



**DATE: MAY 3, 2016**

**FROM: CARGO & INDUSTRIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - PROPOSED REVOCABLE PERMIT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND ECO FLOW TRANSPORTATION, LLC**

**SUMMARY:**

Staff requests approval of a Revocable Permit (RP) with Eco Flow Transportation, LLC (Eco Flow) for use of City of Los Angeles Harbor Department (Harbor Department) property on Terminal Island. Eco Flow will occupy a portion of the former US Customhouse for office space and utilize all of the associated parking area for wheeled chassis container storage and staging.

Under the month-to-month RP, compensation to the Harbor Department is \$44,646 per month and revocable on 90 days' written notice. In addition, the prospective tenant will assume all maintenance obligations for the Harbor Department facility, including paving of the associated parking area.

**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 III Class 1(18 d&e) of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Approve the Revocable Permit with Eco Flow Transportation, LLC;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the Revocable Permit; and
4. Adopt Resolution No. \_\_\_\_\_.

**DATE: MAY 3, 2016**

**PAGE 2 OF 4**

**SUBJECT: REVOCABLE PERMIT WITH ECO FLOW TRANSPORTATION, LLC**

**DISCUSSION:**

Background/Context – As part of ongoing discussions to identify opportunities to expedite cargo by streamlining container moves at the Port of Los Angeles (Port), a new operational model has emerged that is expected to improve the flow of cargo going forward. Under this operating model, containers with goods from high-volume shippers are unloaded from ships and kept, unsorted, at a designated location on a terminal until they can be quickly removed by dedicated short-haul trucks and taken to a nearby off-terminal yard. At the off-terminal yard, the containers are kept on wheeled chassis, organized and staged for pick up at that location, where they can be accessed more easily by truckers seeking to make deliveries to local or regional destinations. This concept allows the dedicated short-haul trucks to move back and forth between terminals and a staging yard without delays waiting for containers to be located and prepared for removal, and makes it easier for cargo owners to access their containers anytime of the day or night.

Eco Flow temporarily seeks to use the parking area associated with the former US Customs House location at 300 South Ferry Street for this activity while it completes planning for development of a permanent home for this activity somewhere in the Port. This location has already been used by the WWL terminal for storage and staging of imported commercial automobiles and trucks. As this location is situated on Port property, all trucks arriving and departing this location will be required to comply with the Harbor Department's Clean Truck Program requirements.

The proposed staging yard will be operational six days a week, 24 hours a day, so that cargo owners can have access to their containers at night during off-peak hours if desired. This staging yard will be available for use by all terminals in the Port of Los Angeles and the Port of Long Beach.

**Summary of Significant Permit Terms**

Effective Date: The month-to-month RP (Transmittal 1) will be effective upon execution by the Executive Director and revocable upon 90 days' written notice.

Premises: The premises will consist of approximately 187,308 square feet (s.f.) of land and 5,050 s.f. of Harbor Department office space located at 300 South Ferry Street.

Compensation: \$44,646 per month, plus standard Consumer Price Index escalator.

**DATE: MAY 3, 2016**

**PAGE 3 OF 4**

**SUBJECT: REVOCABLE PERMIT WITH ECO FLOW TRANSPORTATION, LLC**

The proposed rent for the land component of the premises was derived from Eco Flow's projected revenue from the parking of trucks and containers, while the office space component was based on office rental rates.

Specifically, Eco Flow anticipates that the 187,308 s.f. of associated parking area will yield approximately 320 parking spaces, of which a monthly rent of \$210 per month for each parking stall can be charged. The monthly rent for the land component will be \$40,000.

As for the office space, the Harbor Department used a monthly rental rate of \$0.92 per s.f. (which is reflective of current office rental rates in the San Pedro/Wilmington area) for the proposed 5,050 s.f. The monthly rent for the office space component will be \$4,646.

In addition, all maintenance associated with the office space and parking area, including all utilities, will be shifted to Eco Flow. As such, the Harbor Department will benefit from these savings, along with the proposed rent.

Maintenance: Tenant shall be responsible for all maintenance and repair associated with the use of the 5,050 s.f. of interior office space, including the paving of the parking area.

#### **ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of an RP with Eco Flow for office uses within the former US Customs House and truck parking and staging in the adjacent parking lot. This activity involves issuance of a permit to use office space and storage areas for foreign import-export commodities with negligible or no expansion of use. As such, 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(18 d&e) of the Los Angeles City CEQA Guidelines.

#### **FINANCIAL IMPACT:**

The proposed RP with Eco Flow will produce additional revenue of \$44,646 per month, escalated annually by the Consumer Price Index. In addition, Eco Flow will fully bear all operating and maintenance costs associated with the use of the premises.

DATE: MAY 3, 2016

PAGE 4 OF 4

SUBJECT: REVOCABLE PERMIT WITH ECO FLOW TRANSPORTATION, LLC

**CITY ATTORNEY:**


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

**TRANSMITTAL:**

1. Revocable Permit

FIS Approval:  (Initials)  
CA Approval:  (Initials)

  
for JACK C. HEDGE  
Director of Cargo & Industrial Real Estate

  
MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:

  
for EUGENE D. SEROKA  
Executive Director

ES:MD:JH:ST:FS:raw  
Author: Frank Sanchez  
BL591raw Eco Flow RP