



Executive Director's

Report to the

Board of Harbor Commissioners

DATE: FEBRUARY 10, 2022

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVE FIRST AMENDMENT TO AGREEMENT E7119 WITH CAL PACIFIC LAND SERVICES, INC.

SUMMARY:

Staff requests approval of the First Amendment to Agreement E7119 (Agreement) between Cal Pacific Land Services, Inc. (Cal Pacific) and the City of Los Angeles Harbor Department (Harbor Department) to extend the term for a period of two years, for a total aggregate term of three years. The new expiration date will be March 31, 2024.

Under the Agreement, Cal Pacific manages a seven-mile stretch of rail right-of-way that spans from Wilmington to San Pedro along Harry Bridges Boulevard and Harbor Boulevard, which is inclusive of 120 rail crossing lease agreements. The stretch of property was previously jointly owned by the Port of Los Angeles (POLA) and Port of Long Beach (POLB). POLB transferred its 50 percent interest to POLA under the 2019 Property Exchange Agreement between POLA and POLB (Board Resolution No.19-3536). Because POLA assumed responsibility of this property and associated lease agreements, the Harbor Department retained Cal Pacific through a competitive process to serve as an extension of staff to perform property management services.

The proposed term extension will provide staff additional time to transition property management duties from the consultant to Harbor Department staff. Other than extending the term of the Agreement from one to three years, there are no other changes contemplated under this First Amendment. Expenditures under the Agreement may not exceed \$100,000.

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 administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Class or Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the First Amendment to Agreement No. E7119 between the City of Los Angeles and Cal Pacific Land Services, Inc. to extend the expiration date to March 31, 2024;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said First Amendment to Agreement No. E7119; and
4. Adopt Resolution No. _____.

SUBJECT: FIRST AMENDMENT TO AGREEMENT NO. E7119

DISCUSSION:

Background - On September 19, 2019, under Resolution No. 19-3536, the Board approved the Property Exchange Agreement and Joint Escrow Instructions between POLA and POLB (Exchange Agreement). The Exchange Agreement and its supporting instruments completed the contemplated rail property exchanges and purchases of the 1994 Alameda Corridor project and gave each POLA and POLB control over the rail property within their respective Harbor District. The Exchange Agreement was approved by Los Angeles City Council on December 4, 2019, under Ordinance 186482, and the transaction was completed in January 2020.

Under that Exchange Agreement, POLB transferred to POLA its 50 percent interest in a seven-mile stretch of rail right-of-way that spans from Wilmington to San Pedro along Harry Bridges Boulevard and Harbor Boulevard, making POLA the 100 percent owner of the property and responsible for managing the associated 120 rail crossing lease agreements (Transmittal 1). The leases are with various public and private entities providing underground and aerial crossing rights along the rail right-of-way. The crossing rights include infrastructure for such things as pipelines, cables, and power lines. The annual rental value for all of the rail crossing leases is approximately \$150,000.

Prior to the Exchange Agreement, POLA and POLB jointly managed the property and associated leases through a third-party property management company. As such, the property exchange prompted the need for additional staffing before POLA can take on full responsibility for the property.

Cal Pacific Agreement - On July 29, 2020, the Harbor Department conducted a solicitation process for a property management firm to serve as an extension of staff to manage the newly acquired property and associated portfolio of leases. The Agreement with Cal Pacific arose from that procurement, and took effect on April 1, 2021, for a term of 12 months, for a not to exceed amount of \$100,000. To date, the Harbor Department has expended \$18,800 of the \$100,000 allowable contract authority. The proposed term extension will provide staff additional time to transition property management duties from the contractor to Harbor Department staff. Other than extending the term of the Agreement from one to three years, there are no other changes contemplated under this First Amendment.

The Agreement is a time and materials contract, consisting of the scope outlined below:

Scope of Agreement

- Manage and negotiate successor contracts, renewals, and assignments/transfers;
- Administer leases;
- Implement rental adjustments;
- Bill and collect rent and associated fees;
- Perform property inspections; and
- Perform property maintenance, including repairing/replacing signs and fencing, removing graffiti, and addressing homeless encampments in coordination with third-party agencies.

SUBJECT: FIRST AMENDMENT TO AGREEMENT NO. E7119

Fees - Pursuant to the terms of the Agreement, Cal Pacific charges set hourly rates for performing the above work. Hourly rates are as follows:

Title	Hourly Rate
Principal Project Manager	\$152.15
Senior Right-of-Way Agent	\$123.97
Project Administrator	\$95.80
Database Specialist	\$75
Project Administrator	\$75
Office Clerk	\$65
Depositions and Court Testimony	\$250

Below are the material terms of this Amendment (Transmittal 2).

Provision	Description
Term	Two-year extension, effective April 1, 2022.
Compensation	No change. Expenditures may not exceed \$100,000 over the three-year term.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the First Amendment to the Agreement, which 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 proposed First Amendment would extend the term of the Agreement by two years with no increase in compensation under Agreement No. E7119. The compensation will remain a total not to exceed \$100,000. Fiscal Year 2021-22 funding in the amount of \$25,000 is available within Account No. 54290 (Miscellaneous Professional Services), Division 0424, Program No. 000. Funding for future years will be requested as part of the annual budget adoption process. A funding out clause is included in Agreement No. E7119.

SUBJECT: FIRST AMENDMENT TO AGREEMENT NO. E7119

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
<u>Actual Expenditures</u>	\$5,137	\$13,663 (July to October)	Not Applicable	Not Applicable
<u>Estimated Expenditures</u>	Not Applicable	\$11,337 (November to June)	\$25,000	\$20,000

CITY ATTORNEY:

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

TRANSMITTALS:

1. Right-of-Way Depiction
2. First Amendment

FIS Approval: MB
 CA Approval: SO

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APPROVED:

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