



DATE: JANUARY 28, 2015

FROM: REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVE REVOCABLE PERMIT NO. 14-20 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND PACIFIC UNICOMM CORPORATION, A NON-PROFIT ORGANIZATION

SUMMARY:

The proposed action will grant a new Revocable Permit (RP) to Pacific Unicom Corporation (Pacific Unicom) as the appropriate entitlement for the continued use of a City of Los Angeles Harbor Department (Harbor Department) lot of approximately 7,300 square feet (s.f.) located at 1001 Goodrich Street, Wilmington, for the storage of a large trash bin and other related landscaping and cleanup supplies. Pacific Unicom directly improves the aesthetic appearance of the Port of Los Angeles (Port) community and, consequently, raises the land value of Harbor Department properties in the area through its landscaping and cleanup activities.

Pursuant to the Port's Leasing Policy, the Board of Harbor Commissioners (Board) is required to approve waived rent. As a non-profit organization (501(c)3), Pacific Unicom will be provided free rent in exchange for the services it provides to the community but will be financially responsible for utilities and maintenance of the premises. Pacific Unicom has reported their 2014 value of services in the Wilmington community to be \$56,300, and the projected 2015 value of services is \$84,800. Rent from the remnant parcel, at current market levels, is estimated at \$19,710 per year. Given the benefits received by the local community and the Harbor Department from the services provided by Pacific Unicom, issuance of a no-rent RP is appropriate.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the proposed Revocable Permit with Pacific Unicom Corporation;
2. Authorize the Executive Director to execute and the Board Secretary to attest to the proposed Revocable Permit; and
3. Adopt Resolution No. _____.

SUBJECT: PROPOSED REVOCABLE PERMIT WITH PACIFIC UNICOMM

DISCUSSION:

Background/Context – Pacific Unicommm established the Clean Wilmington Project in April 2012 for the purpose of creating a program to improve the aesthetic conditions of Wilmington through regular cleanup and beautification projects. In addition, the Clean Wilmington Project coordinates with other participating community organizations, schedules volunteers, and solicits charitable donations to fund its operation. In 2014, grants and donations received totaled approximately \$126,800 (Transmittal 1).

The Clean Wilmington Project was initially funded in 2012 by a \$50,000 grant from City Council District 15. The 2014 major contributor (\$50,000) is the Harbor Community Benefit Foundation, which was created as a result of the settlement known as the “TraPac MOU”, whereby the Harbor Department agreed to address the cumulative environmental and quality of life impacts of its business operations on the surrounding neighbors, local port communities, and residents.

Pacific Unicommm has been a Harbor Department tenant since December 10, 2013 under rent-free TEUP No. 1393, which will expire on February 14, 2015. Pacific Unicommm has reported their 2014 services in the Wilmington community to be valued at \$56,300 (Transmittal 2). The vacant parcel located at 1001 Goodrich Street in Wilmington is of minimal utility to most Harbor Department tenants due to its relatively small and narrow size, poor street parking, limited access, lack of utilities, and unpaved surface condition. Rent from the remnant parcel, at current market levels, is estimated at \$19,710 per year. Given the benefits received by the local community and the Harbor Department from the services provided by Pacific Unicommm, issuance of a no-rent RP would be appropriate.

As part of its due diligence review, the Real Estate Division has determined the following:

1. Tenant is in good standing and has fulfilled its obligations under the current TEUP;
2. Tenant is part of the Harbor Community Benefit Foundation’s obligation and vision;
3. Tenant will continue to provide annual financial and program reporting; and
4. Previous and current projects have proven to be beneficial to the Wilmington community and to the Port of Los Angeles in general.

Summary of Significant Permit Terms

Effective Date – The month-to-month RP (Transmittal 3) will be effective upon execution by the Executive Director and revocable upon 30 days’ written notice.

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Premises – The premises for the RP is comprised of approximately 7,300 s.f. of vacant Harbor Department land located at 1001 Goodrich Street, Wilmington (Transmittal 4). Tenant is responsible for site maintenance and upkeep.

Compensation – The value of the proposed RP is rent free in exchange for regular improvements and services to the Wilmington area comprising of approximately \$84,800 worth of landscaping and cleanup programs per year.

Environmental – The RP contains specific language regarding required compliance with all applicable environmental laws, rules, and regulations. The RP also contains an audit provision to enable Environmental Management Division staff to confirm tenant compliance.

ENVIRONMENTAL ASSESSMENT:

The proposed action is issuance of an RP to Pacific Unicom for continued use of vacant Harbor Department property for storage of a trash bin and other supplies used for the Clean Wilmington Project. As an activity involving issuance of a permit to use an existing facility involving negligible or no expansion of use, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article III Class 1(14) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

This Board action will have no employment effect.

FINANCIAL IMPACT:

The financial impact of approving the proposed RP is that the Harbor Department will continue to offset \$19,710 in rent annually based on a ten percent rate of return on 7,300 s.f. of land, valued at \$27 per s.f. However, the tenant's service contributions to the Port are valued at \$84,800 annually. See Transmittal 5.

Should the tenant ever be charged rent in the future, the RP contains a Consumer Price Index rental adjustment clause.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the proposed RP as to form and legality.

TRANSMITTALS:

1. Project and Financial Report
2. Project Costs 2014/2015
3. Revocable Permit
4. Site Map
5. Pro-forma

FIS Approval: MB (initials)
CA Approval: CRB (initials)



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APPROVED:



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