

ADMINISTRATIVE EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to the proposed second amendment to the permit with Catalina Channel Express, Inc. (Catalina) for construction of an administrative office and a freight facility for the processing and transport of freight to and from Catalina Island.

Recommendations for Council action:

1. ADOPT the determination by the Los Angeles Harbor Department that the proposed action is exempt under the California Environmental Quality Act (CEQA) as provided in Article II, Section 2(1) of the Los Angeles City CEQA Guidelines.
2. APPROVE the second amendment to Permit No. 897 between the City of Los Angeles Harbor Department and Catalina.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of the second amendment to the permit between the Harbor Department and Catalina will lease three additional land parcels (comprised of approximately 55,442 square feet or 1.3 acres at an annual compensation to the Port of Los Angeles of \$128,659. Catalina may lease one optional area comprised of 8,883 square feet in the future, contingent upon the potential expansion by Catalina. The costs for the optional land area will be assessed on the market value of the land at the time of lease. Catalina will spend no less than \$3.5 million for additional tenant improvements. The Harbor Department will provide approximately \$1.5 million in rental credits to be applied for no more than 50 percent of any single years rent and \$280,000 in wharf improvements in order to allow use of the barges by Catalina at their current premises. The proposed amendment's compensation will be readjusted every five-year period in relationship to the requirements of the permit. The lease terms will not extend the term of the current permit which expires in March 2037. Approval of the proposed amendment complies with the Harbor Department's adopted Financial Policies and the proposed resolution will have no impact on the City's General Fund.

Community Impact Statement: None submitted.

**TIME LIMIT FILE – JUNE 7, 2015**

**(LAST DAY FOR COUNCIL ACTION – JUNE 5, 2015)**

SUMMARY

At the meeting held on May 12, 2015, your Trade, Commerce and Tourism Committee considered a Harbor Department transmittal relative to second amendment to Permit No. 897 with Catalina to construct, at their own cost, an administrative office and freight facility to process and transport freight to and from Catalina Island. The proposed construction of the office and warehouse facility space will allow Catalina to relocate its reservations center and approximately 35 to 40 jobs from the City of Long Beach to San Pedro. In March 2012, the Mayor and Council approved Permit No. 897, which authorized the Port of Los Angeles to lease a different berth to Catalina to continue operating public passenger vessel ferry services and a facility to transport tourist and commuters between San Pedro and Catalina Island under a 25-year contract agreement, from 2012 to 2037, under Council file No. 12-0344.

The previous relocation to the land parcels provided additional space for Catalina's ferry services, maintenance, handling, storage and forwarding of various items of merchandise and goods that are shipped to and from Catalina Island. Pursuant to the permit, any tenant improvements that Catalina makes on the leased property during the contract term will become the property of the Port of Los Angeles at the end of the contract agreement, at the option of the Harbor Department. The proposed amendment will not extend the term of the current permit which expires in March 2037. An opportunity for public comment was held. After a brief discussion, the Committee moved to approve the recommendations contained in the transmittal. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

TRADE, COMMERCE, AND TOURISM COMMITTEE

A handwritten signature in blue ink, appearing to read "Dan Labonge", with a long horizontal flourish extending to the right.

<u>MEMBER</u>	<u>VOTE</u>
LABONGE:	YES
BUSCAINO:	YES
BONIN:	ABSENT

ME

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**