



THE PORT
OF LOS ANGELES

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: APRIL 15, 2020

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ - APPROVE RENT
SUSPENSION/WAIVER AGREEMENT UNDER REVOCABLE PERMIT
NO. 12-11 WITH THE JANKOVICH COMPANY**

SUMMARY:

Staff requests approval of the rent suspension/waiver agreement with The Jankovich Company (Jankovich) for the operation of a marine oil facility at Berth 74 under Revocable Permit No. 12-11 (RP 12-11). The proposed rent suspension/waiver agreement will authorize Jankovich to suspend the fixed minimum rent payment and potentially waive all suspended fixed minimum rent payments should Jankovich meet the remediation requirements outlined below.

This agreement is proposed to encourage the timely restoration of the RP 12-11 premises, which is critical to the San Pedro Public Market schedule and to relieve Jankovich of paying rent on both the vacant Berth 74 premises and the current Berth 73A premises where the business is currently operating. Effective December 2019, Jankovich relocated to Berth 73A under Permit No. 930, as requested by the City of Los Angeles Harbor Department (Harbor Department) and is obligated to pay \$290,410 in annual compensation at that location. Over the maximum 12-month period of the proposed agreement, and based upon the current fixed minimum for RP 12-11 of \$10,034.59 per month, the Harbor Department may forego up to \$120,415.08 in rent if the proposed agreement is approved.

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 Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Find that the proposed action is in the best interest of the City of Los Angeles Harbor Department to suspend and waive the suspended fixed minimum rent provided The Jankovich Company fulfills its obligation under the rent suspension/waiver agreement;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the proposed rent suspension/waiver agreement under Revocable Permit No. 12-11; and
4. Adopt Resolution No. _____.

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DISCUSSION:

In order to encourage the timely restoration of the RP 12-11 premises and to relieve Jankovich of paying rent on the vacant Berth 74 premises during its site restoration of the Berth 74 premises, Harbor Department staff and Jankovich reached a tentative agreement to temporarily suspend payment of fixed minimum rent on the Berth 74 premises effective December 9, 2019. Jankovich has relocated to Berth 73A under Permit No. 930, as requested by the Harbor Department. The period of suspended rent payment shall be no longer than 12 months. The conditions of the proposed rent suspension/waiver agreement (Transmittal 1) are:

1. Jankovich shall begin restoration by March 1, 2020, and remediation by July 1, 2020, in accordance with Section 12 of RP 12-11.
2. Jankovich shall complete all site restoration of the Berth 74 premises (Transmittal 2) and return the premises in original condition to the Harbor Department by December 8, 2020.

Staff acknowledges Jankovich has left one above ground structure, a two-story metal building at the corner of Berth 73Z and Berth 74. Jankovich is responsible for removal of the building, but plans to transfer the building to the San Pedro Public Market developer prior to completion of restoration. If there is a transfer of ownership of the building, the Harbor Department will address accepting the premises with the building based on the terms of that transfer at the time of completion of restoration.

Should Jankovich fail to begin restoration or return the premises to the Harbor Department as outlined above, all suspended fixed minimum rent shall be due and payable on December 9, 2020 and Jankovich shall resume payment of fixed minimum rent under RP 12-11 effective December 9, 2020.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the proposed rent suspension/waiver agreement under the Revocable Permit No. 12-11 between the City of Los Angeles Harbor Department and the Jankovich Company. The proposed action is an activity involving continuing administrative and personnel-related activities. 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 rent suspension/waiver agreement under RP 12-11 may potentially waive \$10,034.59 per month in fixed minimum rent with a potential maximum waiver of \$120,415.08 over one year.

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CITY ATTORNEY:

The proposed rent suspension/waiver agreement has been reviewed and approved as to form and legality by the Office of the City Attorney.

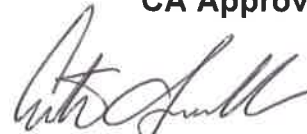
TRANSMITTALS:

1. Rent Suspension/Waiver Agreement
2. Site Map

FIS Approval: MB
CA Approval: AS



MICHAEL J. GALVIN
Director of Waterfront & Commercial Real Estate



ANTONIO V. GIOIELLO, P.E.
Deputy Executive Director

APPROVED:

 FOR

EUGENE D. SEROKA
Executive Director

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BL830raw Jankovich Rent Suspension