



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

DATE: JUNE 8, 2022

FROM: WATERFRONT AND COMMERCIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF FIVE-YEAR REVIEW OF REVOCABLE PERMIT NO. 16-27 WITH JOHN SIMICH CONSTRUCTION INC.

SUMMARY:

Staff requests approval of the continuation of Revocable Permit (RP) No. 16-27 with John Simich Construction Inc. for property located at 1400 S. Harbor Boulevard, San Pedro, pursuant to the City of Los Angeles Harbor Department's (Harbor Department) practice for five-year review by the Board of Harbor Commissioners for continuation or modification of RPs. John Simich Construction Inc. currently pays rent of approximately \$4.07 per square foot annually for waterfront land, or \$7,029.99 monthly (\$84,359.88 annually) to the Harbor Department. Effective July 1, 2022, compensation will be reset to a market rent of \$4.50 per square foot annually, or \$7,762.50 monthly (\$93,150.00 annually), with annual Consumer Price Index (CPI) increases.

Approval of the proposed action will entitle the tenant to continue business operations on a month-to-month basis.

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 continuation of Revocable Permit No. 16-27 with John Simich Construction Inc.; and
3. Adopt Resolution No. _____.

SUBJECT: CONTINUATION OF REVOCABLE PERMIT NO. 16-27**DISCUSSION:**

Background – The Harbor Department’s practice is for RPs to be subject to Board action in open session to continue or modify under the current entitlement every five years. This is the first five-year review for RP No. 16-27, which is under the threshold of \$150,000 per year in Harbor Department revenue. Therefore, compensation resets and other modifications fall under Executive Director authority and do not require further Board action beyond this confirmation of review every five years.

Under RP No. 16-27, John Simich Construction Inc. warehouses and stores construction materials and conducts business operations on 20,700 square feet of land and improvement at 1400 S. Harbor Boulevard in San Pedro. The effective date of the RP was December 1, 2016. The tenant is in good standing and pays monthly rent of \$7,029.99 (\$84,359.88 per year) to the Harbor Department. The current annual rent includes annual CPI increases.

Staff recommends the RP continue as a short-term entitlement, because the site is viable for future visitor-serving development. This action would result in neither use changes nor facility changes. Effective July 1, 2022, compensation will be reset to a market rent of \$4.50 per square foot of unimproved land annually, or \$7,762.50 monthly (\$93,150.00 annually), with annual CPI increases.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the continuation of RP No. 16-27 with John Simich Construction Inc. 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 action will entitle the tenant to continue business operations on a month-to-month basis pursuant to an updated RP, consistent with the 2011 Board-approved RP template.

Annual rent effective July 1, 2022 will be \$93,150.00, an increase of \$8,790.12, as follows:

Tenant	Entitlement	Annual Rent		
		CY 2021	Proposed	\$ Increase
John Simich Construction Inc.	RP 16-27	\$84,359.88	\$93,150.00	\$8,790.12

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CITY ATTORNEY:

The Office of the City Attorney has reviewed the proposed action and finds no legal issues at this time.

FIS Approval: MB
CA Approval: SO

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Director of Waterfront & Commercial Real Estate

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APPROVED:

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