



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the
Board of Harbor Commissioners

DATE: SEPTEMBER 29, 2021

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF MASTER JOINT REVOCABLE PERMIT NO. 17-07 AMONG THE CITY OF SOUTH GATE AND CITY OF LOS ANGELES HARBOR DEPARTMENT AND PORT OF LONG BEACH, AS JOINT OWNERS

SUMMARY:

Staff requests approval of Master Joint Revocable Permit (MJRP) No. 17-07 among the City of South Gate (SG), the City of Los Angeles Harbor Department (Harbor Department), and the Port of Long Beach (POLB), (collectively Ports), as joint owners, for the maintenance and operation of 16 facilities consisting of ten subsurface uses and six surface uses located at former Union Pacific Railroad San Pedro Branch in South Gate.

This MJRP includes: 1) the continuation of 15 existing surface and subsurface facilities, and 2) one new sewer line that will service a new housing project. The initial annual rent to be paid by SG is \$15,680, which will be split equally between the Ports, and is subject to annual increases based on the Consumer Price Index (CPI). As a 50 percent joint owner, the Harbor Department will receive \$7,840 in rent. Of the 16 parcels, 11 (totaling 5,412 square feet), will not be assessed rent as they are located in public right-of-way and/or cover facilities incidental to the operation and maintenance of the joint rail facilities.

This MJRP requires approval from the Board of Harbor Commissioners of both Ports. The Port of Long Beach's Board of Harbor Commissioners approved this MJRP at its meeting on September 20, 2021.

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 and statutorily exempt from the requirements of the California Environmental Quality Act (CEQA) under Section 15301, Section 15303, and Section 15282(k) of the State CEQA Guidelines;
2. Approve Master Joint Revocable Permit No. 17-07 among the City of South Gate and the City of Los Angeles Harbor Department and Port of Long Beach, as joint owners;

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- 3. Authorize the Executive Director to execute and the Board Secretary to attest to Master Joint Revocable Permit No. 17-07; and
- 4. Adopt Resolution No. _____.

DISCUSSION:

Background - On December 22, 1994, the Harbor Department and POLB jointly purchased rail properties as part of the Alameda Corridor Transportation Authority (ACTA) construction project. The properties are the former Southern Pacific Railroad and Union Pacific Railroad rights-of-way within the County of Los Angeles and are held by the Ports as tenants-in-common, with each holding an undivided 50 percent interest in the properties. In addition, the Ports became successors-in-interest to all railroad agreements, leases, and licenses related to the acquired railroad right-of-way.

The proposed MJRP consolidates various agreements and previously undocumented facilities that, in aggregate, cover 16 parcels consisting of the following: ten subsurface uses (comprised of two casings with traffic control wiring, three storm drain pipelines, three water pipelines, one power line, and one subsurface sewer pipeline); and, six surface facilities (comprised of four sidewalks, one electrical service cabinet and one private roadway). See Transmittal 1.

Proposed MJRP - Provided below are the material terms of the MJRP (Transmittal 2):

<u>Provisions</u>	<u>Description</u>
Permitted Use	The maintenance and operation of five surface and eleven subsurface facilities.
Term Termination	Month-to-month Subject to termination by either party with 60 days' written notice.
Premises	The premises are comprised of sixteen facilities totaling approximately 9,652 square feet, as depicted on Transmittal 1.
Compensation ¹	<p>1. The Harbor Department will receive 50 percent of the total rent, equal to \$7,840 per year. Total rent for the first year is \$15,680, split equally between the Ports.</p> <p>2. The Harbor Department will also receive a one-time fee of \$1,250, half of a \$2,500 permit processing fee paid by the City of South Gate.</p> <p>3. Eleven of the parcels, totaling 5,412 square feet, will not be assessed rent as they are located in public rights-of-way and/or cover facilities incidental to the operations and maintenance of the rail facilities. More specifically, seven facilities are in the public rights of way (i.e. sidewalks, traffic control wiring, sewer), three of the facilities provide drainage supporting rail properties (i.e. storm drain pipelines), and one facility is a small electrical cabinet.</p>

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Adjustments	1. Annual CPI adjustment 2. Adjust rents to market rates upon 60 days' written notice to the City of South Gate.
Security Deposit	\$3,920 split equally between the Ports
Maintenance and Restoration	The City of South Gate, at its sole cost, will keep and maintain the permit areas and facilities and restore the premises.
Insurance	All standard insurance requirements apply, plus additional coverage for Pollution Legal Liability Insurance.
Notes: ¹ Rent for the private roadway (1 of the 16 parcels) is calculated using market rates for comparable facilities as confirmed through a third party appraiser. Rent for utility crossing parcels (4 of the 16 parcels) is calculated using the Ports' \$2,000 minimum rent such facilities. The remaining 11 of the 16 parcels will not be assessed rent.	

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a MJRP among City of South Gate and the Ports for the maintenance and operation of 16 facilities, which is an activity involving:

- operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use;
- construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure; and
- maintenance, repair, restoration, removal, or demolition of an existing pipeline, as long as the project does not exceed one mile in length.

Therefore, the Director of Environmental Management has determined that the proposed action is categorically and statutorily exempt from the requirements of CEQA in accordance with Section 15301, Section 15303, and Section 15282(k) of the State CEQA Guidelines.

FINANCIAL IMPACT:

Under the proposed MJRP, SG will initially pay the Harbor Department \$7,840 per year for rent and \$1,250 for the permit processing fee (totaling \$15,680 for rent and the one-time charge of \$2,500 for a processing fee, which will be split equally between both Ports). This represents a total of \$9,090 of revenue for the first year and \$7,840 of recurring revenue to the Harbor Department in subsequent years, subject to annual adjustments based on the CPI, which will commence on the first anniversary of the proposed MJRP.

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CITY ATTORNEY:

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

TRANSMITTALS:

1. Premises Map
2. Master Joint Revocable Permit No. 17-07

FIS Approval: *MB*
CA Approval: *SO*

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APPROVED:

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