

DATE: MAY 5, 2021

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVE REVOCABLE PERMIT NO. 20-16 WITH GLOBAL PEST MANAGEMENT, INC.

SUMMARY:

Staff requests approval of Revocable Permit No. 20-16 (Revocable Permit) with Global Pest Management, Inc. (GPM) for the use of 149,539 square feet (3.43 acres) of paved land located at 155 Cannery Street, Terminal Island. Assuming an effective date of July 1, 2021, the proposed Revocable Permit will yield \$592,174.44 in revenue the first year, with a fixed annual increase on January 1, 2022. Rent will be adjusted annually thereafter by two percent or the Consumer Price Index (CPI), whichever is greater. The term of the Revocable Permit is month-to-month, subject to termination by either party with 60 days' written notice.

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(18(d)) of the Los Angeles City CEQA Guidelines;
2. Authorize the Environmental Management Division to file a Notice of Determination with the Los Angeles County Clerk and the Los Angeles City Clerk;
3. Approve Revocable Permit No. 20-16 with Global Pest Management, Inc.;
4. Authorize the Executive Director to Execute and the Board Secretary to attest to Revocable Permit No. 20-16; and
5. Adopt Resolution No. _____.

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DISCUSSION:

Background – GPM currently operates a container fumigation facility at 155 Cannery Street, Terminal Island (Transmittal 1). In connection with these operations, GPM occupies 149,539 square feet (3.43 acres) of paved land entitled under a Space Assignment.

Currently, GPM is the only entity on Terminal Island that provides fumigation services. Its services, which are regulated by Los Angeles County Agriculture, range from fumigation of fruits and vegetables, to machinery and heavy equipment, autos and auto parts, and other various types of commodities.

Under this proposed action, the Space Assignment would be terminated in favor of the proposed Revocable Permit, which is a more appropriate real estate entitlement for continued occupancy of the premises.

Material terms of the Revocable Permit (Transmittal 2) are as follows:

<u>Provision</u>	<u>Description</u>								
Real Estate Entitlement	Revocable Permit								
Permitted Use	Cargo fumigation operations and associated storage of containers on chassis.								
Term	Month-to-Month								
Termination Rights	Either party may terminate with 60 days' written notice. GPM is aware the premises are designated for terminal expansion per the 2017 EIS/EIR for Everport Container Terminal, and the Harbor Department would exercise its termination rights under the Revocable Permit to accommodate Everport's operations. GPM does not have relocation rights.								
Premises	149,539 square feet (3.43 acres) of paved land.								
Initial Monthly Rent	\$46,357.09								
Rent Adjustments	Provided the Revocable Permit is not sooner terminated, rent would be adjusted per the schedule below.								
Rate Schedule	<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: center;"><u>Date</u></th> <th style="text-align: center;">Rate Per Sq. Ft./Month</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Effective Date</td> <td style="text-align: center;">\$0.31</td> </tr> <tr> <td style="text-align: center;">January 1, 2022</td> <td style="text-align: center;">\$0.35</td> </tr> <tr> <td style="text-align: center;">January 1, 2023 and thereafter</td> <td style="text-align: center;">2% or CPI, whichever is greater</td> </tr> </tbody> </table>	<u>Date</u>	Rate Per Sq. Ft./Month	Effective Date	\$0.31	January 1, 2022	\$0.35	January 1, 2023 and thereafter	2% or CPI, whichever is greater
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Maintenance	GPM is responsible for maintaining the premises and all improvements, at its sole cost and expense and comply with all applicable laws, rules and regulations. GPM is accepting the property as-is, where-is.
Insurance	Standard insurance requirements would apply.
Security Deposit	Two times the monthly rent.
Site Specific Environmental Conditions	<p>In addition to the standard environmental conditions for operations on paved land, GPM must comply with the following Site Specific Environmental Conditions for its fumigation operations:</p> <ul style="list-style-type: none"> • Operate with an exhaust stack that is 58' in height when using the fumigant Methyl Bromide (MB) on the Premises. • Not exceed use of 20,000 pounds of MB per year, and in no event exceed use of 306 pounds of MB per day. • Evidence in a form acceptable to Executive Director, the quantity of MB used at the Premises in daily, monthly and/or annual intervals upon request by the Executive Director.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of Revocable Permit No. 20-16 to GPM for cargo fumigation operations and associated storage of containers on chassis, which is an activity involving the issuance of permits or other entitlements granting use of the following existing facilities and land use areas involving negligible or no expansion of use and/or alteration or modification of the facilities or its operations beyond that previously permitted: storage areas for domestic shipment-receipt and foreign import-export commodities. 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(18(d)) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the Revocable Permit will enable GPM to occupy 149,539 square feet (3.43 acres) of paved land located at 155 Cannery Street, Terminal Island, on a month-to-month basis. Assuming an effective date of July 1, 2021, the proposed Revocable Permit will generate revenue of \$592,174.44 in Year 1 and \$634,344.42 in Year 2, with annual adjustments based upon the greater of two percent or CPI beginning on January 1, 2023 thereafter.

The proposed Year 1 rent of \$592,174.44 represents a \$35,889.36, or 6.5 percent, increase relative to the space assignment revenues which may have otherwise been earned over the course of a year under NSA 21-09.

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CITY ATTORNEY:

Revocable Permit No. 20-16 was reviewed and approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

1. Permit Site Map
2. Revocable Permit No. 20-16

FIS Approval: MB
CA Approval: SO

Marisa L. Katnich
MARISA L. KATNICH
Director, Cargo & Industrial Real Estate

Michael DiBernardo
MICHAEL DiBERNARDO
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APPROVED:

Marla Bleavins For
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