



Executive Director's  
Report to the

Board of Harbor Commissioners

**DATE: AUGUST 25, 2022**

**FROM: CARGO & INDUSTRIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - FIVE-YEAR REVIEW OF REVOCABLE PERMIT NO. 10-11 AND APPROVAL OF REVOCABLE PERMIT NO. 22-09 WITH GENERAL PETROLEUM, LLC**

**SUMMARY:**

Staff requests approval of Revocable Permit (RP) No. 22-09 with General Petroleum, LLC (GP) to use and occupy 47,706 square feet of City of Los Angeles Harbor Department property located on Seaside Avenue at Berth 259 for purposes of operating a marine fuel station. RP No. 22-09 would serve as the successor to GP's existing RP for the same location. RP No. 22-09 will yield \$21,206.69 in monthly revenue to the City of Los Angeles Harbor Department (Harbor Department), subject to annual Consumer Price Index (CPI) increases of no less than three percent 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 generally and 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. Authorize the Environmental Management Division to file a Notice of Exemption with the Los Angeles County Clerk and the Los Angeles City Clerk;
3. Approve Revocable Permit No. 22-09 with General Petroleum, LLC;
4. Authorize the Executive Director to execute and the Board Secretary to attest to Revocable Permit No. 22-09 upon approval by the Board; and
5. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background – The Board reviews revocable permits in five-year intervals for continuation or modification. This constitutes the Board's first review of GP's existing RP for the premises located on Seaside Avenue at Berth 259. The existing RP took effect in 2012. Staff recommends the Harbor Department authorize GP's occupancy to continue, subject to the following: update the form of the RP governing GP's occupancy to reflect the Department's latest template and increase the premises by 2,214 square feet, from 45,492 to 47,706, to resolve a recently discovered mapping error. See Transmittals Nos 1 and 2.

**SUBJECT: APPROVAL OF REVOCABLE PERMIT NO. 22-09 WITH GENERAL PETROLEUM, LLC**

The tenant is in good standing. Current rent is \$21,206.69 per month, with annual increases by uncapped CPI. The current rent was adjusted effective July 1, 2022, by CPI (i.e. by 7.7 percent).

Staff conducted a market review and concluded that the current rent amount, inclusive of the CPI adjustment, is reflective of market rates.

Material terms of the RP (Transmittal No. 3) are as follows:

<u>Provisions</u>	<u>Description</u>						
Real Estate Entitlement	Revocable Permit						
Permitted Use	Operating and maintaining a marine fueling station that sells fuel and lubricants and purposes incidental thereto.						
Term	Month-to-month, subject to termination by either party with 30 days' notice. The Revocable Permit is subject to Board review in five-year intervals regarding its continuation or modification.						
Premises (See Transmittal No. 1 and 2)	Total Paved Land Area: 41,563 sf (0.95 Acres) Total Pier Area (Pier/Water): 6,143 sf (0.14 Acres) Total 47,706 sf						
Rent	<table border="0"> <thead> <tr> <th><u>Period</u></th> <th><u>Monthly Rent</u></th> </tr> </thead> <tbody> <tr> <td>Effective Date</td> <td>\$21,206.69</td> </tr> <tr> <td>Annually there after</td> <td>+&gt; of 3% or CPI</td> </tr> </tbody> </table>	<u>Period</u>	<u>Monthly Rent</u>	Effective Date	\$21,206.69	Annually there after	+> of 3% or CPI
<u>Period</u>	<u>Monthly Rent</u>						
Effective Date	\$21,206.69						
Annually there after	+> of 3% or CPI						
Maintenance	Tenant is responsible for maintaining the premises and all improvements, at its sole cost and expense.						
Insurance	Insurance provision includes all standard insurance requirements, plus environmental impairment liability insurance coverage in the amount of \$10 million per occurrence.						
Security Deposit	Two months' rent = \$42,413.38						
Restoration, Remediation and Surrender of Premises	<ol style="list-style-type: none"> <li>GP understands and agrees it is responsible for complete restoration of the Premises.</li> <li>GP agrees to furnish a letter of credit in an amount not less than one hundred twenty-five percent (125%) of the cost to discharge interim remediation obligations or One Million Dollars (\$1,000,000), whichever is greater.</li> </ol>						
Guaranty	Prior to the execution of this Permit, Tenant must furnish a corporate guarantee by its parent company, Maxum Petroleum Operating Company, in a form satisfactory to the City Attorney of all of Tenant's obligations under this Permit						

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**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of RP No. 22-09 with GP, and correction of the premises being used, which is an activity where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and 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 generally and 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 proposed RP No. 22-09 will entitle GP to continue business operations for up to five additional years at an initial annual rent of \$254,480. Proposed Year 1 rent of \$254,480 represents an \$18,194, or 7.7 percent, increase relative to annual rent of \$236,286 paid in the prior year.

The proposed annual rent incorporates an additional 2,214 square feet of space which had previously not been included under RP No. 10-11. This rent level is consistent with the 2011 Board-approved RP template and represents market rent for the paved land, waterfront and submerged parcels entitled under RP No. 22-09.

**CITY ATTORNEY:**

Proposed Revocable Permit No. 22-09 has been reviewed and approved as to form and legality by the Office of the City Attorney.

**TRANSMITTALS:**

- 1. Site Map – Local
- 2. Site Map – Regional
- 3. Revocable Permit No. 22-09

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MARISA L. KATNICH  
Director of Cargo & Industrial Real Estate

FIS Approval: MB  
CA Approval: SO

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APPROVED:

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EUGENE D. SEROKA  
Executive Director