



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: NOVEMBER 29, 2011

FROM: REAL ESTATE

SUBJECT: ORDER NO. _____ - RESETTING COMPENSATION UNDER PERMIT NO. 147 WITH THE CITY OF LOS ANGELES DEPARTMENT OF RECREATION AND PARKS

SUMMARY:

Permit No. 147 between the City of Los Angeles Department of Recreation and Parks (Recreation and Parks) and the City of Los Angeles Harbor Department (Harbor Department) is for use of certain land and water areas at Cabrillo Beach for the construction and maintenance of the Cabrillo Beach Fishing Pier. Permit No. 147 has a term of 50 years, ending August 31, 2018. This proposed Order is an administrative action in response to the Los Angeles City Charter requirement that compensation under term permits be reset every five years. This administrative action covers the last three compensation periods, with compensation to the Harbor Department remaining at zero dollars, in exchange for maintenance performed by Recreation and Parks personnel on property owned by the Harbor Department within the Cabrillo Beach area.

RECOMMENDATION:

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

1. Adopt the Order resetting compensation under Permit No. 147 with Recreation and Parks for the periods of:
 - September 1, 1998 through August 31, 2003
 - September 1, 2003 through August 31, 2008
 - September 1, 2008 through August 31, 2013
2. Authorize the Board Secretary to attest to the Order resetting compensation under Permit No. 147 with Recreation and Parks; and
3. Adopt Order No. _____.

DISCUSSION:

Background – Permit No. 147 grants Recreation and Parks the right to construct, operate, and maintain a public sports fishing pier located within the Cabrillo Beach Recreational area, adjacent to the Federal Breakwater, for a term of 50 years (expiring August 31, 2018). Recreation and Parks leases 174,351 square feet of water area (Transmittal 2) from the Harbor Department for this purpose. The premises are currently used for constructing, operating, and maintaining a public sports fishing pier. At one time, Recreation and Parks collected revenue from concessions previously located on the pier premises for the selling of food, non-alcoholic beverages, fishing tackle, bait, and like items. Due to the weak revenue generation of these concessions, coupled with costly maintenance and repairs needed to provide utilities and improvements to support these businesses, the concessions were closed in the mid-1990's and removed from the pier premises by Recreation and Parks.

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Use of the Harbor Department water premises for a public sports fishing pier is consistent with the recreational planning of the entire Cabrillo Beach recreational area. Under normal rental conditions, the Harbor Department could expect to generate up to \$127,800 annually in gross rent and incur approximately \$75,000 in maintenance costs for upkeep of the premises. However, adjacency of the public fishing pier to the federal breakwater precludes any other feasible use of the water premises for Harbor Department purposes. Therefore, the current use of Harbor Department waters for a public fishing pier is consistent with the California State Tidelands Grant and provides adequate justification for zero compensation.

As required by the terms and conditions of Permit No. 147, it is necessary to reset the compensation for the three five-year periods from September 1, 1998 through August 31, 2013. The delay in the compensation reset is due in part to the uncertainty regarding the new roles and requirements defined as part of the Nexus Settlement Agreement, and the subsequent Memorandum of Understanding executed between the City of Los Angeles (City) and the State Lands Commission regarding payment of Harbor Revenue Funds to the City's General Fund for City services and benefits provided on Harbor Department property relating to commerce, navigation, fisheries, and recreation. It has since been determined that the aforementioned agreements do not have any impact on the resetting of compensation required under Permit No. 147.

Current Compensation – Compensation during the five-year period of September 1, 1993 through August 31, 1998 was set at zero dollars in recognition of Recreation and Parks' ongoing maintenance obligation of the annual sport fishing pier as a public recreational facility. Thus, no revenue is collected, as Permit No. 147 was granted at no charge to Recreation and Parks in recognition of the recreational services provided to the public, consistent with the California State Tidelands Grant.

Proposed Compensation – It is proposed to continue compensation under Permit No. 147 as it currently exists at zero dollars (Transmittal 1). No rent will be required during the following periods in exchange for Recreation and Parks' continued maintenance service obligation to the Cabrillo Beach area:

September 1, 1998 through August 31, 2003
September 1, 2003 through August 31, 2008
September 1, 2008 through August 31, 2013

The Board of Recreation and Parks has already approved this proposed action in October.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an Order to reset compensation rates under Permit No. 147 with Recreation and Parks. As an administrative action, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

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ECONOMIC BENEFITS:

This Board action will have no employment impact.

FINANCIAL IMPACT:

The proposed reset of compensation will continue to remain at zero dollars annually in lieu of maintenance performed by Recreation and Parks.

CITY ATTORNEY:

The proposed Order resetting compensation has been approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

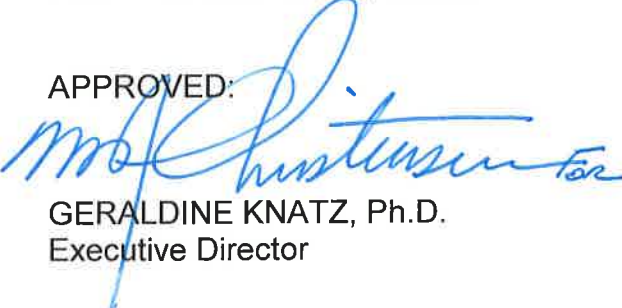
1. Order
2. Site Map

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


KARL K. Y. PAN
Interim Director of Real Estate


KATHRYN McDERMOTT
Deputy Executive Director

APPROVED:


GERALDINE KNATZ, Ph.D.
Executive Director

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