



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MARCH 30, 2016

FROM: CARGO & INDUSTRIAL REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ - PROPOSED REVOCABLE PERMIT
BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT
AND PACIFIC MARITIME ASSOCIATION**

SUMMARY:

Staff requests approval of a Revocable Permit (RP) with Pacific Maritime Association (PMA) for use of City of Los Angeles Harbor Department (Harbor Department) property in Wilmington for overflow automobile parking. Approval of the proposed RP will allow PMA and International Longshoreman Warehouse Union (ILWU) to occupy the new dispatch hall once parking lot improvements have been completed. The "overflow" automobile parking will only occur on occasions when the new Dispatch Hall parking lot has reached its total capacity.

Under the month-to-month RP, compensation to the Harbor Department is \$22,041.62 per month, revocable on 30 days' written notice. The Harbor Department will first reimburse PMA for the parking lot improvements through monthly rent credits. The total cost of the proposed improvements is estimated at no more than \$364,000.

RECOMMENDATION:

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

1. Find that the ILWU Local 13 Dispatch Hall Project (Project) was assessed pursuant to the California Environmental Quality Act (CEQA) and that (a) the proposed Project will not have a significant effect on the environment as assessed through a Final Mitigated Negative Declaration (Final MND) which was approved by the Board on May 19, 2011, (b) the Board adopted mitigation measures to reduce all impacts of the Project to less than significant levels, and (c) the Addendum to the previously approved Final MND for changes or alterations to the Project has been considered and results in no new environmental impacts or increase in severity of previously identified impacts;
2. Approve the Revocable Permit with Pacific Maritime Association;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the Revocable Permit; and
4. Adopt Resolution No. _____.

SUBJECT: REVOCABLE PERMIT WITH PACIFIC MARITIME ASSOCIATION

DISCUSSION:

Background/Context - On May 31, 2011, the Board approved Permit No. 893 between PMA and the Harbor Department for the lease of 8.77 acres of Harbor Department property for the construction, and operation of a new ILWU Dispatch Hall facility located near the intersection of Alameda Street and Henry Ford Avenue. PMA, at its sole cost and expense, spent approximately \$26,000,000 for construction of the Dispatch Hall. The term of Permit 893 is for a period not to exceed 32 years. To date, the completed Dispatch Hall has not been occupied due to a requirement for additional overflow parking.

In December 2013, the Real Estate Division was contacted by PMA regarding a need for additional Dispatch Hall overflow parking. Real Estate Division staff negotiated with PMA for the use of various vacant parcels of land and prepared RPs for this purpose. However, due to increased infrastructure costs related to the use of these lots, in 2014 PMA requested a hold on further negotiations.

In early 2015, PMA contacted the Real Estate Division to request an alternative overflow lot that would not require ILWU members to cross the busy Anaheim/Alameda intersection or require extra signaling for crosswalks. Harbor Department staff identified a portion of the Pacific Harbor Line (PHL) rail equipment and materials storage area just south of the Dispatch Hall on Henry Ford Avenue. PMA expressed interest in utilizing a portion of the lot for surplus parking needs. Use of the parking lot will mainly be sporadic and tied to events where there are either meetings that will involve all of the local ILWU members' attendance, or when labor demand exceeds typical normal levels and exceed the Dispatch Hall's parking lot capacity.

PMA will need to stripe and slurry coat the existing paving; construct a new curb cut entrance on Henry Ford Avenue into the lot so as to not interfere with PHL's rail operations yard; relocate PHL's access gate to the revised configuration of their materials storage; install a new dividing fence between the automobile lot and the PHL materials storage lot; install sidewalk; and install lot lighting. Total cost to PMA for the proposed improvements to the lot are estimated at no more than \$364,000, of which \$314,000 is estimated to qualify for reimbursement.

The Harbor Department will reimburse PMA for the parking lot improvements, which will accrue to the benefit of the Harbor Department, through the administration of monthly rent credits. PMA will have 90 days to submit for reimbursement any work completed on the site related to improvements that are purchased and installed on the premises, as well as, design and construction administrative costs directly related to the improvements discussed above being installed. Approved rent credits will be applied against the monthly rent until fully amortized or until PMA chooses to terminate the revocable permit, whichever occurs first. Any unused rental credits will be forfeited should PMA elect to terminate the RP.

SUBJECT: REVOCABLE PERMIT WITH PACIFIC MARITIME ASSOCIATIONSummary of Significant Permit Terms

Effective Date: The month-to-month RP (Transmittal 1) will be effective upon execution by the Executive Director and revocable upon 30 days' written notice.

Premises: The premises are approximately 120,227 square feet and located on Henry Ford Avenue (500 feet south of the new PMA Dispatch Hall parking lot). PMA will utilize the property only when needed to accommodate more than the new Dispatch Hall parking lot.

Compensation: \$22,041.62 per month, with monthly rent credits based upon capital investment of parking lot improvements by PMA. PMA will pay the monthly compensation regardless of use of the overflow parking lot.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval to issue an RP to PMA for operation of an overflow automobile parking lot to serve the new Dispatch Hall. The environmental impacts of the underlying project have been assessed in the March 2016 Addendum to the ILWU Local 13 Dispatch Hall Project Final Mitigated Negative Declaration, which is being considered as part of this action.

FINANCIAL IMPACT:

Currently, the PHL materials storage yard does not generate any rent. The parking lot area that will be allocated to PMA within the current PHL yard is approximately 120,227 square feet in size. Current market value of this land is estimated at \$22.00 per square foot due to its size and close proximity to the rail yard. Utilizing a 10 percent rate of return, rent will be \$2.20 per square foot per year, or \$264,499.40 annually as shown below:

Parking Lot Area (SF)	Rental Rate Per SF	Monthly Rent	Annual Rent
120,227	\$ 2.20	\$22,041.62	\$264,499.40

It is estimated that rent credits will be exhausted no later than October 2017:

Estimated Rent Credit Amortization	
Estimated Reimbursable Improvements Cost =	\$ 314,000
Estimated Total Time to Amortize Rent Credits=	14 months

Rent will be adjusted pursuant to the terms of the RP to recognize the proposed improvements upon completion of construction.

DATE: MARCH 30, 2016

PAGE 4 OF 4

SUBJECT: REVOCABLE PERMIT WITH PACIFIC MARITIME ASSOCIATION

CITY ATTORNEY:

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


TRANSMITTAL:

1. Revocable Permit



JACK C. HEDGE
Director of Cargo & Industrial Real Estate

FIS Approval:  (Initials)
CA Approval:  (Initials)



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

JH:PA:raw
Author: Paul Andre
BL575raw PMA Parking RP