



THE PORT  
OF LOS ANGELES  
Executive Director's  
Report to the

Board of Harbor Commissioners

**DATE: MARCH 8, 2022**

**FROM: CARGO & INDUSTRIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVE REVOCABLE PERMIT NO. 22-01 WITH SO. CAL. SHIP SERVICES, A CALIFORNIA CORPORATION**

**SUMMARY:**

Staff requests approval of Revocable Permit No. 22-01 (RP No. 22-01) with So. Cal. Ship Services (SCSS) for a month-to-month term not to exceed five years to occupy 50,311 square feet of paved land used for parking and storage of dunnage on South Seaside Avenue, Terminal Island. SCSS provides water taxi and land-based logistical support for offshore oil platforms. RP No. 20-01 will replace SCSS's current Revocable Permit No. 19-17, which expires on April 30, 2022. Square footage will be unchanged, but will include a change to the perimeter fence boundary. Revocable Permit No. 20-01 will yield \$211,306.20 in revenue to the City of Los Angeles Harbor Department (Harbor Department) in the first year, with annual Consumer Price Index (CPI) adjustments of no less than three percent thereafter.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Consider the Addendum to the previously adopted Final Initial Study/Mitigated Negative Declaration for the So. Cal. Ship Services Project;
2. Find that, in accordance with the provisions of the California Environmental Quality Act Guidelines Section 15164, the proposed Revocable Permit No. 22-01 will not result in any new significant environmental effects or substantially more severe effects than previously analyzed in the adopted Final Initial Study/Mitigated Negative Declaration for So. Cal. Ship Services Project;
3. Authorize the Environmental Management Division to file a Notice of Determination with the Los Angeles County Clerk and the Los Angeles City Clerk;
4. Approve Revocable Permit No. 22-01 with So. Cal. Ship Services;
5. Authorize the Executive Director to execute and the Board Secretary to attest to Revocable Permit No. 22-01 upon approval by the Board, and approval as to form by the City Attorney; and
6. Adopt Resolution No. \_\_\_\_\_.

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**DISCUSSION:**

Background – Since 1999, SCSS has provided water taxi and logistics services to oil platforms and has performed lightering operations for off-shore oil tankers at the Port of Los Angeles. SCSS currently operates under three entitlements:

- 1) Revocable Permit No. 19-17 (RP 19-17), expiring April 30, 2022, for premises on Seaside Avenue, which encompasses 50,311 square feet of paved parking for employee parking and dunnage storage. It previously included a warehouse at Marina Street, which was terminated by SCSS in August of last year.
- 2) Revocable Permit No. 20-13, a month-to-month permit for premises on Seaside Avenue, which encompasses 16,737 square feet of paved land and 83,325 square feet of water at Berth 240W.
- 3) Permit No. 830, on holdover, covers its main premises located at 971 S. Seaside Avenue, comprising 54,059 square feet of paved land, 21,153 square feet of wharf and 30,005 square feet of water. Staff's negotiation of a replacement permit for Permit No. 830 was paused due to the financial distress incurred by SCSS shortly after the start of the pandemic. SCSS's core business is ferrying supplies and labor to oil platforms. When oil prices dropped to record low levels, many oil platforms shut down resulting in a major drop in SCSS's revenue. SCSS is now current on its rent payments and is now a tenant in good standing. Staff expects to resume negotiations on a replacement permit later this year and present a replacement term permit for the Board's approval that will consolidate SCSS premises under one real estate entitlement.

All of the premises above are contiguous with each other. Please See Transmittal 1.

Current Action - Replacement of Revocable Permit No. 19-17 – As noted above, RP 19-17 has a set termination date of April 30, 2022. SCSS is seeking to continue its operations at the Port of Los Angeles for a longer term through the proposed RP 22-01 (Transmittal 2). Areas entitled under RP 19-17 were comprised of both land and warehouse space, which were utilized as customer/employee parking on Seaside Avenue and warehousing/storage of metal piping and materials associated with oil platform operations on Marina Street. SCSS terminated the warehouse area of RP 19-17 in August 2021, and it will not be part of the replacement RP.

