



Executive Director's
Report to the

Board of Harbor Commissioners

DATE: NOVEMBER 6, 2025

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - ORDER APPROVING
COMPENSATION RESET UNDER PERMIT NO. 911 WITH THE CITY OF LOS
ANGELES DEPARTMENT OF WATER AND POWER

SUMMARY:

Staff requests approval of the Order resetting compensation under Permit No. 911 (Permit) with the City of Los Angeles Department of Water and Power (LADWP) for the five-year period of November 8, 2021, through November 7, 2026, concerning premises used for operation and maintenance of electrical facilities.

Approval of the proposed compensation reset will increase annual rent by \$24,969, or 15.10 percent, effective November 8, 2021, from \$165,318 currently to \$190,287 as proposed. Effective November 8, 2022, and each November 8 thereafter, rent will increase by the year-over-year change in the Consumer Price Index (CPI), subject to a floor of zero percent. The Board of Water and Power Commissioners approved Order resetting compensation at its meeting on October 14, 2025.

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 administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the Order resetting compensation under Permit No. 911 with the City of Los Angeles Department of Water and Power;
3. Authorize the Board Secretary to attest to the Order resetting compensation under Permit No. 911; and
4. Adopt Resolution No. _____ and Order No. _____.

DISCUSSION:

Background – The Permit has a 30-year term, which expires on November 8, 2046. The premises (Transmittals 1 and 2) are comprised of 48,585 square feet, which consists of 36,027 square feet of land and 12,558 square feet of subsurface land located at 200 Terminal Way, Terminal Island, and 708 Regan Street, San Pedro, for the operation and maintenance of an electrical distribution station and underground and aboveground electrical conduits.

SUBJECT: ORDER APPROVING COMPENSATION RESET WITH LADWP

Compensation is reset in five-year intervals, with the reset due on November 8, 2021. As of November 7, 2021, annual rent was \$165,318. Staff has implemented the rent adjustment process in accordance with the requirements set forth in the Permit. The Permit does not include a provision to increase holdover rent during the reset negotiation period.

Reset Timeline – The parties implemented the appraisal process as a result of protracted negotiations leading up to the initiation of the reset period. This was eventually abandoned after reaching an agreement on a negotiated reset rate. LADWP’s internal approval process on this matter was then delayed multiple times for various reasons (e.g. staff turnover, attorney availability, reallocation of resources to support the Palisades fires, etc.), which in effect caused this action to be delayed for Board consideration; however, the rent increase is retroactive to November 8, 2021, and rates represent the fair market rental value of the premises.

Proposed Compensation Reset – Staff recommends increasing compensation to reflect current market rates in accordance with the table below.

| | Period | Square Feet | Rate/SF/Year | Annual Rent |
|----------------------------|-------------------------------------|--|---------------------|--------------------|
| Current | November 8, 2020 - November 7, 2021 | Land: 36,027 Subsurface Land: 12,558 | \$3.91 \$1.95 | \$165,318.00 |
| Proposed Retroactive Reset | November 8, 2021 – November 7, 2022 | Land: 36,027 Subsurface Land: 12,558 | \$4.50 \$2.25 | \$190,287.00 |
| Actual CPI Increase (7.8%) | November 8, 2022- November 7, 2023 | Land: 36,027 Subsurface Land: 12,558 | \$4.85 \$2.43 | \$205,129.39 |
| Actual CPI Increase (3.2%) | November 8, 2023- November 7, 2024 | Land: 36,027 Subsurface Land: 12,558 | \$5.00 \$2.50 | \$211,639.53 |
| Actual CPI Increase (2.8%) | November 8, 2024- November 7, 2025 | Land: 36,027 Subsurface Land: 12,558 | \$5.14 \$2.57 | \$217,620.95 |
| CPI Increase | November 8, 2025- November 7, 2026 | Land: 36,027 Subsurface Land: 12,558 | +CPI | +CPI |

SUBJECT: ORDER APPROVING COMPENSATION RESET WITH LADWP

Effective November 8, 2022, and annually thereafter, rent is subject to increases based on year-over-year percentage increases in the CPI with a floor of zero percent. The effective year-over-year increases in CPI were 7.8 percent for November 2022, 3.2 percent for November 2023, and 2.8 percent for November 2024. The proposal reflects an increase of 15.10 percent, or \$24,969, in the first year of the 2021 – 2026 reset period.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the Order resetting compensation under Permit No. 911 with LADWP for the five-year period, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed compensation reset will increase annual rent by \$24,969 or 15.10 percent, from \$165,318 currently to \$190,287 as proposed. Effective November 8, 2022, and each November 8 thereafter, rent will increase by the year-over-year change in the CPI, subject to a floor of zero percent.

CITY ATTORNEY:

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

TRANSMITTALS:

- 1. Site Map 708 Regan Street
- 2. Site Map 200 Terminal Way
- 3. Order

FIS Approval: *JS*
 CA Approval: *MP*

Marisa L. Katnich
 MARISA L. KATNICH
 Director of Cargo & Industrial Real Estate

Dina Aryan-Zaklan
 MICHAEL DiBERNARDO for
 Deputy Executive Director

APPROVED:
Erica M. Calhoun for

EUGENE D. SEROKA
 Executive Director
 EDS:MD:MK:YF:jg