



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

Board of Harbor Commissioners

DATE: MAY 4, 2021

FROM: WATERFRONT AND COMMERCIAL REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ - APPROVAL OF FIVE-YEAR REVIEW
OF REVOCABLE PERMIT NO. 93-19 WITH KELLY MARINE**

SUMMARY:

Staff requests approval of the continuation of Revocable Permit (RP) No. 93-19 with Kelly Marine for property located at 2114 S. Mesa Street, San Pedro, pursuant to the City of Los Angeles Harbor Department (Harbor Department) practice for five-year review by the Board of Harbor Commissioners (Board) for continuation or modification of RPs.

Approval of the proposed action will entitle the tenant to continue business operations on a month-to-month basis pursuant to an updated RP consistent with the 2011 Board approved RP template and reset compensation to market rent of \$4.50 per square foot annually, or \$88,605 annually with annual Consumer Price Index (CPI) increases. Implementation of the proposed compensation reset would be stepped, with half the increase anticipated to be effective July 1, 2021 and the second half effective on January 1, 2022.

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 continuation of Revocable Permit No. 93-19 with Kelly Marine; and
3. Adopt Resolution No. _____.

DISCUSSION:

Background – Harbor Department practice is for RPs to be subject to Board action in open session to continue or modify under the current entitlement every five years. This is the first five-year review for RP No. 93-19, which is under the threshold of \$150,000 per year in Harbor Department revenue. Therefore, compensation resets and other modifications fall under Executive Director authority and do not require further Board action beyond this confirmation of review every five years.

SUBJECT: CONTINUATION OF REVOCABLE PERMIT NO. 93-19

Under RP No. 93-19, Kelly Marine operates and maintains a small boat sales and storage facility on 19,690 square feet of land at 2114 S Mesa Street in San Pedro. The effective date of the RP is August 19, 1993. The tenant is in good standing with \$48,567.24 of rent paid to the Harbor Department in calendar year 2020. The last compensation reset was April 1, 2016. The current annual rent is \$2.48 per square foot of premises land area with annual CPI increases.

Staff requests approval to continue the tenancy under an RP due to its small parcel size and non-essential use. This action would result in neither use changes nor facility changes. Staff intends to update the permit consistent with the 2011 Board approved RP template and reset compensation for the permit to market rent of \$4.50 per square foot annually, or \$88,605 annually with annual CPI increases. The proposed monthly rental amount represents an increase of 82.4 percent. Due to the substantial increase, implementation of the proposed compensation reset would be stepped, with half the increase anticipated to be effective July 1, 2021 and the second half effective on January 1, 2022.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the continuation of RP No. 93-19 with Kelly Marine, which is an activity involving the issuance, renewal or amendment of any lease, license or permit to use an existing structure or facility involving 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.

FINANCIAL IMPACT:

Approval of the proposed action will entitle the tenant to continue business operations on a month-to-month basis pursuant to an updated RP consistent with the 2011 Board approved RP template and reset compensation to market rent of \$4.50 per square foot annually, or \$88,605 annually.

Assuming a 2 percent CPI, staff anticipates that annual rent effective January 1, 2022 will increase by \$40,037.76 as follows:

Tenant	Entitlement	Annual Rent		
		CY 2020	Proposed	\$ Increase
Kelly Marine	RP 93-19	\$48,567.24	\$88,605.00	\$40,037.76

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CITY ATTORNEY:

The Office of the City Attorney has reviewed the proposed action and finds no legal issues at this time.

FIS Approval: MB
CA Approval: SO

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Director of Waterfront & Commercial Real Estate

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APPROVED:

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