



Executive Director's

Report to the  
Board of Harbor Commissioners

**DATE:** JULY 27, 2022

**FROM:** CARGO & INDUSTRIAL REAL ESTATE

**SUBJECT:** RESOLUTION NO. \_\_\_\_\_ - APPROVE REVOCABLE PERMIT NO. 22-08 WITH SO. CAL. SHIP SERVICES, A CALIFORNIA CORPORATION

**SUMMARY:**

Staff requests approval of Revocable Permit No. 22-08 (RP No. 22-08) with So. Cal. Ship Services (SCSS) for a month-to-month term, subject to Board review at five-year intervals. SCSS will occupy 16,737 square feet of paved land used for storage of maritime related materials on South Seaside Avenue, Terminal Island, and 83,325 square feet of water for mooring of vessels used to service and transport oil company employees to and from off-shore oil platforms. RP No. 22-08 will replace SCSS's current Revocable Permit No. 20-13, which expires September 30, 2022. Square footage will be unchanged. RP No. 22-08 will yield \$184,258.08 in revenue to the City of Los Angeles Harbor Department (Harbor Department) in the first year, with annual Consumer Price Index (CPI) adjustments of no less than three percent thereafter.

**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 has been previously evaluated pursuant to the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(i) of the Los Angeles City CEQA Guidelines;
2. Approve Revocable Permit No. 22-08 with So. Cal. Ship Services;
3. Authorize the Executive Director to execute and the Board Secretary to attest to Revocable Permit No. 22-08 upon approval by the Board, and approval as to form by the City Attorney; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background – Since 1999, SCSS has provided water taxi and logistics services to oil platforms and has performed lightering operations for off-shore oil tankers at the Port of Los Angeles. Please See Transmittal 1.

Current Action - Replacement of Revocable Permit No. 20-13 – As noted above, RP 20-13 has a set termination date of September 30, 2022. SCSS is seeking to continue its operations at the Port of Los Angeles beyond September 2022 through the proposed RP 22-08 (Transmittal 2). Areas entitled under RP 20-13 were comprised of both land and water space, which were utilized as storage of maritime related materials and mooring of vessels used to provide water taxi service in support of off-shore oil platforms.

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Proposed Rent – SCSS’s rent will increase to the latest Tariff No. 4 unpaved land rate of \$0.32/sf/month and water rate of \$0.12/sf/month pursuant to the Harbor Department Leasing Policy. Rent for the first year will be \$184,258.08, which staff confirmed represents market values for this parcel.

Material terms of the Revocable Permit are as follows:

<b><u>Provisions</u></b>	<b><u>Description</u></b>
Real Estate Entitlement	Revocable Permit
Permitted Use	Storage of marine related dunnage and mooring of vessels.
Term	Month-to-Month, subject to Board review at five-year intervals.
Effective Date	October 1, 2022
Termination Rights	Either party may terminate with 30 days’ prior written notice.
Premises	Parcel 1: 16,737 SF (Paved Land) Parcel 2: 83,325 SF (Paved Land) Total Area: 100,062 SF (See Transmittal 1)
Initial Monthly Rent	\$ 15,354.84
CPI Adjustment	Effective October 1, 2023, and annually thereafter. (July 1 calculation date.) CPI Adjustment of three percent, or actual, whichever is higher.
Maintenance	Tenant is responsible for maintaining the premises and all improvements, at its sole cost and expense.
Insurance	Includes all standard insurance provisions and requirements.
Security Deposit	\$30,709.68 (2 months’ rent) in the form of a letter of credit or cash.

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**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of RP 22-08 with SCSS, which is an activity for which the underlying project has been previously evaluated in the Final Initial Study/Mitigated Negative Declaration (IS/MND) for the SCSS Project (SCH# 2018061043), which was certified by the Board of Harbor Commissioners (Board) on September 6, 2018, and the Addendum to the SCSS IS/MND which was considered by the Board on June 18, 2020. Therefore, the Director of Environmental Management has determined that the proposed action has been previously evaluated pursuant to the requirements of CEQA in accordance with Article II Section 2(i) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Approval of proposed RP No. 22-08 will enable SCSS to occupy 16,737 square feet of paved land and 83,325 of water area over no more than a five-year term. Annual rent generated in the first year will be \$184,258.08, with no less than three percent CPI annual increases thereafter. Year 1 rent will represent a \$10,042.20, or 5.76 percent, increase relative to the compensation paid currently under RP No. 20-13. Potential revenue over the five-year term will be no less than \$978,251.17.

**CITY ATTORNEY:**

Proposed Revocable Permit No. 22-08 has been reviewed and approved as to form and legality by the Office of the City Attorney.

**TRANSMITTALS:**

- 1. Site Map
- 2. Revocable Permit No. 22-08

FIS Approval: JS  
 CA Approval: SO

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APPROVED:

EUGENE D. SEROKA  
 Executive Director