



0150-11519-0000

TRANSMITTAL

TO
Eugene D. Seroka, Executive Director
Harbor Department

DATE
FEB 13 2020

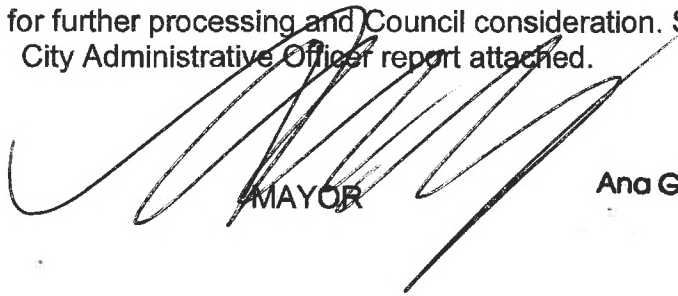
COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT
15

**PROPOSED PERMIT NO. 933 WITH COUNTY SANITATION DISTRICT NO. 2
OF LOS ANGELES COUNTY**

Transmitted for further processing and Council consideration. See the
City Administrative Officer report attached.



MAYOR

Ana Guerrero

RHL:JCY:102000801

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: February 10, 2020

CAO File No. 0150-11519-0000

Council File No. --

Council District: 15

To: The Mayor

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

Reference: Correspondence from the Harbor Department dated October 18, 2019

Subject: **PROPOSED PERMIT NO. 933 WITH COUNTY SANITATION DISTRICT NO. 2 OF LOS ANGELES COUNTY**

RECOMMENDATION

That the Mayor:

1. Approve Harbor Department (Port) Resolution No. 19-9541 to authorize Permit No. 933 with County Sanitation District No. 2 of Los Angeles County; 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. 19-9541 authorizing proposed Permit No. 933 (Permit) with County Sanitation District No. 2 of Los Angeles County (County Sanitation). The proposed Permit will grant County Sanitation a 30-year lease and authority to use 23,358 square feet of surface and subsurface land in the Port of Los Angeles (POLA) for the operation and maintenance of a sewer pumping plant, sanitation sewer trunk line, and sewage force main system. The proposed Permit will replace and consolidate agreements under Permit No. 120 (P120) and Order No. 3061 (O3061) and will adjust compensation based on current fair market surface land value, with an annual adjustment factor, beginning at an annual rental rate of \$67,716. County Sanitation will be financially responsible for the maintenance of the premises.

BACKGROUND

County Sanitation provides wastewater and solid waste management for cities and unincorporated areas of Los Angeles County that surround the POLA. Some of its pipelines and equipment cross under the surface of or are situated on POLA-owned land. P120, a 50-year lease commencing on December 31, 1960, and O3061, a 50-year lease commencing on

April 12, 1968, were agreements that allowed County Sanitation access to, and operation and maintenance of specific adjacent facilities and equipment on or crossing POLA land situated between the cities of Carson and Long Beach. Both agreements have since expired and are on holdover status, which has allowed the terms of the agreements to continue, but without evaluations to meet current and changing needs.

The main changes to the agreements in the proposed Permit include:

- replacement and consolidation of P120 and O3061 into the new proposed Permit, as the premises are used for similar purposes related to sewer pipelines;
- increase of the area of land covered under the agreements to accommodate County Sanitation's proposed pipeline rehabilitation;
- adjustment of compensation to reflect a 10 percent rate of return on the current fair market surface land value of \$40 per square foot; and,
- inclusion of an annual compensation adjustment according to the Consumer Price Index (CPI-U).

The compensation under the proposed Permit is further adjusted with a discount of 50 percent on the 12,858 square feet of the premises that consists only of subsurface facilities and equipment. This compensation rate structure is consistent with the Port's leasing and financial policies. Compensation under the first year of the proposed Permit is therefore calculated at \$67,716. Pursuant to Charter Section 606, rent will also be adjusted every five years based on the fair market rental value at that time. Annual compensation under P120 is currently \$14,506.80 based on a land value of \$28 per square foot. O3061 is on holdover on a no-charge basis; aside from a one-time payment of \$5,000 for use of the premises, no provisions for rent or compensation adjustment were included in the original agreement.

Under the proposed Permit, the premises shall be used for the maintenance, repair, replacement, rehabilitation, and operation of the wastewater surge tower, valves, pipeline and related items. County Sanitation is responsible for maintaining the premises and all improvements of any kind on the premises. A Harbor Engineer's Permit application and environmental assessment will be required prior to approval of any modifications. The proposed Permit requires adherence to the Port Standard Provisions for all permits, save for business tax registration and public promotion of the premises, which are not applicable to this proposed Permit. The Port Standard Provisions address requirements such as City Ordinances and contracting and insurance requirements, and more POLA-specific provisions such as Tariff provisions, environmental obligations, and the Wilmington Truck Route preference.

The proposed Permit has been approved by the City Attorney as to form and legality. In accordance with Charter Section 606, Council approval is required because the lease term exceeds five years. The Port states that the proposed action and activity is a public agency's continued operation of facilities and equipment that were approved prior to the enactment of the California Environmental Quality Act (CEQA) and with no proposed project modifications or expansion of use, and is therefore categorically and statutorily exempt from CEQA in accordance

with Article III, Class 1(14) of the Los Angeles City CEQA Guidelines and State CEQA Guidelines California Code of Regulations Title 14, Section 15261(a).

FISCAL IMPACT STATEMENT

The proposed Harbor Department (Port) request for Permit No. 933 with County Sanitation District No. 2 of Los Angeles County (County Sanitation) would allow County Sanitation continued access to operate and maintain its facilities and equipment on and through Port property for a period of 30 years at an annual rate of \$67,716, adjusted annually based on the Consumer Price Index and reset every five years to reflect fair market rental value. The proposed compensation meets Port leasing and financial policies. All funds will be deposited in the Harbor Revenue Fund. County Sanitation will be responsible for all costs related to the operation and maintenance of the premises. There is no impact on the City General Fund.

RHL:JCY:10200080