



THE PORT  
OF LOS ANGELES

Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: MARCH 20, 2018**

**FROM: CARGO & INDUSTRIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVE REVOCABLE PERMIT  
NO. 17-25 WITH PACIFIC MARITIME ASSOCIATION**

**SUMMARY:**

Staff requests approval of Revocable Permit (RP) No. 17-25 to Pacific Maritime Association (PMA) for use of City of Los Angeles Harbor Department (Harbor Department) property, which will supersede RP Nos. 15-25 and 16-19. RP No. 17-25 will merge the premises under the two existing RPs into a single permit and allow for a contribution to the cost associated with both parking lot and sidewalk improvements incurred by PMA on Harbor Department property. In addition, the successor RP will allow the construction of solar covered carports in the lot under Operating Agreement A15-3354 with Hecate Energy Harborside LLC. The Harbor Department will also be able to sublease the parking lot if its use will not interfere with PMA/ILWU operations. PMA will be financially responsible for rental payments due under RP No. 17-25.

**RECOMMENDATION:**

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

1. Find that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(i) of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Approve Revocable Permit No. 17-25 with Pacific Maritime Association;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the Revocable Permit; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background: On May 31, 2011, the Board of Harbor Commissioners (Board) approved Permit No. 893 between PMA and the Harbor Department for the lease of 8.77 acres of Harbor Department property for the construction and operation of a new International Longshoreman Warehouse Union (ILWU) Dispatch Hall facility located near the intersection of Alameda Street and Henry Ford Avenue. The PMA, at its sole cost and expense, spent approximately \$26,000,000 for construction. The term of Permit No. 893 is for a period not to exceed 32 years.

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The Harbor Department's Real Estate Division and PMA have been working on a solution to address a need for additional Dispatch Hall overflow parking. Real Estate Division staff negotiated with the PMA for the use of vacant parcels of land within walking distance. Eventually, staff and PMA settled on a location that would not require ILWU members to cross the busy Anaheim/Alameda intersection or require extra signaling for crosswalks. PMA subsequently completed its own due diligence to determine if this paved and fenced site could be utilized for automobile parking.

In order to make this lot useable for automobile parking under RP No. 15-25, PMA slurry coated the existing asphalt layer, striped the new pavement, constructed a new curb cut entrance on Henry Ford Avenue into the lot so as to not interfere with PHL'S rail operations, relocated PHL's access gate to their materials storage area, installed a new dividing fence between the automobile lot and the PHL materials storage lot, installed a new sidewalk, and installed lot lighting.

PMA subsequently entered into a separate RP (No. 16-19) to entitle area to construct the aforementioned sidewalk improvements. A City sidewalk existed on the corner of Anaheim Street and Henry Ford Avenue, but it was not complete (a portion is not paved). Due to the constant tractor trailer use of a right-turn pocket lane on that corner, tractor trailers would traverse this corner at high speed and periodically clip the sidewalk curb, damaging the curb or partially jumping onto the sidewalk. Therefore, PMA requested a portion of the PHL area to allow for an interior sidewalk to be constructed that was further from the perimeter of the street. PMA constructed the improvements at their cost.

### Summary of Significant Permit Terms

Effective Date: The RP (Transmittal 1) will be effective upon execution by the Executive Director and revocable upon thirty (30) days' notice.

Premises: The combined premises (Transmittal 2) consist of approximately 121,688 square feet of parking lot and 555 square feet of sidewalk improvements, for a total area of 122,243 square feet (2.80 acres). PMA will utilize the property only when their parking needs exceed the new dispatch hall's capacity. The Harbor Department will be allowed to utilize the parking lot, so long as the use does not interfere with PMA/ILWU operations.

Compensation: \$11,087.14 per month.

Contribution by Harbor Department for Improvements Constructed (Rent Credits): The Harbor Department will contribute to the cost associated with certain improvements including slurry coating the parking lot, adding an asphalt apron, demolishing the existing sidewalk to install a new curb cut, adding new fencing, and constructing the sidewalk improvements. Total reimbursement for this project will not exceed \$221,750. It is estimated that the PMA will be entitled to 11 ½ months of free rent (\$127,162.88) before the Harbor Department will receive revenue related to this agreement. The remainder of the project cost was paid under the prior agreement RP No. 15-25. To date, the PMA has not occupied this lot.

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**ENVIRONMENTAL ASSESSMENT:**

The subject properties of PR 17-25 were assessed in the International Longshore and Warehouse Union (ILWU) Local 13 Dispatch Hall Project Mitigated Negative Declaration adopted by the Board of Harbor Commissioners May 19, 2011 and Addendum dated March 16, 2016. The Director of Environmental Management has determined that the proposed activity has been previously evaluated pursuant to the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(i) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Annual revenue after rental credits are exhausted is estimated at \$133,045 annually, based on the current market value of this land estimated at approximately \$21.76 per square foot. This amount is due to its close proximity to a nearby rail crossing that frequently blocks traffic for extended periods, right-hand in/right-hand out access to the lot, proximity to very heavy tractor trailer traffic due to it being located on the heavy weight corridor, and other existing site conditions which limit its utility. An additional discount of 50 percent was applied based upon the Harbor Department's ability to utilize this lot when it is not in use by PMA. Utilizing a 10 percent rate of return, rent is approximately \$2.17 per square foot per year. Monthly rent is \$11,087.14, or \$133,045.68 annually.

**CITY ATTORNEY:**

The Office of the City Attorney has reviewed and approved the First Amendment as to form and legality.

**TRANSMITTALS:**

- 1. Revocable Permit
- 2. Premises Map

  
 JACK C. HEDGE  
 Director of Cargo Industrial Real Estate

FIS Approval:   
 CA Approval:   
  
 MICHAEL DiBERNARDO  
 Deputy Executive Director

APPROVED:  
  
 EUGENE D. SEROKA FOR  
 Executive Director