The appraiser valued the land at \$40 per square foot with an 8 percent rate of return, which is consistent with the property comparables in the area.

SUBJECT: APPROVAL OF MASTER JOINT REVOCABLE PERMIT NO. 20-12

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of Joint Revocable Permit No. 20-12 among Crimson California Pipeline, the City of Los Angeles Harbor Department, and the Port of Long Beach, which is an activity involving permitting for basic data collection and resource evaluation activities. Therefore, the Director of Environmental Management has determined that the proposed action is categorically exempt from the requirements of CEQA in accordance with Section 15301 and 15306 of the State of California CEQA Guidelines.

FINANCIAL IMPACT:

Under the proposed JRP, Crimson will pay the Harbor Department \$1,153.50 for rent and \$1,250.00 for the permit processing fee (totaling \$2,307 for rent and \$2,500 for a processing fee, which will be split equally between both Ports). This represents a total of \$2,403.50 of new revenue to the Harbor Department. This revenue will be non-recurring, as the project is expected to be completed in 30 days.

CITY ATTORNEY:

Joint Revocable Permit No. 20-12 has been reviewed and approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

- 1. Premises Map
- 2. Joint Revocable Permit No. 20-12

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 Director, Cargo & Industrial Real Estate

FIS Approval: *MA*
 CA Approval: *CD*

Michael DiBernardo
 MICHAEL DiBERNARDO
 Deputy Executive Director

APPROVED:

Eugene D. Seroka
 FOR

EUGENE D. SEROKA
 Executive Director