

DATE: NOVEMBER 1, 2016

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF JOINT REVOCABLE PERMIT NO. 16-18 AMONG THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND PORT OF LONG BEACH AS JOINT-OWNERS, AND O'DONNELL OIL, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

SUMMARY:

Staff requests approval of Joint Revocable Permit (JRP) No. 16-18 to grant O'Donnell Oil, LLC, a California Limited Liability Company (O'Donnell Oil), use of property jointly and equally owned by the City of Los Angeles Harbor Department (Harbor Department) and Port of Long Beach (POLB) for parking and equipment and pipe storage.

Approval of the proposed JRP will result in O'Donnell Oil paying an aggregate monthly rent of \$1,500, including an annual Consumer Price Index (CPI) escalator. The Harbor Department and POLB each have an undivided 50 percent interest in the property; therefore, the Harbor Department will receive 50 percent of the total proposed monthly compensation (\$750). O'Donnell Oil will be responsible for the operations and maintenance of the property.

RECOMMENDATION:

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

1. Find that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 4(7) of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Approve Joint Revocable Permit No. 16-18 among the City of Los Angeles Harbor Department, Port of Long Beach, and O'Donnell Oil to use the property for parking and as an equipment and pipe storage yard;
3. Authorize the Executive Director to execute and the Board Secretary to attest to Joint Revocable Permit No.16-18; and
4. Adopt Resolution No. _____.

SUBJECT: PROPOSED JOINT REVOCABLE PERMIT NO. 16-18 WITH O'DONNELL OIL

DISCUSSION:

Background – On December 22, 1994, the Harbor Department and POLB jointly purchased properties as part of the Alameda Corridor construction project. The property is located along the former Southern Pacific Railroad (SPRR) and Union Pacific Railroad (UPRR) right-of-ways (ROW) within the County of Los Angeles. The SPRR ROW was acquired to serve as the main rail line for the Alameda Corridor. The UPRR ROW was acquired to serve as a possible alternative route within the corridor. The railroad properties purchased are held by the Harbor Department and POLB as tenants in common, with each holding an undivided 50 percent interest in the property. In addition, the Harbor Department and POLB became successors-in-interest to all railroad agreements, leases, and licenses, related to the acquired railroad ROW. Many of these entitlements have outdated language, some of which date back to the 1920's.

JRP Terms and Conditions – The general terms and conditions of the proposed JRP (Transmittal 1) are as follows:

Use: The JRP allows use of the premises for parking and as an equipment and pipe storage yard on jointly owned Harbor Department and POLB property.

Premises: The premises is comprised of 7,450 square feet of land, as depicted in Exhibit A of the permit and shown on Transmittal 2.

Compensation: The Harbor Department and POLB have negotiated a monthly fee of \$1,500 for use of the premises.

The Harbor Department will receive \$750 (50 percent of the permit fee).

Term: The JRP will be effective upon execution by both the Harbor Department and POLB and revocable upon 60 days' written notice by any party.

Insurance: The JRP requires that the Harbor Department and POLB be named as additional insured under O'Donnell's insurance coverage, including environmental pollution insurance.

POLB is pursuing approval of the O'Donnell Oil JRP by its Board of Commissioners.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of JRP No. 16-18 among the Harbor Department, POLB, and O'Donnell Oil to use an existing property for parking and as an equipment and pipe storage yard. As an activity involving the issuance of a permit to use land with minor alterations to the condition of the land, 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 III Class 4(7) of the City of Los Angeles CEQA Guidelines.

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FINANCIAL IMPACT:

Approval of the proposed O'Donnell Oil JRP will result in O'Donnell Oil paying the Harbor Department and POLB total monthly permit fees of \$1,500.

SF	\$/SF Value	Rental Rate @ 10% ROR	Annual Compensation	Monthly Compensation	Negotiated Monthly Rent
7,450	\$ 25.00	\$ 2.50	\$ 18,625.00	\$ 1,552.08	\$ 1,500.00

The Harbor Department and POLB have agreed to reduce the monthly rent to \$1,500 because of the irregular shape of the parcel, which is a reduction of 3 percent.

The Harbor Department and POLB each have an undivided 50 percent interest in the property; therefore, the Harbor Department will receive 50 percent of the total proposed monthly compensation (\$750). Compensation will be escalated by CPI annually.

CITY ATTORNEY:

The Office of the City Attorney has approved the proposed JRP as to form and legality.

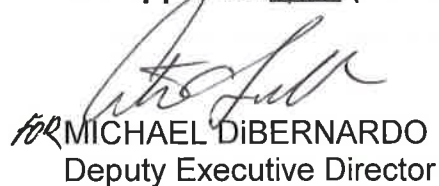
TRANSMITTAL:

1. O'Donnell Oil, LLC Joint Revocable Permit No. 16-18
2. Joint Permit Map



JACK C. HEDGE
Director of Cargo & Industrial Real Estate

FIS Approval: MB (initials)
CA Approval: MBB (initials)



for MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director