

DATE: NOVEMBER 4, 2020

FROM: CARGO AND INDUSTRIAL REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ - APPROVE JOINT
REVOCABLE PERMIT AND MASTER JOINT REVOCABLE PERMIT
TEMPLATES FOR USE WITH JOINTLY-OWNED RAIL PROPERTIES
WITH THE PORT OF LONG BEACH**

SUMMARY:

Staff requests the Board of Harbor Commissioners to 1) approve the proposed Joint Revocable Permit (JRP) and Master Joint Revocable Permit (MJRP) templates, and 2) delegate authority to the Executive Director to execute JRPs and MJRPs so long as the compensation is charged and does not exceed \$50,000 per year per permit. JRPs and MJRPs are month-to-month real estate entitlements granted by the City of Los Angeles Harbor Department (Harbor Department) and the Port of Long Beach (POLB), as joint owners of rail properties located along the former Southern Pacific Railroad and Union Pacific Railroad right-of-way in the County of Los Angeles. This approval and delegation will streamline administrative processing of the revocable permits that fall under the annual compensation threshold of \$50,000 per permit.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

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 Class 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the Joint Revocable Permit and Master Joint Revocable Permit templates; and
3. Adopt Resolution No. _____, which authorizes the use of the Joint Revocable Permit and Master Joint Revocable Permit templates for jointly owned rail properties with the Port of Long Beach and delegates authority to the Executive Director to execute such permits where compensation is charged but does not exceed \$50,000 per year per permit and the permits do not materially deviate from the approved templates unless the deviations provide for more stringent or restrictive tenant obligations than those provided in the templates.

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DISCUSSION:

Background – On December 22, 1994, the Harbor Department and POLB jointly purchased properties as part of the Alameda Corridor construction project. The properties are located along the former Southern Pacific Railroad and Union Pacific Railroad right-of-way in the County of Los Angeles. The railroad properties were purchased and held by the Harbor Department and POLB as tenants in common, with each holding an undivided 50 percent interest. See Transmittal No. 1 for a map of the property boundaries.

The Harbor Department and POLB jointly grant JRPs and MJRPs on a month-to month basis for a variety of uses, such as storage, parking, and utility crossings. The difference between a JRP and an MJRP is that an MJRP covers multiple locations/premises. Also, MJRP allows for the addition/deletion of premises while the JRP does not.

Due to tenants' limited property requirements, the JRPs and MJRPs generate little rent, usually under \$12,000 per year per permit. As an example, in the past 12 months, the five JRPs and MJRPs presented and approved by the Board resulted in a total an average annual rent of \$6,335 per permit. Taking in to account 1) the volume of permits the Harbor Department grants, 2) the staff time involved with processing the permits through the approval process, and 3) the low value of these permits, staff recommends that approval be delegated to the Executive Director subject to a value authority threshold.

Los Angeles City Charter section 655(e) provides that the Executive Director, subject to the approval of the Board, can grant revocable permits. Under Board Resolution Nos. 11-7230 and 11-7239, the Board delegated the authority to issue revocable permits to the Executive Director for non-joint properties, subject to 1) the use of the Board-approved Revocable Permit Template (allowing modifications that are more stringent or restrictive tenant obligations than in the template) and 2) annual rent does not exceed \$150,000, consistent with Executive Director's authority limit pursuant to Administration Code Section 10.1.1.(a).

Staff proposes that a similar delegation apply to the proposed JRP and MJRP templates. However, certain JRPs and MJRPs will still be subject to the approval of the Board when they 1) materially deviate from the JRP and MJRP templates unless the modifications involve more stringent or restrictive tenant obligations; 2) involves annual compensation in excess of \$50,000 per permit; and/or 3) is a no-charge rental arrangement.

The summary of JRP (Transmittal 2) and MJRP (Transmittal 3) template terms are as follows:

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<u>Provisions</u>	<u>Description</u>
Permitted Use	Will be limited to industrial uses that will not impact rail operations.
Term	Month-to-month
Termination	Subject to termination by either party with 30 to 180 days' written notice similar to the approved (non-joint) Revocable Permit template.
Premises	Will be limited to perimeters that will not impact rail operations.
Compensation	Will be based on market rents for rail properties, currently at \$3.20 per square foot per year. Additionally, a minimum rent of \$2,000 is utilized for premises that have calculated rents that are below \$2,000.
Adjustments	1. Annual CPI adjustments 2. Adjust rents to market rates upon 60 days' written notice
Environmental	All standard environmental requirements apply.
Pipelines	Pipeline language is included with testing and reporting requirements similar to the previously approved (non-joint) Revocable Permit template.
Maintenance	Permittee, at its sole cost, will keep and maintain the permit areas and facilities.
Insurance and Indemnification	Standard indemnification and insurance requirements apply.
Los Angeles City Contract Requirements	All Los Angeles City contract requirements are incorporated.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of JRP and MJRP templates, and the approval of delegation of authority to the Executive Director to execute JRPs and MJRPs with annual compensation that does not exceed \$50,000, which are administrative activities. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Resolution will authorize the use of JRP and MJRP templates and delegate authority to the Executive Director to execute JRPs and MJRPs in which annual compensation does not exceed \$50,000 per permit. The use of templates and delegation of execution authority is anticipated to streamline the administrative process associated with these entitlements with no impact on the revenues generated by future JRPs and MJRPs.

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CITY ATTORNEY:

The Joint Revocable Permit and Master Joint Revocable Permit templates have been reviewed and approved as to form by the Office of the City Attorney.

TRANSMITTALS:

1. Rail Map
2. Joint Revocable Permit Template
3. Master Joint Revocable Permit Template

FIS Approval: MB
CA Approval: 2

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