



Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE:** JULY 7, 2020

**FROM:** CARGO & INDUSTRIAL REAL ESTATE

**SUBJECT:** RESOLUTION NO. \_\_\_\_\_ - APPROVAL OF MASTER JOINT REVOCABLE PERMIT NO. 19-15 AMONG CROWN CASTLE FIBER, LLC, CITY OF LOS ANGELES HARBOR DEPARTMENT, AND PORT OF LONG BEACH, AS JOINT OWNERS

**SUMMARY:**

Staff requests approval of Master Joint Revocable Permit (MJRP) No. 19-15 among Crown Castle Fiber, LLC, a New York limited liability company (CCF), the City of Los Angeles Harbor Department (Harbor Department) and the Port of Long Beach (POLB), (collectively "Ports"), as joint owners, for the maintenance and operation of underground and overhead fiber optic utility crossings.

The MJRP will consolidate 24 various fiber-optic utility crossings allowing both underground and overhead crossings. The initial annual rent is \$14,000, subject to annual increases based on the Consumer Price Index (CPI), which would be split equally by the Ports. As a 50 percent joint-owner, the Harbor Department will receive \$7,000 in Year 1 and its 50 percent share of annual rent each year thereafter.

This MJRP requires approval from the Board of Harbor Commissioners of both Ports, and the POLB Board of Harbor Commissioners approved this MJRP at its meeting on July 13, 2020.

**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 Section 15301 of the State CEQA Guidelines;

**SUBJECT: APPROVAL OF MASTER JOINT REVOCABLE PERMIT NO. 19-15 WITH CROWN CASTLE FIBER, LLC**

- 2. Approve Master Joint Revocable Permit No. 19-15 among Crown Castle Fiber, LLC. and the City of Los Angeles Harbor Department and Port of Long Beach, as joint owners;
- 3. Authorize the Executive Director to execute and the Board Secretary to attest to Master Joint Revocable Permit No.19-15; and
- 4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background - On December 22, 1994, the Harbor Department and POLB jointly purchased rail properties as part of the Alameda Corridor Transportation Authority (ACTA) construction project. The properties are the former Southern Pacific Railroad and Union Pacific Railroad (UPRR) right-of-way (ROW) within the County of Los Angeles and are held by the Ports as tenants-in-common, with each holding an undivided 50 percent interest in the properties. In addition, the Ports became successors-in-interest to all railroad agreements, leases, and licenses related to the acquired railroad ROW.

Current Action - Through recent inspections, staff discovered that CCF had 24 fiber-optic crossings over the Ports’ jointly-owned property (Transmittal 1) without requisite real estate entitlements; this proposed MJRP would resolve those encroachments. Seventeen of the 24 crossings are located within public street rights-of-way and are governed by franchise agreements from the various cities they are located within. The remaining seven are located outside of the street right-of-way and are strictly crossing jointly owned rail property. Therefore, only seven of the crossings are subject to rent in the MJRP. The 17 other crossings are not subject to rent in the MJRP but are incorporated into this MJRP to i) protect the Ports from liabilities arising from CCF’s use and ii) require rail safety protocols during any maintenance or construction activities on or near the railroad.

Under the proposed MJRP (Transmittal 2), all 24 fiber-optic crossings would be consolidated under one master agreement as summarized below.

| <u>Provisions</u> | <u>Description</u>  |
|-------------------|---|
| Permitted Use     | Maintenance and operation of subsurface and overhead fiber-optic crossings and related improvements.                            |
| Term              | Month-to-month  |
| Termination       | Subject to termination by either party with 60 days’ written notice.  |
| Premises          | The premises are comprised of 24 fiber-optic crossings totaling approximately 12,050 square feet, as depicted on attached maps. |

**SUBJECT: APPROVAL OF MASTER JOINT REVOCABLE PERMIT NO. 19-15 WITH CROWN CASTLE FIBER, LLC**

|  |   |
|--|---|
| Compensation <sup>1</sup>  | The Harbor Department will receive 50 percent of the total compensation, equal to \$7,000 per year. Total compensation for the first year is \$14,000, split equally between the Ports. |
| Adjustments  | 1. Annual CPI adjustment<br>2. Adjust rents to market rates upon 60 days' written notice to CCF.  |
| Maintenance  | CCF, at its sole cost, will keep and maintain the permit areas and facilities.  |
| Insurance  | All standard insurance requirements apply, plus additional coverage for Environmental Impairment Insurance.   |
| Notes:<br><sup>1</sup> Compensation is based on \$2,000 per crossing for seven facilities. |   |

Background on Proposed Compensation - The proposed compensation for this transaction is \$2,000 per crossing which is the minimum rent required by the Ports when compensation would otherwise be less than that amount using then-current market rates. Only seven of the 24 crossings are subject to the fee; the remaining 17 are located within public rights-of way and are primarily governed by the public agency with jurisdiction over the areas they cross. As such, the Ports do not assess a fee for those crossings

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of MJRP No. 19-15 among CCF and the Ports as joint owners, for the maintenance and operation of 24 various fiber-optic utility crossings, which is an activity involving permitting for maintenance and operation of existing facilities involving negligible or no expansion of use. Therefore, the Director of the Environmental Management Division has determined that the proposed action is categorically exempt from the requirements of CEQA in accordance with Section 15301 of the State CEQA Guidelines.

**FINANCIAL IMPACT:**

Under the proposed MJRP, CCF will initially pay \$7,000 per year to the Harbor Department (totaling \$14,000 per year, split equally between both Ports). This represents \$7,000 of new revenue per year to the Harbor Department. Annual adjustments based on CPI will commence on the first anniversary of the proposed MJRP.

DATE: JULY 7, 2020

PAGE 4 OF 4

SUBJECT: APPROVAL OF MASTER JOINT REVOCABLE PERMIT NO. 19-15 WITH  
CROWN CASTLE FIBER, LLC

**CITY ATTORNEY:**

Master Joint Revocable Permit No. 19-15 has been approved as to form and legality by the Office of the City Attorney.

**TRANSMITTALS:**

1. Permit Maps
2. Master Joint Revocable Permit No. 19-15

FIS Approval: MB  
CA Approval: JD

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

*Michael DiBernardo*  
MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:

*Eugene D. Seroka* FOR  
EUGENE D. SEROKA  
Executive Director

EDS:MD:MK:RG:raw  
Author: Regner Globus  
BL826raw Crown Castle