This Calendar Item No. 23 was approved as Minute Item No. 23 by the State Lands Commission by a vote of ___ to ___ at its ___ meeting.

CALENDAR ITEM

02/28/85

W 235356

G 05-04

Horn

DETERMINATION UNDER PUB. RES. CODE 6701 ET SEQ., CONCERNING A LEASE/OPERATING AGREEMENT BETWEEN UNION ICE LIMITED PARTNERSHIP (UILP), A CALIFORNIA LIMITED PARTNERSHIP AND THE CITY OF LOS ANGELES (BOARD OF HARBOR COMMISSIONERS)

UILP has requested the Commission to make the determinations set forth in Section 6702(b) of the P.R.C. with respect to the lease described below. Briefly, the determinations relate to:
(a) conformance with the terms of the granting statutes;
(b) proceeds of the lease must be expended for statewide purposes, as authorized by the granting statutes; and (c) that the lease is in the best interests of the State.

Description of Lease

LESSOR: City of Los Angeles, Board of Harbor Commissioners c/o R. W. Kennedy Director of Property Management P. O. Box 151 San Pedro, CA 90733

LESSEE: Union Ice Limited Partnership c/o Ann Gorkin Coudert Brothers Four Embarcadero Center Suite 3550 San Francisco, CA 94111

AREA, TYPE, LAND AND LOCATION:
Approximately 3.95 acres of filled tidelands near the corner of Neptune Avenue and Water Street in the Port of Los Angeles.

LAND USE: Public municipal freezer warehouse and services.

(REVISED 02/21/85)
TERMS OF LEASE:

Duration: 30 years from January 1, 1977.

Rental:
- First five years - $10,819 per month
- Current rental - $14,644 per month with five-year rental adjustment

Insurance:
- $500,000/$1,000,000 for bodily injury and $50,000 for property damage plus fire insurance

Improvements:
The lessor (City) owns all the building improvements. The lessee owns all fixtures, including the refrigeration equipment.

Other lease terms and conditions conform to standard commercial leasing practices.

ORIGINAL LESSEE:
The Union Ice Company, a California corporation, assigned its interest in the lease to UILP on March 24, 1984.

ENVIRONMENTAL IMPACT OF THE LEASE:
Issuance of the original lease was found by the LA Harbor Department to be categorically exempt from the requirements of CEQA.

CONFORMANCE WITH GRANTING STATUTES:
Staff believes the lease is for a use that is fully consistent with the granting statutes.

DISPOSITION OF LEASE PROCEEDS:
All revenues derived from the lease are required by City Charter Section 145 to be deposited to the credit of the harbor revenue fund. The fund is impressed with the trust and the proceeds may be expended only for purposes directly related to the operation, maintenance, and improvement of the granted lands. The deposition of lease revenues into this fund complies with the granting statutes and Section 6702 of the P.R.C.

IS THE LEASE IN THE BEST INTEREST OF THE STATE?
The municipal ice plant/warehouse performs a valuable service in the furtherance of waterborne commerce and commercial and recreational fishing. The use conforms to local and regional (port) plans.
CALENDAR ITEM NO. 23 (CONT'D)

Rental for use of the premises is calculated as follows:

Land - 172,161 sq. ft. @ $5/sq.ft. @ 10% return = $86,081

Bldgs = $802,374 depreciated replacement cost amortized over 30 years

$802,374 x 10.54% = $84,390

Lighting - $32,000 installation cost (ten year amortization)

$32,000 x 15.86% = $5,175

Annual $175,726

Monthly $14,644

Staff believes the rental reflects a reasonable return on the value of the land and buildings.

The current use of the site is part of an overall plan that fosters public use of the tidelands. The Port will gain revenues reflecting the value of the public land and all income accruing from the lease will be used for the betterment of the granted lands and aids in promoting trust uses of the lands.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.


AB 884: N/A.

EXHIBIT: A. Site Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. MAKE THE FOLLOWING DETERMINATION REQUIRED BY SECTION 6702 OF THE P.R.C., AS APPLYING TO THAT CERTAIN LEASE (AND THE FIRST AND SECOND AMENDMENTS THERETO), DATED OCTOBER 27, 1976, BETWEEN THE CITY OF LOS ANGELES (BOARD OF HARBOR COMMISSIONERS) AND UNION ICE LIMITED PARTNERSHIP (SUCCESSOR TO THE UNION ICE COMPANY), ON FILE IN THE PRINCIPAL OFFICE OF THE COMMISSION AND BY REFERENCE MADE A PART HEREOF:

(a) THAT SAID LEASE (AND FIRST AND SECOND AMENDMENTS) IS IN ACCORDANCE WITH THE TERMS OF THE GRANTS UNDER WHICH TITLE TO THE LANDS IN QUESTION ARE HELD BY THE CITY OF LOS ANGELES.

(b) THAT ALL REVENUES DERIVED FROM THE LEASE SHALL BE DEPOSITED IN THE CITY'S "HARBOR REVENUE FUND", EXPENDABLE ONLY FOR STATE-WIDE PUBLIC PURPOSES AS AUTHORIZED BY THE GRANTING STATUTES.

(c) THAT SAID LEASE (AND FIRST AND SECOND AMENDMENTS THERETO) IS IN THE BEST INTEREST OF THE STATE.

3. AUTHORIZE STAFF TO TAKE ALL STEPS NECESSARY TO GIVE EFFECT TO THESE FINDINGS AND DETERMINATIONS.