



Executive Director's

Report to the

Board of Harbor Commissioners

**DATE: JANUARY 4, 2022**

**FROM: WATERFRONT AND COMMERCIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - PROPOSED REVOCABLE PERMIT LICENSE FOR STORAGE NO. 21-15 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND FRIENDS OF BANNINGS LANDING**

**SUMMARY:**

Staff requests approval of proposed Revocable Permit License for Storage No. 21-15 with the Friends of Banning's Landing (FOBL) for storage of office equipment and files at the Banning's Landing Community Center (BLCC) in Wilmington.

FOBL operated the BLCC under Agreement 18-3584 (Agreement), effective June 20, 2018 through June 19, 2021. The Agreement was issued for a three-year period but experienced an interruption of business from March 2020 through the end of the term of the Agreement due to the COVID-19 pandemic, as well as the commencement of construction for a community park known as the Wilmington Waterfront Development Project. Since FOBL was unable to fulfil the full term of the Agreement due to restrictions caused by the pandemic, FOBL is requesting a no rent temporary storage agreement for FOBL supplies to remain on site until a new Request for Proposal (RFP) is initiated for the operation of facilities known as BLCC.

Additionally, FOBL requests that its responsibility to pay 25 percent of utility charges which had accrued under the now-expired Agreement 18-3584 be waived due to the financial hardship brought on by the pandemic. Approval of this request would result in the City of Los Angeles Harbor Department (Harbor Department) waiving its right to collect \$13,770 in utility reimbursements that would have otherwise been due under Agreement 18-3584.

**RECOMMENDATION:**

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

1. Find that the Director of Environmental Management has determined that the proposed actions are administratively and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 1(14) of the Los Angeles City CEQA Guidelines;
2. Approve proposed Revocable Permit License for Storage No. 21-15 with Friends of Banning's Landing;
3. Waive all utility charges due under Agreement 18-3584;
4. Authorize the Executive Director to execute and the Board Secretary to attest to proposed Revocable Permit License for Storage No. 21-15; and
5. Adopt Resolution No. \_\_\_\_\_.

**SUBJECT: REVOCABLE PERMIT LICENSE FOR STORAGE NO. 21-15 WITH FRIENDS OF BANNING'S LANDING****DISCUSSION:**

Background/Context – An RFP for the operation of BLCC was issued on November 28, 2016. The RFP requested proposers submit proposals to operate and maintain BLCC for the scheduling of events and meetings for private and non-profit organizations, and other meetings. Other activities included the displaying of artifacts and materials showcasing the Port of Los Angeles and community activities, community folk art and culture exhibits, fund raising events to support the Operator and community activities, and incidental purposes.

It was determined by the evaluation committee (a multi-division, four-member committee comprised of representatives from Waterfront & Commercial Real Estate Division, Engineering, Planning, and the Department of General Services), that FOBL's proposal met the criteria of the RFP. As a result, on June 7, 2018, the Board granted a three-year, no-rent Operating Agreement (Agreement 18-3584) to FOBL in exchange for the community benefits provided through their operation of the community center and youth programming at the BLCC. Under the Agreement, FOBL provided services and programming such as classes for youth and community; meeting and event space to for-profit, non-profit, organizations, groups, and the Harbor Department. As a result of the Covid-19 Pandemic and the adjacent Wilmington Waterfront Construction project, FOBL effectively was unable to continue to operate BLCC after March 2020.

Upon termination of the Agreement, which expired on June 19, 2021, FOBL vacated the property and left their belongings behind on the basis that Waterfront and Commercial Real Estate (WCRED) would consider initiating the process to approve a temporary storage agreement to consolidate FOBL items in two designated storage rooms, which when combined equate to 320 square feet (Transmittal 1). Although the intent was to obtain Board approval prior to the termination of the Agreement, WCRED was unable to meet this deadline due to several factors including the negotiation phase, shortage of staffing resources, and City Attorney processing time. FOBL Initially requested for an extension of the Agreement in December 2020, and after some discussion it was determined that a no-rent Revocable Permit License for Storage would be the best course of action. Negotiation for the Revocable Permit License for Storage began in 2021 and went on for several months. During this time, WCRED was understaffed with one unfilled position and two employees on leave anticipating early retirement under the Separation Incentive Program. Therefore, staff allocated as much time as available. Additionally, the City Attorney's office was facing similar constraints during the pandemic, with longer than usual processing time for the agreement.

