



Executive Director's

Report to the
Board of Harbor Commissioners

DATE: JULY 21, 2021

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVE REVOCABLE PERMIT NO. 21-08 WITH PASHA STEVEDORING & TERMINALS, L.P.

SUMMARY:

Staff requests approval of Revocable Permit No. 21-08 (Revocable Permit) with Pasha Stevedoring & Terminals, L.P. (Pasha) for the use of 46,516 square feet (1.07 acres) of land located at Pier 300, Terminal Island on a month-to-month basis, subject to termination by either party with 30 days' written notice. Under the proposed Revocable Permit, rent would remain at the current space assignment rate of \$0.28 per square foot per month (\$13,024.48 per month), increase to \$14,885.12 per month effective January 1, 2022, and increase by the greater of two percent or the Consumer Price Index (CPI) effective July 1, 2023. Assuming an effective date of September 1, 2021, the proposed Revocable Permit will yield \$171,178.88 in Year 1 and \$179,216.84 in Year 2.

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 generally exempt and previously evaluated pursuant to the requirements of the California Environmental Quality Act (CEQA) under Article II Section 1 and Article II Section 2(i) 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. 21-08 with Pasha;
4. Authorize the Executive Director to Execute and the Board Secretary to attest to Revocable Permit No. 21-08; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background – Pasha is currently using the premises for the temporary storage of four cranes under Space Assignment 21-07 at Pier 300 pending completion of its new terminal in Hawaii, the Kapalama Container Terminal Project (Project), which Project was delayed due to the adverse impacts of Covid-19. This delay created a need by Pasha to store the cranes at Pier 300 longer than anticipated. Based on the Project's current construction schedule, Pasha expects to remove and relocate the cranes to its new terminal in Hawaii by the fourth quarter of 2022.

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Because of Pasha's need to increase the duration of storage time at the premises, staff proposes terminating the Space Assignment in favor of the proposed Revocable Permit, which is a more appropriate real estate entitlement for continued occupancy of the premises. See Transmittal No. 1 for a depiction of the premises.

Material terms of the Revocable Permit are as follows:

<u>Provision</u>	<u>Description</u>								
Real Estate Entitlement	Revocable Permit (Transmittal 2)								
Permitted Use	Temporary storage of four cranes and uses incidental thereto								
Term	Month-to-Month								
Termination Rights	Either party may terminate with 30 days' written notice.								
Premises	46,516 square feet (1.07 acres) of land at Pier 300								
Initial Monthly Rent	\$13,024.48								
Rent Adjustments	Provided the Revocable Permit is not sooner terminated, rent would be adjusted per the schedule below.								
Rate Schedule	<table border="1"> <thead> <tr> <th><u>Date</u></th> <th><u>Rate Per Sq. Ft./Month</u></th> </tr> </thead> <tbody> <tr> <td>Effective Date</td> <td>\$0.28</td> </tr> <tr> <td>January 1, 2022</td> <td>\$0.32</td> </tr> <tr> <td>July 1, 2023 and thereafter</td> <td>2% or CPI, whichever is greater</td> </tr> </tbody> </table>	<u>Date</u>	<u>Rate Per Sq. Ft./Month</u>	Effective Date	\$0.28	January 1, 2022	\$0.32	July 1, 2023 and thereafter	2% or CPI, whichever is greater
<u>Date</u>	<u>Rate Per Sq. Ft./Month</u>								
Effective Date	\$0.28								
January 1, 2022	\$0.32								
July 1, 2023 and thereafter	2% or CPI, whichever is greater								
Maintenance	Pasha is responsible for maintaining the premises and all improvements, at its sole cost and expense, and complying with all applicable laws, rules and regulations. Pasha is accepting the property as-is, where-is.								
Insurance	Standard insurance requirements would apply.								
Security Deposit	Two times the monthly rent.								

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a Revocable Permit with Pasha for the use of land located at Pier 300 for crane storage, which is an activity where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and an activity for which the underlying project has been

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previously assessed in Berths 302-306 Container Terminal Project Final Environmental Impact Report (SCH # 2009071031), which was certified by the Board on June 7, 2012. Therefore, the Director of Environmental Management has determined that the proposed action is generally exempt and previously evaluated pursuant to the requirements of CEQA in accordance with Article II Section 1 and Article II Section 2(i) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Revocable Permit will enable Pasha to occupy 46,516 square feet (1.07 acres) of land located at Pier 300, on a month-to-month basis. Assuming an effective date of September 1, 2021, the proposed Revocable Permit will generate revenue of \$171,178.88 in Year 1 and \$179,216.84 in Year 2, with annual adjustments based upon the greater of two percent or CPI beginning on July 1, 2023 and each year thereafter.

The proposed Year 1 rent of \$171,178.88 represents an increase of 9.5 percent relative to the annual rent which would have been received under the existing space assignment rate of \$0.28 per square foot per month.

CITY ATTORNEY:

Revocable Permit No. 21-08 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. 21-08

FIS Approval: MB
 CA Approval: SO

Marisa L. Katnich
 MARISA L. KATNICH
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APPROVED:
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 Executive Director