



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the

Board of Harbor Commissioners

DATE: DECEMBER 4, 2019

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVE REVOCABLE PERMIT NO. 19-11 WITH GLOBAL TRANSPORT ENTERPRISE, INC.

SUMMARY:

Staff requests approval of Revocable Permit No. 19-11 with Global Transport Enterprise Inc. (GTE) for a term of five years to occupy 47,272 square feet of paved yard space on Cannery Street in Terminal Island. GTE provides drayage, rail, intermodal and refrigerated container services. The Revocable Permit will yield \$189,087.96 in revenue to the City of Los Angeles Harbor Department (Harbor Department) in the first year, 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 Article III Class 1(14) of the Los Angeles City CEQA Guidelines;
2. Approve the Revocable Permit with Global Transport Enterprise Inc.;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the Revocable Permit; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background – GTE is a national and international freight transport sector logistics company that provides a wide range of transportation services. Established in 2013, with its main base in Los Angeles, GTE supports cargo operations at the Port of Los Angeles by providing drayage services at container terminals, which facilitates more efficient cargo movement and faster truck turnaround times. For the past three months GTE has operated under a space assignment on Terminal Island that began on August 1, 2019 for its drayage operation and is seeking to continue its operations at the Port of Los Angeles for a longer term in a larger space through the proposed Revocable Permit (Transmittal 1).

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Material terms of the Revocable Permit are as follows:

<u>Provisions</u>	<u>Description</u>
Real Estate Entitlement	Revocable Permit
Permitted Use	Storage of tractor trailers and containers on chassis. (i.e. drayage operation)
Term	Five years
Early Termination	Either party may terminate with 30 days' written notice
Premises	47,272 square feet paved land (Transmittal 2)
Compensation Rate ¹	Rent to be paid on a monthly basis Approximately \$0.33 per square foot per month
Monthly Rent	\$15,757.33
Maintenance	Tenant is responsible for maintaining the premises and all improvements, at its sole cost and expense
Rent Adjustments	Annual increases based on increase in the CPI-U
Insurance	Insurance provision includes all standard insurance requirements
Security Deposit	\$31,514.66 (2 months' rent) in the form of a letter of credit or cash
<p>Note: ¹Rate is calculated using a 10% rate of return (as required in the Port's Leasing Policy) on land values of \$40 per square foot. Staff confirmed the land values used to derive the rate are consistent with the market in the area.</p>	

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of a Revocable Permit with Global Transport Enterprise, Inc, which is an issuance of a permit for an existing facility with 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.

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FINANCIAL IMPACT:

Approval of the proposed Revocable Permit No. 19-11 will enable GTE to occupy 47,272 sf of paved land over a five-year term and will generate Year 1 rent of \$189,087.96, subject to annual increases based on CPI. The proposed rent implies monthly rent of \$15,757.33 which represents an increase to \$0.33 per square foot from the Space Assignment rate of \$0.17 per square foot currently paid by GTE. The rental rate of \$4.00 per square foot per year meets the Leasing Policy's 10 percent rate of return on land currently valued at \$40 per square foot at this location.

CITY ATTORNEY:

The Revocable Permit has been reviewed and approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

1. Revocable Permit
2. Site Map



MARISA L. KATNICH
Director, Cargo & Industrial Real Estate

FIS Approval: 
CA Approval: 


MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

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