

**DATE: JUNE 29, 2022**

**FROM: CARGO & INDUSTRIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVE SECOND AMENDED AND RESTATED QUITCLAIM DEED FOR SITE 6A AND NAVY MOLE PROPERTY BETWEEN THE UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION MARITIME ADMINISTRATION AND THE CITY OF LOS ANGELES HARBOR DEPARTMENT**

**SUMMARY:**

Staff requests approval of the Second Amended and Restated Quitclaim Deed (Second Amendment) between the United States of America, through the Secretary of Transportation, as delegated to the Maritime Administration (MARAD) and the City of Los Angeles Harbor Department (Harbor Department). This action concerns former U.S. Navy (Navy) property referred to as Site 6A which is located north of the intersection of North Seaside Avenue and Navy Way on Terminal Island and a portion of the Navy Mole. MARAD transferred the property to the Harbor Department in October 2000 under a no-cost, port-related, public benefit conveyance. The proposed Second Amendment will allow MARAD, on behalf of the Navy, to reserve an easement at Site 6A for two existing fuel pipelines.

**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 Second Amended and Restated Port Facility Property Instrument of Disposal Quitclaim Deed, Indenture, and Environmental Restriction among the United States of America, through the Secretary of Transportation, as delegated to the Maritime Administration, and the City of Los Angeles Harbor Department;
3. Authorize the Executive Director to execute, and the Board Secretary to attest to, the Second Amended and Restated Port Facility Property Instrument of Disposal Quitclaim Deed, Indenture, and Environmental Restriction; and
4. Adopt Resolution No. \_\_\_\_\_.

**SUBJECT: SECOND AMENDED AND RESTATED QUITCLAIM DEED FOR SITE 6A AND NAVY MOLE PROPERTY**

**DISCUSSION:**

Background – In October 2000, the Board approved the quitclaim deed from MARAD which conveyed Site 6A and a portion of the Navy Mole to the Harbor Department at no cost. The property was operated by the U.S. Navy; however, MARAD serves as a pass-through agency for the quitclaim deed, and any amendments.

In June of 2004, the Board approved the Amended and Restated Quitclaim Deed (i.e. First Amendment) to include conditions and restrictions related to the use of the property, as required under the Comprehensive Environmental Response, Compensation, and Liability Act, of Section 9620 of Title 42 of the United States Code.

Recently, the Navy discovered that MARAD did not reserve a subsurface easement in the 2000 Quitclaim Deed for two existing Navy fuel pipelines that cross Site 6A. These pipelines are currently idle and part of a larger network that travels from facilities at the Port of Long Beach to the Navy tank facilities located on Gaffey Street in San Pedro. In order to add this reservation, a Second Amendment is required, as set forth in this action.

Site 6A (Transmittal No. 1) is currently used for rail and cargo storage purposes and will continue to be used for those purposes following approval the Second Amendment.

Upon approval and full execution, the Second Amendment will be recorded at the Los Angeles County Recorder's Office. The material terms of the Second Amendment (Transmittal 2) are as follows:

- MARAD reserves a non-exclusive twenty foot easement for two eighteen-inch Navy-owned fuel pipelines that traverse the property.
- The easement will permit the ingress and egress, installation, operation, maintenance, replacement, removal, and repair.
- To the extent the fuel pipeline easement is abandoned, any rights under said easement will automatically terminate. Upon abandonment, MARAD would quitclaim to the Harbor Department all easement rights.
- In the event the easement is terminated by quitclaim deed or abandonment, the pipelines will be abandoned in place. Nonuse of the pipeline will not constitute abandonment. All abandoned pipelines must conform to all applicable state, federal and local laws of abandonment, including the disconnection, purging and sealing of abandoned pipelines left in place.

**SUBJECT: SECOND AMENDED AND RESTATED QUITCLAIM DEED FOR SITE 6A AND NAVY MOLE PROPERTY**

- Any pipeline may be removed in lieu of abandonment. However, removed pipelines must conform to all applicable state, federal and local laws related to pipeline removal.
- If at any future time, the Harbor Department determines that the easement or any portion thereof interferes with any of its activities, the Harbor Department would convey to MARAD, without charge, a substitute easement permitting MARAD to relocate the pipeline, or portion thereof, at the Harbor Department's cost and expense.
- MARAD may assign or otherwise transfer its easement to a third party at any time, by providing written notice to the Harbor Department at least 30 days prior to the transfer. As background for the Board, this right exists notwithstanding the inclusion of this provision in the deed.

Previous Related Actions - In 2015, the Board approved a similar transaction for a former Navy-owned property located adjacent to Site 6A, which is referred to as Site 6B. See Transmittal No. 3. Portions of the pipeline located outside of Site 6A and Site 6B that cross Harbor Department property are covered by a lease between the parties.

The deed reservation is substantially similar to the Site 6B deed restriction, and also consistent with the terms of a deed approved by the Port of Long Beach's Board for portions of pipelines within its jurisdiction.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of the Second Amendment between MARAD and the Harbor Department for property referred to as Site 6A, 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 Second Amendment will have no additional impact to the Harbor Department's revenue. However, the surface area of Site 6A will continue to be utilized and rented as a rail yard and for cargo storage purposes, which provides revenue to the Harbor Department.

DATE: JUNE 29, 2022

PAGE 4 OF 4

SUBJECT: SECOND AMENDED AND RESTATED QUITCLAIM DEED FOR SITE 6A AND NAVY MOLE PROPERTY

**CITY ATTORNEY:**

The proposed Second Amended and Restated Quitclaim Deed has been reviewed and approved as to form and legality by the Office of the City Attorney.

**TRANSMITTALS:**

1. Site 6A Aerial Map
2. Second Amended and Restated Port Facility Property Instrument of Disposal Quitclaim Deed, Indenture, and Environmental Restriction
3. Site 6A and Site 6B Map

FIS Approval: MB  
CA Approval: SO

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