

DATE: JUNE 8, 2022

FROM: WATERFRONT AND COMMERCIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF FIVE-YEAR REVIEW OF REVOCABLE PERMIT NO. 16-22 WITH METRO SHORE SERVICES, LLC

SUMMARY:

Staff requests approval of the continuation of Revocable Permit (RP) No. 16-22 with Metro Shore Services, LLC (Metro) for property located within the Port of Los Angeles Cruise Terminal at Berth 93, San Pedro, pursuant to the City of Los Angeles Harbor Department's (Harbor Department) practice for five-year review by the Board of Harbor Commissioners for continuation or modification of RPs. Metro pays rent of \$17.40 per square foot annually for improved office space, or \$3,410.40 monthly (\$40,924.80 annually) to the Harbor Department. The last compensation reset was in 2021.

Approval of the proposed action will entitle the tenant to continue business operations on a month-to-month basis.

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 Article III Class 1(14) of the Los Angeles City CEQA Guidelines;
2. Approve the continuation of Revocable Permit No. 16-22 with Metro Shore Services, LLC; and
3. Adopt Resolution No. _____.

DISCUSSION:

Background – The Harbor Department's practice is for RPs to be subject to Board action in open session to continue or modify under the current entitlement every five years. This is the first five-year review for RP No. 16-22, which is under the threshold of \$150,000 per year in Harbor Department revenue. Therefore, compensation resets and other modifications fall under Executive Director authority and do not require further Board action beyond this confirmation of review every five years.

SUBJECT: CONTINUATION OF REVOCABLE PERMIT NO. 16-22

Under RP No. 16-22, Metro provides cruise lines with administrative services, transportation services, and cruise check-in services. The premises consists of 2,352 square feet of office space within the Port of Los Angeles Cruise Terminal at Berth 93 in San Pedro. The effective date of the RP is September 23, 2016. The permit is consistent with the 2011 Board-approved revocable permit template. The Tenant is in good standing and pays monthly rent of \$3,410.40 (\$40,924.80 per year) to the Harbor Department. The last compensation reset was 2021.

Staff requests approval to continue the tenancy under an RP, because Metro assists in providing the cruise industry numerous benefits on behalf of the Harbor Department such as stevedoring services, guest services, passenger check-in services, as well as supporting vessel needs. Further, the location of this office space is located within the World Cruise Center Building, making it difficult to market and rent for purposes not related to the cruise industry. Metro is paying market rent, considering the location and quality of office space. This action would result in neither use changes nor facility changes.

The permit is consistent with the 2011 Board-approved RP template, and the last compensation reset was 2021.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the continuation of RP No. 16-22 with Metro Shore Services, LLC, which is an activity involving the issuance, renewal or amendment of any lease, license or permit to use an existing structure or facility involving negligible or no expansion of use. Therefore, the Director of Environmental Management has determined that the proposed action is categorically exempt from the requirements of CEQA in accordance with Article III Class 1(14) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed action will entitle the tenant to continue business operations on a month-to-month basis. Rent will not be reset currently under RP 16-22 and will continue to be automatically adjusted annually by Consumer Price Index.

		Rent	
Tenant	Entitlement	CY 2021	Monthly
Metro Shore Services, LLC	RP 16-22	\$40,924.80	\$3,410.40

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CITY ATTORNEY:

The Office of the City Attorney has reviewed the proposed action and finds no legal issues at this time.

FIS Approval: MB
CA Approval: SO

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