



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: DECEMBER 17, 2015

FROM: CARGO AND INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - PROPOSED THIRD AMENDMENT TO PERMIT NO. 893 WITH PACIFIC MARITIME ASSOCIATION AT THE PORT OF LOS ANGELES

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) staff recommends to the Board of Harbor Commissioners approval of the Third Amendment to Permit No. 893 (Permit) with Pacific Maritime Association (PMA). The Permit was granted to PMA effective May 31, 2011, for the construction and operation of a new International Longshoreman Warehouse Union (ILWU) dispatch hall, the construction of which was completed on October 30, 2014. The Permit requires the title of the old ILWU dispatch hall to be conveyed to the Harbor Department within 15 months after the construction completion date or January 29, 2016, whichever is sooner. Due to the ILWU/PMA's need for additional surplus parking beyond the newly constructed dispatch hall's capacity, PMA is requesting an extension of no more than one year to convey the title of the old dispatch hall to the Harbor Department.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Section 1(14) of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Approve the Third Amendment to Permit No. 893 with Pacific Maritime Association in substantial form as attached;
3. Direct the Board Secretary to transmit the Amendment to the City Council for approval pursuant to Charter Section 606 of the City Charter;
4. Authorize the Executive Director to execute and the Board Secretary to attest to the Amendment to the Third Amendment of Permit No. 893; and
5. Adopt Resolution No. _____.

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DISCUSSION:

Background/Context - On May 31, 2011, the Board approved the Permit between the PMA and the Harbor Department for the lease of 8.77 acres of Harbor Department property. The use of the property is for the construction and operation of a new ILWU dispatch hall facility located near the intersection of Alameda Street and Henry Ford Avenue in Wilmington (Transmittal 1). The new dispatch hall is a two-story, 33,000 square-foot building with nearly quadruple the capacity of the previous dispatch hall and is able to accommodate up to 3,000 people. PMA, at its sole cost and expense, spent approximately \$26,000,000 for construction, including preparing a remediation plan for contaminated soil or ground water encountered on the site. The term is for a period not to exceed 32 years, with annual compensation set at \$1.00 for the land for the first five years and adjusted to fair-market value thereafter pursuant to the City Charter. As additional compensation, the Harbor Department exercised its option to obtain title of the old PMA-owned dispatch hall property in Wilmington that had an estimated value of \$1,040,000 at the time of Permit execution.

On February 6, 2012, the Board approved Resolution No. 12-7261 for a Settlement and Release Agreement (First Amendment) amending the Permit as a result of the Regional Water Quality Control Board's (RWQCB) review of the site environmental assessment. Subsequent to their review, the RWQCB determined that remediation would be required for all soil and groundwater contamination found on the site, and not just that encountered during construction. PMA would pay for the preparation of a remedial action plan (estimated at \$633,670) and pay the Harbor Department \$500,000 to be released from any responsibility for groundwater contamination. In turn, the Harbor Department would take responsibility for remediation of groundwater contamination and monitoring plans, estimated at \$271,150. Any ground water treatment required by the RWQCB would be the responsibility of the Harbor Department.

In December 2013, the Real Estate Division (RED) was contacted by PMA regarding a need for additional dispatch hall overflow parking. RED staff negotiated with PMA for the use of various vacant parcels of land and negotiated Revocable Permits for use. Later in 2014, due to increased infrastructure costs related to the use of these lots, PMA requested a hold on the use of these lots until negotiations were completed with ILWU.

On September 18, 2014, the Board approved the Second Amendment to the Permit modifying the requirement that PMA construct a bike path along a segment of Alameda Street and Anaheim Street as a condition of the Permit. During construction, it was determined that the bike path was not needed, and the Harbor Department and PMA agreed to waive this requirement in favor of using this allocated land for more PMA dispatch hall parking. The new dispatch hall was subsequently completed on October 30, 2014.

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In early 2015, PMA approached RED to request an alternate seasonal overflow lot that would not require ILWU members to cross the busy Anaheim/Alameda intersection or require extra signaling for crosswalks. Harbor Department staff showed PMA a portion of the Pacific Harbor Line rail equipment and materials storage area, just south of the dispatch hall on Henry Ford Avenue, which is under the control of the Harbor Department. PMA expressed interest in utilizing a portion of the lot for surplus parking needs. Harbor Department staff is currently engaged with PMA to finalize the necessary use permits and other entitlements necessary to complete this site.

Due to the delays related to the acquisition of additional surplus parking beyond the new dispatch hall's capacity, ILWU has not occupied the newly constructed dispatch hall. As a result, PMA desires to amend the terms of the Permit to extend the deadline from which the title of the old dispatch hall must be conveyed to the Harbor Department. PMA is requesting the conveyance deadline be extended from January 29, 2016 to no later than February 1, 2017.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a Third Amendment to Permit No. 893 with PMA to extend the date for conveyance of the old dispatch hall to February 1, 2017. This will allow PMA to continue occupancy of the old dispatch hall while a solution to accommodate additional overflow parking is found. Any new construction, permitting or other discretionary action required to accommodate additional parking will be subject to review pursuant to CEQA. Therefore, this action is limited to approval of the Amendment to extend the conveyance date for the old dispatch hall, which is an activity involving the amendment of a permit to use an existing facility involving negligible or no expansion of use. As such, the proposed action is exempt from the requirements of CEQA in accordance with Article III Class 1(14) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

If the real estate market declines during 2016 or the first half of 2017, the delay in the conveyance of title of the old dispatch hall could have a financial impact should the Harbor Department decide to declare it surplus property and subsequently sell the property. Alternatively, should the real estate market continue to see improvement, the delay could benefit the Harbor Department. Current value of the old dispatch hall site is estimated at \$1,650,000. At the time of conveyance of title of the old dispatch hall, the market value will be reflected in the Harbor Department's financial statements.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the Third Amendment as to form and legality.

TRANSMITTALS:

1. Site Map
2. Third Amendment to Permit No. 893



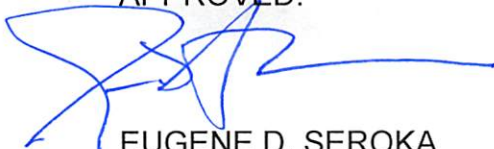
JACK C. HEDGE
Director of Cargo Industrial Real Estate

FIS Approval:  (initials)
CA Approval:  (initials)



MICHAEL DiBERNARDO
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APPROVED:



EUGENE D. SEROKA
Executive Director

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