



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: FEBRUARY 10, 2021

FROM: WATERFRONT AND COMMERCIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF FIVE-YEAR REVIEW OF REVOCABLE PERMIT NOS. 93-02 WITH ISLAND EXPRESS HELICOPTER, INC., 09-04 WITH PORT LA DISTRIBUTION CENTER, L.P., 15-13 WITH HARBOR BREEZE CORP., AND 16-04 WITH MARINE TECHNICAL SERVICES, INC.

SUMMARY:

Staff requests approval of the following revocable permits (RPs) pursuant to the City of Los Angeles Harbor Department (Harbor Department) policy for five-year review by the Board of Harbor Commissioners for continuation or modification of RPs:

- RP No. 93-02 with Island Express Helicopter, Inc., Berths 94-95, San Pedro;
- RP No. 09-04 with Port LA Distribution Center, L.P., Westmont Drive/North Gaffey Street, San Pedro;
- RP No. 15-13 with Harbor Breeze Corp., Berths 78-79, San Pedro; and
- RP No. 16-04 with Marine Technical Services, Inc., 211 N. Marine Avenue, Wilmington

Approval of the proposed continuations will entitle each tenant to continue their business operations at their respective sites. Further, annual rent under RP No. 93-02 will increase by \$2,373 from \$19,575 to \$21,948 per year.

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. 93-02 with Island Express Helicopter, Inc;
3. Approve the continuation of Revocable Permit No. 09-04 with Port LA Distribution Center, L.P.;
4. Approve the continuation of Revocable Permit No. 15-13 with Harbor Breeze Corp.;
5. Approve the continuation of Revocable Permit No. 16-04 with Marine Technical Services, Inc.; and
6. Adopt Resolution No. _____.

SUBJECT: CONTINUATION OF REVOCABLE PERMIT NOS. 93-02, 09-04, 15-13, AND 16-04

DISCUSSION:

Background – Harbor Department policy 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 the RPs outlined below. The RPs herein are all 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.

RP No. 93-02 – Under RP No. 93-02, Island Express Helicopter, Inc. operates and maintains helicopter service to Santa Catalina on 28,081 square feet of land at Berths 94-95 in San Pedro. The effective date of the RP is March 15, 1993. The tenant is in good standing, with \$19,575 of rent paid to the Harbor Department in calendar year 2020. The last compensation reset was in 2012.

Staff requests approval to continue Island Express Helicopter, Inc.'s tenancy under an RP. This action would result in neither use changes nor facility changes. Staff intends to place the tenant on a new RP consistent with the 2011 Board-approved RP template upon relocation to a new site. Compensation will be reset to \$21,948 annually, which includes Consumer Price Index (CPI) increases over the past adjustment period.

RP No. 09-04 – Under RP No. 09-04, Port LA Distribution Center, L.P. maintains a monument sign on a 75-square foot parcel located at the southeast corner of Westmont Drive and North Gaffey Street in San Pedro. The purpose of the sign is to alert transportation vehicles of the location of the Port LA Distribution Center, an industrial warehouse complex located at 400 Westmont Drive. The effective date of the RP is February 18, 2011. On July 1, 2020, compensation was last adjusted automatically by CPI. The tenant is in good standing, with \$2,071.98 of rent paid to the Harbor Department in calendar year 2020. Compensation has never been reset over and above the annual CPI adjustments, as the current rent is in excess of market unit value rates primarily utilized for larger parcels with higher utility.

Staff requests approval to continue as a short-term RP due to its small parcel size and non-essential use. This action would result in neither use changes nor facility changes. Staff intends to update the RP permit consistent with the 2011 Board-approved RP template. Compensation will continue to be automatically adjusted by CPI on July 1, 2021.

RP No. 15-13 – Under RP No. 15-13, Harbor Breeze Corp. operates and maintains harbor cruises, sport fishing, boat and tackle rental, and associated commercial retail over 25,353 square feet at Berths 78 to 79 in San Pedro. The effective date of the RP is September 21, 2015. The tenant is in good standing, with \$74,846.28 of minimum rent paid to the Harbor Department in calendar year 2020. The last compensation reset was December 1, 2020.

SUBJECT: CONTINUATION OF REVOCABLE PERMIT NOS. 93-02, 09-04, 15-13, AND 16-04

Staff requests approval to continue under the existing entitlement to maintain flexibility for the development of the West Harbor project. This action would result in neither use changes nor facility changes. The RP is consistent with the most recent Board-approved RP template and includes CPI increases.

RP No. 16-04 – Under RP No. 16-04, Marine Technical Services, Inc. operates a full-service repair facility for stevedoring equipment over 13,760 square feet at 211 N. Marine Avenue in Wilmington. The effective date of the RP is January 4, 2016. The tenant is in good standing, with \$45,629.94 of rent paid to the Harbor Department in calendar year 2020. Compensation reset for this RP is due in 2021.

Staff requests approval to continue under the existing entitlement. Maintaining flexibility over the site is in the Harbor Department's best interest because the premises is located within the Wilmington Waterfront area and may be developed as part of a potential future waterfront project. This action would result in neither use changes nor facility changes. The RP is formatted under the most recent Board-approved RP template and includes CPI increases. Staff intends to reset compensation for the RP to \$61,920 annually based on market value of the land at \$45 per foot and rate of return of 10 percent for land.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the continuation of RP No. 93-02 with Island Express Helicopter, Inc.; RP No. 09-04 with Port LA Distribution Center, L.P.; RP No. 15-13 with Harbor Breeze Corp.; and RP No. 16-04 with Marine Technical Services, 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 revocable permit continuations would entitle each tenant to continue their business operations at their respective sites. Rent under the following revocable permits will not be changed if the proposed continuations are approved: RP No. 09-04 with Port LA Distribution Center L.P., RP No. 15-13 with Harbor Breeze Corp., and RP No. 16-04 with Marine Technical Services, Inc.

RP No. 09-04 will continue to be automatically adjusted by CPI on July 1. Minimum rent under RP No. 15-13 will likewise continue to be automatically adjusted by CPI on July 1. Rent under RP No. 16-04 is anticipated to be reset as part of the compensation reset due in 2021.

Annual rent under RP 93-02 will increase by \$2,373 from \$19,575 to \$21,948 if the proposed action is approved.

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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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BL872raw Five-Year RP Review