



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the
Board of Harbor Commissioners

DATE: APRIL 18, 2018

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ - APPROVE FIRST
AMENDMENT TO PERMIT NO. 634 WITH SHELL OIL COMPANY**

SUMMARY:

Staff requests approval of the First Amendment to Permit No. 634 with Shell Oil Company (Shell). The proposed First Amendment adds a provision that adjusts fixed land rent compensation annually based upon the Consumer Price Index (CPI) beginning February 12, 2019. Shell's current annual fixed land rent is set at \$1,589,160. Shell will be financially responsible for all rental payments due under Permit No. 634.

RECOMMENDATION:

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

1. Find that the Director of Environmental Management had determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the First Amendment to Permit No. 634 with Shell Oil Company;
3. Direct the Board Secretary to transmit the First Amendment to the City Council for approval pursuant to Charter Section 606 of the City Charter;
4. Authorize the Executive Director to execute and the Board Secretary to attest to the First Amendment upon Board approval contingent upon approval by City Council; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background: Permit 634 allows Shell the use of City of Los Angeles Harbor Department (Harbor Department) property for the operation of a marine liquid bulk terminal. Shell currently occupies a total of 12.1 acres at Berths 167-169 in Wilmington. The Permit is for a term of 35 years, effective February 12, 1988 through February 11, 2023. The Permit requires that compensation be reset every five years. Compensation is comprised of fixed land rent, subject to reset, and all applicable charges pursuant to Tariff No. 4.

SUBJECT: FIRST AMENDMENT TO PERMIT NO. 634 WITH SHELL OIL COMPANY

Proposed Action: Staff requests Board approval of the First Amendment (Transmittal 1) under Permit No. 634 with Shell for property located at Berths 167-169 (Transmittal 2). The proposed First Amendment adds language to allow CPI adjustments, consistent with the Harbor Department Leasing Policy. The first CPI adjustment will occur on February 12, 2019, and annually each year thereafter based on the applicable increase in CPI for the 12-month period as determined prior to the annual compensation adjustment date for the remaining term of the Permit.

ENVIRONMENTAL ASSESSMENT:

The proposed action, the approval of the First Amendment to Permit No. 634 with Shell, is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the First Amendment will increase guaranteed compensation starting February 12, 2019 by CPI. Current compensation (February 12, 2018 to February 11, 2019) is \$1,589,160 per year.

CITY ATTORNEY:


The First Amendment was prepared and approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:


1. First Amendment
2. Site Map

FIS Approval: 
CA Approval: 


for MICHAEL J. GALVIN
Director of Waterfront & Commercial Real Estate


MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:


EUGENE D. SEROKA
Executive Director