



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

Board of Harbor Commissioners

DATE: MAY 2, 2017

FROM: CARGO & INDUSTRIAL REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ - APPROVE REVOCABLE PERMIT
NO. 17-04 WITH SOUTH BAY CENTER FOR COUNSELING**

SUMMARY:

Staff requests approval of Revocable Permit (RP) No. 17-04 with South Bay Center for Counseling (SBCC) as the appropriate entitlement for the continued use of a City of Los Angeles Harbor Department (Harbor Department) 7,200 square foot (s.f.) lot located at 1001 Goodrich Street, Wilmington, for the storage of a large trash bin and other related landscaping and cleanup supplies. SBCC directly improves the aesthetic appearance of the Port of Los Angeles (Port) community through its landscaping and cleanup activities.

SBCC has reported their 2016/2017 value of services in the Wilmington community to be \$36,000. Rent from the remnant parcel, at current market levels, is estimated at \$19,440 per year. Given the benefits received by the local community and the Harbor Department from the services provided by SBCC, rent for SBCC, a non-profit organization, will be discounted to \$0 per month in exchange for the services it provides to the community. SBCC will be financially responsible for all costs, including utilities and maintenance, of the premises. Pursuant to the Port's Leasing Policy, the Board of Harbor Commissioners (Board) is required to approve discounted rent.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Class 1(14) of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Find that the value of services delivered to the community exceeds the market rental value of the property, and the rent that would be due and owed imposes an understandable hardship;
3. Approve Revocable Permit No. 17-04 with South Bay Center for Counseling;
4. Authorize the Executive Director to execute and the Board Secretary to attest to Revocable Permit No. 17-04; and
5. Adopt Resolution No. _____.

SUBJECT: REVOCABLE PERMIT NO. 17-04 WITH SBCC

DISCUSSION:

Background/Context – Pacific Unicom Corporation (Pacific Unicom) established the Clean Wilmington Project in April 2012 for the purpose of improving the aesthetic conditions of Wilmington through regular cleanup and beautification projects. The Clean Wilmington Project coordinates with other participating community organizations, schedules volunteers, and solicits charitable donations to fund its operation. Pacific Unicom was issued RP No. 14-20 on February 25, 2015. Personnel changes at Pacific Unicom have led to SBCC volunteering to take over the Clean Wilmington Project and continue the program. A replacement RP (Transmittal 1) entitling SBCC the same uses of the premises originally permitted to Pacific Unicom is necessary.

SBCC has estimated their 2016/2017 services in the Wilmington community to be valued at \$36,000 (Transmittal 2). The vacant parcel located at 1001 Goodrich Street in Wilmington is of minimal utility to most Harbor Department tenants due to its relatively small and narrow size, poor street parking, limited access, lack of utilities, and unpaved surface condition. Rent from the remnant parcel, at current market levels, is estimated at \$19,440 per year. Given the hardship such amount would impose on the program, as well as the benefits received by the local community and the Harbor Department from the services provided, discounting rent is appropriate.

As part of its due diligence review, the Cargo & Industrial Real Estate Division has determined the following:

1. Program is part of the Harbor Community Benefit Foundation's obligation and vision;
2. SBCC will continue to provide annual financial and program reporting; and
3. Previous projects have proven to be beneficial to the Wilmington community and to the Port in general.

Summary of Significant Permit Terms

Effective Date – The month-to-month RP will be effective upon execution by the Executive Director and revocable upon 30 days' written notice.

Premises – The premises for the RP is comprised of 7,200 s.f. of vacant Harbor Department land located at 1001 Goodrich Street, Wilmington (Transmittal 3). Tenant is responsible for site maintenance and upkeep.

Compensation – The value of the proposed RP is an exchange of property for regular improvements and services to the Wilmington area comprising of approximately \$36,000 worth of landscaping and cleanup programs per year.

Environmental – The RP contains specific language regarding required compliance with all applicable environmental laws, rules, and regulations. The RP also contains an audit provision to enable Environmental Management Division staff to confirm tenant compliance.

SUBJECT: REVOCABLE PERMIT NO. 17-04 WITH SBCC

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a no-rent RP with SBCC for continued use of Harbor Department property for storage of trash bins and landscaping supplies. As an activity involving the issuance of a permit to use an existing facility involving negligible or no expansion of use, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article III Class 1(14) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The financial impact of approving the proposed RP is that the Harbor Department will continue to not charge \$19,440 in market rent annually based on a 10 percent rate of return on 7,200 s.f. of land, valued at \$27 per s.f. However, the tenant's service contributions to the Harbor Department are valued at \$36,000 annually.

Should the tenant ever be charged rent in the future, the RP contains a Consumer Price Index rental adjustment clause.

CITY ATTORNEY:

The RP has been reviewed and approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

- 1. Revocable Permit No. 17-04
- 2. Project and Financial Report
- 3. Site Map



JACK C. HEDGE
Director of Cargo & Industrial Real Estate

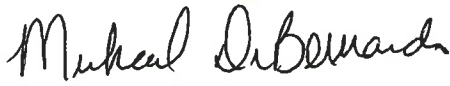
APPROVED:



EUGENE D. SEROKA
Executive Director

FOR

FIS Approval: MR (initials)
CA Approval: gmc (initials)



MICHAEL DiBERNARDO
Deputy Executive Director