



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

**DATE: MAY 7, 2020**

**FROM: CARGO & INDUSTRIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVAL OF JOINT REVOCABLE PERMIT NO. 19-07 AMONG BNSF RAILWAY COMPANY AND THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND PORT OF LONG BEACH AS JOINT OWNERS**

**SUMMARY:**

Staff requests approval of Joint Revocable Permit No. 19-07 among BNSF Railway Company (BNSF) and the City of Los Angeles Harbor Department (Harbor Department) and the Port of Long Beach (POLB), as joint owners, for the maintenance and operations of a private roadway crossing in the City of Vernon.

Joint Revocable Permit No. 19-07 will yield \$20,176 in revenue in the first year for the Harbor Department, subject to annual increases based on the Consumer Price Index (CPI-U) thereafter.

**RECOMMENDATION:**

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

1. Find that the Director of Environmental Management has determined that the proposed action is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Section 15301 of the State CEQA Guidelines;
2. Find that the proposed action is in the best interest of the City of Los Angeles to deviate from the Leasing Policy requiring a ten percent rate of return with the proposed eight percent rate of return because a third party appraiser engaged by the ports determined that the proposed rate of return is the market rate for properties next to railroads;
3. Approve Joint Revocable Permit No. 19-07 among BNSF and the City of Los Angeles Harbor Department and Port of Long Beach, as joint owners;
4. Authorize the Executive Director to execute and the Board Secretary to attest to Joint Revocable Permit No.19-07; and
5. Adopt Resolution No. \_\_\_\_\_.

## SUBJECT: APPROVAL OF JOINT REVOCABLE PERMIT NO. 19-07

**DISCUSSION:**

Background – On December 22, 1994, the Harbor Department and POLB (Ports) jointly purchased railroad properties as part of the Alameda Corridor Transportation Authority (ACTA) construction project. The properties are the former Southern Pacific Railroad and Union Pacific Railroad (UPRR) right-of-way (ROW) within the County of Los Angeles and are held by the Ports as tenants-in-common, with each holding an undivided 50 percent interest in the properties. As part of such ownership, the Ports process and jointly-grant private railroad crossing agreements on the ROW.

The current action involves jointly-owned property that is located in between two BNSF-owned properties: 1) its recently acquired property located at 1799 Industrial Way in the City of Vernon, and 2) its existing Hobart Intermodal Yard. See Transmittal No. 1 for a depiction. These two BNSF properties are bifurcated by the Ports' railroad, which necessitates a new roadway to allow vehicular crossing between the two BNSF properties.

The proposed 48-foot roadway crossing includes railroad signals, crossing arms located off the roadway, and security gates.

Joint Revocable Permit No. 19-07 (Transmittal 2) General Terms and Conditions:

<u>Provisions</u>	<u>Description</u>
Permitted Use	Construction, maintenance and operation of a private roadway crossing
Term	Month to month
Termination	Subject to termination by either party with 60 days' written notice.
Premises	The premises are comprised of approximately 12,610 square feet of land, as depicted on attached maps.
Rent <sup>1</sup>	Total compensation for the first year is \$40,352, which will be split between the Ports. The Harbor Department will receive 50 percent of the total compensation, equaling \$20,176.
Adjustments	1. Annual CPI-U adjustment 2. Ports may increase rent to market rates upon 60 days' written notice to the tenant
Maintenance	Tenant, at its sole cost, will keep and maintain the permit areas and facilities
Insurance	All standard insurance requirements for rail property and operations apply.
<p>Note<sup>1</sup>: Market rent for the above railroad crossing is \$3.20 per square foot per year as determined in a recent third party appraisal report specifically commissioned by the Ports for railroad properties. The appraiser valued the land as \$40 per square foot with rent at an 8 percent rate of return, which is consistent with the property comparables in the area.</p>	

SUBJECT: APPROVAL OF JOINT REVOCABLE PERMIT NO. 19-07

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of Joint Revocable Permit No. 19-07 among BNSF and the Harbor Department and POLB as joint owners, for the maintenance and operation of a private roadway crossing, which is an activity involving permitting for maintenance and operation of existing private structures and facilities involving negligible or no expansion of use. Therefore, the Director of the Environmental Management Division has determined that the proposed action is categorically exempt from the requirements of CEQA in accordance with Section 15301 of the State CEQA Guidelines.

**FINANCIAL IMPACT:**

The Harbor Department's proportionate revenue share of the proposed Joint Revocable Permit No. 19-07 will result in \$20,176 in annual rent in the first year. A CPI-U adjustment will be applied annually thereafter.

**CITY ATTORNEY:**


Joint Revocable Permit No. 19-07 has been reviewed and approved as to form and legality by the Office of the City Attorney.

**TRANSMITTALS:**

- 1. Site Map
- 2. Joint Revocable Permit No. 19-07

FIS Approval: MB  
CA Approval: SD

*for*   
MARISA L. KATNICH  
Director of Cargo/Industrial Real Estate

  
MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:

  
EUGENE D. SEROKA *For*  
Executive Director