Premises Realignment – SCSS's RP 19-17 is presently only within the old Southwest Marine (SWM) Ship Building Yard. While the general location and amount of square footage of the proposed premises under RP 22-01 is identical to those covered under RP 19-17, staff modified the premises configuration so that the adjacent areas at SWM have greater redevelopment potential in the future.

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Proposed Rent – SCSS's rent will increase to the latest Tariff No. 4 paved land rate of \$0.35/sf/month. First year rent will be \$211,306.20, which staff confirmed represents market values for this parcel.

Material terms of the Revocable Permit are as follows:

<u>Provisions</u>	<u>Description</u>
Real Estate Entitlement	Revocable Permit
Permitted Use	Employee parking and storage of marine related dunnage
Term	Month-to-Month, not to exceed five years.
Effective Date	May 1, 2022
Termination Rights	Either party may terminate with 30 days' prior written notice.
Premises	Parcel 1: 9,978 SF (Paved Land) Parcel 2: 40,333 SF (Paved Land) Total Area: 50,311 SF (See Transmittal 1)
Initial Monthly Rent	\$ 17,608.85
CPI Adjustment	Effective May 1, 2023, and annually thereafter. July 1 calculation date. CPI Adjustment of three percent, or actual, whichever is higher.
Maintenance	Tenant is responsible for maintaining the premises and all improvements, at its sole cost and expense.
Insurance	Includes all standard insurance provisions and requirements.
Security Deposit	\$35,217.70 (2 months' rent) in the form of a letter of credit or cash.

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On May 21 , 2020, the Harbor Department issued the Addendum ("Addendum" – Transmittal 3) to the So. Cal. Ship Services Permit Renewal Final Initial Study/Mitigated Negative Declaration and posted it on the POLA website at <https://www.portoflosangeles.org/environment/environmental-documents>. This Addendum was prepared pursuant to CEQA and revises the proposed project by making minor alterations to their proposed lease footprint and development area, as well as clarifies their permit duration. On September 6, 2018, the Board certified the So. Cal. Ship Services Permit Renewal Final Initial Study/Mitigated Negative Declaration which analyzed the use of the So. Cal. Ship Services properties located on South Seaside Avenue and Marina Street to continue to serve both the Port of Los Angeles and the Port of Long Beach with water transport of materials, supplies and personnel and land-based logistical support of offshore oil platforms and tank vessels.

According to Section 15164(b) of the state CEQA Guidelines, the Lead Agency may prepare an Addendum to an adopted Negative Declaration "if only minor technical changes or additions are necessary, or none of the conditions described in Section 15162 calling for a subsequent EIR or negative declaration have occurred." The Director of the Environmental Management Division has determined that none of the conditions set forth in CEQA Guidelines Section 15162 have occurred; therefore, an addendum is the appropriate document. An Addendum does not need to be circulated for public review but can be included in or attached to the final Environmental Impact Report or adopted Negative Declaration per CEQA Guidelines Section 15164 (c). The Board is required to "consider" the Addendum with the final Environmental Impact Report or adopted Negative Declaration prior to making a decision on the Project per CEQA Guidelines Section 15164 (d).

The proposed action is approval of RP 22-01 with So. Cal. Ship Services for employee parking and storage of piping material and associated oil platform operations materials. Based on the findings of the Addendum, the proposed action would create no potential adverse impacts or substantial changes to impact areas previously analyzed in the Final IS/MND and therefore does not trigger any of the conditions calling for the preparation of a subsequent Environmental Impact Report or Negative Declaration under CEQA Guidelines Section 15162. With no new impacts or increased severity of environmental impacts, no mitigation is necessary.

**FINANCIAL IMPACT:**

Approval of the proposed RP No. 22-01 will enable SCSS to occupy 50,311 square feet of paved land over no more than a five-year term and will generate annual rent of \$211,306.20 in the first year, with no less than three percent CPI annual increases thereafter. Total increase in compensation is 2.9 percent, or an additional \$30,186.60 annually from the compensation paid currently under RP No. 19-17. Potential revenue over the five-year term will be no less than \$1,121,853.31.

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**CITY ATTORNEY:**

Proposed Revocable Permit No. 22-01 has been reviewed and approved as to form and legality by the Office of the City Attorney.

**TRANSMITTALS:**

1. Site Map
2. Revocable Permit No. 22-01
3. Addendum

FIS Approval: MB  
CA Approval: SO

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