



Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: AUGUST 31, 2022**

**FROM: CARGO & INDUSTRIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVAL OF PROPOSED REVOCABLE LICENSES**

**SUMMARY:**

Staff requests approval of a Resolution authorizing the Executive Director to grant Revocable Licenses that provide a short-term real estate entitlement for temporary occupancy and use of property for which a Space Assignment or Revocable Permit is not appropriate. Examples include pipeline removal or soil sampling performed on City of Los Angeles Harbor Department (Harbor Department) property. Specifically, staff requests approval for: (1) a Revocable License template; (2) Revocable License Fees and Charges Guidelines; and (3) Executive Director authorization to grant Revocable Licenses on the approved template. The proposed action will not result in any new financial responsibility on behalf of the Harbor Department.

**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 template entitled Revocable License;
3. Adopt the policy entitled Revocable License Fees and Charges Guidelines;
4. Authorize the Executive Director, or designee, to grant Revocable Licenses on the approved template consistent with the adopted policy as set forth more fully in the Board resolution; and
5. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background - Subject to Board approval, the Executive Director of the Harbor Department is authorized under Section 655(e) of the Charter of the City of Los Angeles to grant revocable permits to use the lands and waters, or interests therein, in the Harbor District, or any structure or appurtenance thereto, for any and all purposes which shall not interfere with commerce or navigation, and are not inconsistent with the trust upon which the land is held by the City.

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The most recent authority delegated to the Executive Director to grant revocable permits were for Revocable Permits under Board Resolution No. 11-7239 (Transmittal 1) and Temporary Entry and Use Permits (TEUPs) under Board Resolution No. 17-8047 (Transmittal 2). The Executive Director may currently grant Revocable Permits, which create a month-to-month tenancy for the exclusive use and control of property, that are valued at or below or provide for compensation not to exceed \$150,000 annually. The Executive Director may also grant TEUPs, which create a fixed term license to use and occupy property for only special events (e.g. concerts, fundraisers, etc.) that do not exceed 60 days, that are valued at or below or provide for compensation not to exceed \$150,000.

The proposed Revocable License would create a third type of revocable permit, which the Executive Director may grant to cover temporary industrial uses of Harbor Department property. Specifically, the Revocable License will create a fixed term license to use and occupy property for industrial uses that do not exceed 365 days and are valued at or below or provide for compensation not to exceed \$150,000. Such Revocable Licenses would grant an applicant only a temporary, nonexclusive right to use and occupy property, without creating a tenancy or landlord/tenant relationship as created by a Revocable Permit. The most common examples of what a Revocable License will be granted for include right to access port property for purposes of conducting surveys, site investigations, or geotechnical work; pipeline removal and any associated activities; soil sampling; well monitoring; temporary non-cargo overflow uses including laydown; and other industrial access to Harbor Department property.

Historically, the Harbor Department issued Space Assignments, which are governed by Tariff No. 4, for the activities listed above. However, that form and set fees were not always compatible with the limited access requirements associated with those activities. Space Assignments are intended for cargo uses, requiring use of property for a duration of one month or longer. Instead, the flexibility to charge either more or less than the Space Assignment rates consistent with the proposed Revocable License Fees and Charges Guidelines discussed below is more appropriate for these types of industrial uses of Harbor Department property.

**Business Need for Revocable License Form and Authorization**

The creation of this new real estate entitlement arises from a business need identified by staff. Currently, the Harbor Department utilizes seven different real estate entitlements, which are tailored to accommodate a range of uses and commercial arrangements (Transmittal No. 3); however, none of the existing entitlements function as a license for short-term or periodic access to port property for industrial purposes and for durations of less than 30-day increments. Since the Harbor Department discontinued the use of Space Assignments for these purposes, short-term permits similar to the proposed Revocable License template have been presented to the Board for approval each time a need for such an entitlement has arisen.

As an example, the proposed form would be used when a party requires access to port property for one to 365 days, rather than in 30-day increments like traditional uses that would be better suited for a Revocable Permit and Space Assignment.

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Due to the limited duration and minimal property access requirements associated with these entitlements, they generate little to no rent but include appropriate insurance and indemnity coverage.

The benefit of this action is that the Harbor Department will have a new standard template, rather than one-off, short-term permits or licenses for an entitlement. It would replace the use of Space Assignments for these uses since Space Assignments did not fit the business need. Further, this new instrument will enable the Department to meet the needs of tenants more efficiently.

Proposed Revocable License Authorization - Staff requests that the Board approve a Resolution (Transmittal 4) authorizing the Executive Director to issue Revocable Licenses. Specifically, staff requests approval for: (1) a Revocable License template; (2) Revocable Licenses Fees and Charges Guidelines; and (3) Executive Director authorization to grant Revocable Licenses on the approved template.

*Revocable License Template* - The proposed Revocable License template provides the latest Harbor Department requirements for standard provisions (insurance, indemnification, etc.) consistent with existing templates for Revocable Permits, TEUPs, and Space/Berth Assignments.

*Revocable License Fees and Charges Guidelines* - The proposed Revocable License Fees and Charges Guidelines is a policy that the Board may adopt to provide guidance to the Executive Director in determining the appropriate fees and charges that constitute compensation for the issuance of each Revocable License. The policy would set such fees equivalent to Port of Los Angeles Tariff No. 4 rates, the prevailing market rent for the relevant property and, if appropriate, adjust such fees for additional factors such as the purpose of the use, the site location, amenities available at the site, the size of the operation, and whether Harbor Department resources are required to support the operation, among other considerations. Additional charges for the use of Harbor Department resources such as security, maintenance, police, and other services may also be included in a Revocable License.

*Executive Director Authorization* – Like the existing Revocable Permit and TEUP authorities, the Executive Director, or his designee, is proposed to be authorized to issue Revocable Licenses that are valued at or below \$150,000 annually consistent with Board-approved fees and charges guidelines, and for a fixed term not to exceed 365 days. Applications that exceed these terms, or materially deviate from the Revocable License template, shall require Board approval. This delegation is consistent with the authority limit set forth in the Los Angeles City Charter.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of a Resolution authorizing the Executive Director to grant Revocable Licenses, 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.

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**FINANCIAL IMPACT:**

Approval of the proposed Resolution will: (1) establish a Revocable License template; (2) establish guidelines for Revocable License Fees and Charges; and (3) authorize the Executive Director to grant Revocable Licenses for which a Space Assignment or Revocable Permit is not appropriate.

New Revocable Licenses executed under the proposed Resolution will follow the same guidance applicable to Revocable Permits and TEUPs with respect to cost recovery and the receipt of market rent. Services subject to reimbursement will continue to include security, maintenance, police, and other charges that may be ancillary to the use of the property under prospective Revocable Licenses.

**CITY ATTORNEY:**

The proposed template for Revocable Licenses and associated fees and charges guidelines have been reviewed by the Office of the City Attorney and approved as to form and legality.

**TRANSMITTALS:**

1. Resolution No. 11-7239
2. Resolution No. 17-8047
3. Summary of Real Estate Entitlements
4. Resolution – Revocable License

FIS Approval: MB  
CA Approval: SO

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