In addition to the temporary storage, FOBL is requesting the Harbor Department waive utility costs associated with Agreement 18-3584. FOBL is unable to meet these responsibilities due to financial hardship brought on by the pandemic and its impact on revenue-producing business. The Harbor Department has paid \$55,080 in utilities from July 2018 to February 2020, prior to the onset of the pandemic. The total amount of utility charges due to the Harbor Department as reimbursement is approximately \$13,770, which represent 25 percent of the total utility charges for the period FOBL was operating the BLCC. Waiving these fees would serve as a courtesy from the Harbor Department for operating BLCC and honoring Harbor Department's use of the building for Board meetings and other Harbor Department related uses.

**SUBJECT: REVOCABLE PERMIT LICENSE FOR STORAGE NO. 21-15 WITH FRIENDS OF BANNING'S LANDING**

On August 12, 2020, a construction contract was awarded to Sully-Miller for the construction of a community park adjacent to BLCC. The contract is effective November 30, 2020 to August 31, 2023. Due to construction activity in the area, BLCC will remain vacant during the two (plus) years of construction. The Harbor Department is currently using the parking lot of BLCC as laydown area for the construction project, further rendering the BLCC as unavailable to any active use, outside of storage. Therefore, leasing a portion of the building to FOBL through a nonexclusive Revocable Permit License for storage during this period will have no impact on potential rental income. Harbor Department staff plans to issue a new RFP when construction nears completion in order to have an operator for BLCC in place after the completion of the Wilmington Waterfront Promenade Project. In the meantime, leasing the BLCC to FOBL for storage will serve as a courtesy from the Harbor Department for the benefits FOBL brought to the community through their operation of the BLCC, as well as for the interruption to the Agreement caused by Harbor Department construction and the pandemic.

The proposed storage Revocable Permit License includes the following terms:

Term: Month-to-Month

Effective Date: Revocable Permit License shall become effective on June 20, 2021.

Use: Storage of office equipment and files. No onsite parking. FOBL to have limited access with 72 hours' notice to the Harbor Department for issues related to the allowed use.

Rent: \$0

Termination Provision: 30 days' written notice by either party

Premises: Premises commonly known as Conference Room 118 and Lounge 117 within BLCC on the southwest side as shown on Drawing 1-2107A A-3.1 and the Storage Container located east of the BLCC as shown on Exhibit A-1 and A-2 attached hereto.

Building Maintenance: Harbor Department to maintain building in interim storage period.

Standard Terms: Storage agreement to include standard RP terms including indemnification, insurance, etc.

**ENVIRONMENTAL ASSESSMENT:**

The proposed actions are for the issuance of Revocable Permit License for Storage No. 21-15 to FOBL for storage of office equipment and files at BLCC, which is an activity involving the issuance of any lease, license, or permit to use an existing structure or facility involving negligible or no expansion of use, and for utility charge responsibility under Scope of Work Agreement 18-3584 to be waived, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed actions are administratively and categorically exempt from the requirements of CEQA in accordance with Article II Section 2(f) and Article III Class 1(14) of the Los Angeles City CEQA Guidelines.

SUBJECT: REVOCABLE PERMIT LICENSE FOR STORAGE NO. 21-15 WITH FRIENDS OF BANNING'S LANDING

**FINANCIAL IMPACT:**

Approval of the proposed Revocable Permit License will enable FOBL to store office and equipment and files at the Banning's Landing Community Center, rent-free until a new RFP is initiated for the operation of the BLCC facilities. Due to construction activity in the area, BLCC will be unavailable for active use, outside of storage, potentially through August 31, 2023; therefore, the Harbor Department would not be foregoing rent collection if the proposed rent-free Revocable Permit License is approved.

In addition, if the proposed Revocable Permit License is approved, the Harbor Department would waive utility reimbursements totaling \$13,770 which had previously accrued under the now-expired Agreement 18-3584. If this waiver is approved, the Harbor Department would forego collecting \$13,770 in reimbursements to which it would otherwise be entitled.

**CITY ATTORNEY:**

The Office of the City Attorney has reviewed and approved the proposed Revocable Permit License as to form and legality.

**TRANSMITTALS:**

- 1. Site Map
- 2. Revocable Permit License for Storage

FIS Approval: MB  
 CA Approval: SO

*Michael J. Galvin*  
 MICHAEL J. GALVIN  
 Director of Real Estate

*Michael DiBernardo*  
 MICHAEL DiBERNARDO  
 Deputy Executive Director

APPROVED:

*Marla Bleavins*

EUGENE D. SEROKA  
Executive Director