

TRANSMITTAL

0150-06047-0006

TO
Eugene D. Seroka, Executive Director
Harbor Department

DATE
03/19/21

COUNCIL FILE NO.
17-1178

FROM
The Mayor

COUNCIL DISTRICT
15

**PROPOSED SECOND 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 for)

RHL:JCY:102100541

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: February 23, 2021

CAO File No. 0150-06047-0006

Council File No. 17-1178

Council District: 15

To: The Mayor

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

Reference: Correspondence from the Harbor Department dated September 3, 2020

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

RECOMMENDATIONS

Approve Harbor Department (Port) Resolution No. 20-9695 authorizing a proposed Second Amendment to Permit No. 930 with The Jankovich Company to add a Non-Exclusive Berthing Assignment for Berth 73B, remove use of the Berth 51 barge space, and obligate Jankovich to maintain the roof of the Canetti's building; and, 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. 20-9695 authorizing a proposed Second Amendment (Amendment) to Permit No. 930 (Permit) with The Jankovich Company (Jankovich) to adjust the areas allowable for use by Jankovich at the Port of Los Angeles (POLA) and to obligate Jankovich to maintain the roof of the Canetti's building located on its leased premises. The adjustments will increase the area of the Permit premises by 1,224 square feet to a total of 129,959 square feet. Based on these changes, the Port and Jankovich have agreed to a base rent increase of \$608.01 per month to \$16,736.17 per month, in addition to the maintenance of the Canetti's building roof at Jankovich's cost. All other terms and conditions of the Permit shall remain the same. The Permit is currently valid for a 20-year period, through September 5, 2037, with two 5-year extension options, for a total term of up to 30 years.

Jankovich operates a marine fueling station at POLA, supplying fuel, gasoline and lubricants to vessels via Berth 73A. The Permit also authorizes Jankovich to occupy and use Berth 51 for docking barges, and property adjacent to Berth 73A, including a parking lot and the Canetti's building, for office use and storage. Under the current Permit, Jankovich leases 128,735 square feet of land in a 20-year agreement that commenced in 2017 (C.F. 17-1178). Berth 51 is not adjacent to Berth 73A. In order to increase efficiency of its operations, Jankovich has requested to move from Berth 51 to Berth 73B, which is adjacent to Berth 73A, for its temporary barge docking use.

For this consideration, Jankovich has agreed to maintain the roof of the Canetti's building at its cost, estimated at \$25,000 over the course of the 20-year Permit term. The proposed Amendment accommodates this request and agreement, allowing Jankovich use of Berth 73B under a Non-Exclusive Berthing Assignment, with the Port retaining the right to require Jankovich to relocate from Berth 73B at its cost with 180 days' written notice in the event the Port's usage or needs change. The changes result in a net increase of 1,224 square feet to the Jankovich premises under the Permit. Jankovich will continue to pay a minimum monthly base rent, with an increase of \$608.01 per month for Berths 73A and 73B to \$16,736.17 per month. The minimum monthly base rent for the Canetti's building, truck access and parking lot usages will remain the same at \$8,072 monthly, bringing the total annual minimum rent to approximately \$297,698. Under the Permit, Jankovich is also subject to any dockage fees according to Tariff No. 4, and a percentage rent of fuel and other sales that exceeds the minimum rental amount. In accordance with Charter Section 607, the rental amounts will adjust annually based on the Consumer Price Index and reset every five years.

Jankovich had previously operated from Berth 74 since 1933, most recently under Revocable Permit (RP) 12-11, but had to relocate to comply with the Port Master Plan and to accommodate the development of the San Pedro Public Market at the Ports O' Call site at POLA. Jankovich completed a relocation of its operations to Berth 73A from Berth 74 in December 2019 after finishing improvements in its new location, including upgrading the Canetti's building. The original terms of the Permit gave Jankovich a \$3 million rental credit for making these improvements, and a one-year period to complete the needed construction and move before rental payments took effect. The First Amendment to the Permit, approved by the Council on May 31, 2019, gave Jankovich an additional year of retroactive approval, from November 2018 to November 2019, to complete the construction improvements and delay the start of rental payments. The Port has also contracted with Jankovich for marine-delivered fuel, most recently in 2018 under Contract No. 39854.

The City Attorney has approved the proposed Amendment as to form and legality. The proposed Amendment and Permit comply with all applicable provisions of City Ordinances and permit requirements. In accordance with Charter Section 606, the Amendment requires Council approval because the term exceeds five years. The Port states that the proposed action is the amendment of a permit to use an existing municipal wharf involving negligible use and/or alteration or modification of operations beyond that previously permitted and is therefore categorically exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article III, Class 1(14) and Class 1(18)(b) of the Los Angeles CEQA Guidelines.

FISCAL IMPACT STATEMENT

The proposed Second Amendment to Harbor Department (Port) Permit No. 930 with The Jankovich Company (Jankovich) will generate a minimum annual increase of \$7,296.19 in compensation to the Port per year, subject to annual Consumer Price Index and five-year rate adjustments. The proposed terms meet Port leasing and financial policies. All receipts will be deposited in the Harbor Revenue Fund. There is no impact on the City General Fund.