


0150-06047-0005		
TRANSMITTAL		
TO Eugene D. Seroka, Executive Director Harbor Department	DATE MAY 08 2019	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 15	
 PROPOSED FIRST AMENDMENT TO PERMIT NO. 930 WITH THE JANKOVICH COMPANY Transmitted for further processing and Council consideration. See the City Administrative Officer report attached.  MAYOR Ana Guerrero		
RHLABN:101901101		

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 7, 2019

CAO File No. 0150-06047-0005

Council File No.

Council District: 15

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Correspondence from the Harbor Department dated March 22, 2019; referred by the Mayor for report dated April 11, 2019

Subject: **PROPOSED FIRST AMENDMENT TO PERMIT NO. 930 WITH THE JANKOVICH COMPANY**

RECOMMENDATIONS

That the Mayor:

1. Approve Harbor Department (Port) Resolution No. 19-8441 authorizing a proposed First Amendment to Permit No. 930 with The Jankovich Company to continue operating its marine fuel station on Port property for an additional year at no rent until November 2019; and,
2. Return the document to the Port for further processing, including Council consideration.

SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) requests approval of Resolution No. 19-8441 authorizing a proposed First Amendment (Amendment) to Permit No. 930 (Permit) with The Jankovich Company (Jankovich). The Port states that it entered the Permit with Jankovich to facilitate its required relocation to another Port of Los Angeles (POLA) site to operate its marine fueling station (fueling station) at Berth 74. As part of the relocation, the Port initially granted Jankovich time to obtain all of the required permits and to complete the construction and improvements contained in the Permit. As a result, the Port did not charge Jankovich rent (\$290,042) for one year, until November 2018. According to the Port, Jankovich was unable to obtain the required permits in one year period to complete their construction projects. The proposed Amendment will grant Jankovich an additional year of retroactive approval, from November 2018 to November 2019, to obtain the required permits and complete improvements on POLA property at Berths 73A, Berth 51 and the Canetti's Building. The approval will include foregoing \$290,402 in annual monthly rental payments during this time. The Port states that requiring Jankovich to pay rent at the non-operating Berth 73A would be an undue burden in light of the required relocation.

Jankovich operates a fueling station at Berth 74 under Revocable Permit (RP) No. 12-11. Jankovich will continue to pay monthly minimum rent and a percentage of gross receipts under RP 12-11. In 2018, Jankovich paid a total of \$298,000 for land rent, dockage charges (for vessel tied up at a wharf), and gross receipts under RP 12-11.

DISCUSSION

Jankovich has operated its facility since 1933 and employs approximately 40 full-time employees. Jankovich is described as a full-service land and marine fueling distributor that provides lubricants and specialty products in Southern California. The Port leases property to Jankovich under a RP to operate a marine fuel station to supply fuel, gasoline and lubricants to vessels at Berth 74 in the POLA. The fueling station provides services to vessels including tugboats, small commercial, recreational and fishing vessels, and other shipping operations. The facility also contains storage tanks for diesel fuel, gasoline and lubricants for various vessels.

In 2017, the Port relocated Jankovich to Berth 73A, because the Port wanted to use previously occupied space for expansion of the Port Master Plan (PM Plan) and development of the San Pedro Public Market (SPPM) at the Ports-of-Call (POC) Village. The PM Plan wanted to set-aside property for commercial use serving visitors. The Board approved plans for the redevelopment of the POC Village and later the 50-year lease for the SPPM. The relocation of Jankovich to Berth 73A also required an amendment to the PM Plan. Permit 930 with Jankovich included a long-term lease and allowed them to move their operations to a site with marine support consisting of land, wharf, water and submerged land and building space.

Jankovich has been responsible to make certain improvements to their new site, which includes: Berth 73A; Berth 51 area; Canetti's Building; and, truck access and parking lot. Jankovich is responsible for costs associated with the development, construction, environmental, design work, and permitting. The improvements included restoring, designing, constructing, and implementing developments at the Berth 73A site. After November 2019, Jankovich will be responsible to pay the greater of approximately \$290,402 in annual rent or "percentage rent," which is a fractional increase in rent based upon certain levels of output and percentage of gross sales. The Port was not responsible for any of the construction and improvement costs.

The City Attorney has approved the proposed Amendment as to form and legality. The proposed Permit is in compliance with all applicable provisions of City Ordinance and contracting requirements. Pursuant to Charter Section 606, the Mayor and Council must approve Permit that exceeds five years. The Port has determined that the proposed action is an administrative activity and is therefore exempt from the requirements of California Environmental Quality Act (CEQA) under Article III, Section 1(14) of the Los Angeles City CEQA Guidelines.

FISCAL IMPACT STATEMENT

Approval of the Harbor Department (Port) request to the proposed Amendment to Permit No. 930 with The Jankovich Company (Jankovich) will require Jankovich to pay monthly rent, percentage of rent, monthly dockage charges subsequent to November 5, 2019. In 2017, the Port required Jankovich to relocate its operations to another site in the POLA. The proposed Amendment will allow Jankovich to forego \$290,402 in annual minimum rent payments for one year, retroactively from November 2018 to November 2019 to obtain the required permits and complete construction and improvements on the relocated Port site.