



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

Board of Harbor Commissioners

DATE: JANUARY 18, 2012

FROM: REAL ESTATE

SUBJECT: ORDER NO. \_\_\_\_\_ - RESETTING COMPENSATION  
UNDER PERMIT NO. 718 WITH CROWLEY MARINE, INC.

**SUMMARY:**

Permit No. 718 is a 20-year permit which grants Crowley Marine Services, Inc. (Crowley) approximately 2.79 acres of land, wharf, and water space at Berth 86 for an office building, shop facility, warehouse, and parking lot to be used in connection with tugboat and barge services.

Compensation for the fourth and final five-year period of November 24, 2011 through November 23, 2016 is proposed to remain unchanged from the previous five-year compensation period.

**RECOMMENDATION:**

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

1. Approve the Order to reset compensation under Permit No. 718 with Crowley Marine Services, Inc. for the five-year period of November 24, 2011 through November 23, 2016;
2. Authorize the Executive Director to execute and the Board Secretary to attest to the Order resetting compensation to be paid by Crowley pursuant to Section 4(i) of Permit No. 718; and
3. Adopt Order No. \_\_\_\_\_.

**DISCUSSION:**

Permit No. 718 grants Crowley use of three City of Los Angeles Harbor Department (Harbor Department) parcels consisting of land, a non-exclusive access strip, and a wharf and water area for operations in connection with providing tug and barge services in the Port of Los Angeles (Transmittal 3). For the five-year period of November 24, 2011 through November 23, 2016, it is proposed that compensation be set at \$79,080 per year plus all tolls (dockage and utilities) and charges under Tariff No. 4 (Transmittal 1). Since this is the fourth and final five-year period, no Consumer Price Index adjustments are proposed to be applied.

The proposed compensation of \$6,590 per month is consistent with current market land values in the vicinity and meets the Board's policy of a minimum 10 percent rate of return on a land value of \$29.00 per square foot (s.f) for Parcel No. 1 (27,268 s.f.). Compensation for Parcel No. 2 shall continue to be all tolls (dockage and utilities) and charges incurred pursuant to Tariff No. 4, and no rent shall be required for Parcel No. 3, which is a non-exclusive access strip measuring 8,634 s.f. (Transmittal 2).

SUBJECT: RESETTING COMPENSATION FOR CROWLEY MARINE, INC.

The Tariff No. 4 charges for Crowley include the flat rate billed at \$877.50 per month for each of Crowley's four tugs, totaling \$42,120 per year.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an Order to reset compensation under Permit No. 718 with Crowley. As an administrative activity, the Director of Environmental Management has determined the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

This Board action will have employment impact.

FINANCIAL IMPACT:

The new compensation terms proposed under this Order conforms to the Harbor Department's ten percent rate of return policy on land.

CITY ATTORNEY:

The proposed Order is subject to approval as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

- 1. Order
- 2. Lease Exhibit
- 3. Site Map

FIS Approval: KP (initials)  
City Attorney: rn (initials)

  
KARL K.Y. PAN  
Interim Director of Real Estate

  
KATHRYN McDERMOTT  
Deputy Executive Director

APPROVED:  
  
GERALDINE KNATZ, Ph.D.  
Executive Director