

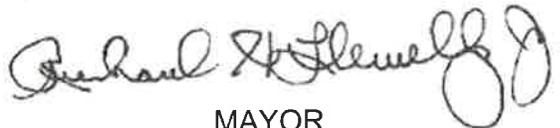
0150-11918-0000

TRANSMITTAL

TO Eugene D. Seroka, Executive Director Harbor Department	DATE 09/29/21	COUNCIL FILE NO.
FROM The Mayor		COUNCIL DISTRICT 15

PROPOSED PERMIT NO. 950 WITH FAST LANE TRANSPORTATION, INC.

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



MAYOR
(Rich Llewellyn for)

MWS:JCY:10220025t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

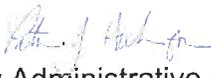
Date: September 22, 2021

CAO File No. 0150-11918-0000

Council File No. --

Council District: 15

To: The Mayor

From: 
Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Harbor Department dated June 10, 2021; referred by the Mayor for report June 16, 2021

Subject: **PROPOSED PERMIT NO. 950 WITH FAST LANE TRANSPORTATION, INC.**

RECOMMENDATION

Approve Harbor Department (Port) Resolution No. 21-9815 authorizing proposed Permit No. 950 with Fast Lane Transportation, Inc. for the occupancy and use of 536,914 square feet of land at the Port of Los Angeles for the storage of containers and chassis for a term of 10 years at an initial monthly rate of \$145,545.62; 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. 21-9815 authorizing proposed Permit No. 950 (Permit) with Fast Lane Transportation, Inc. (Fast Lane) for the use of 536,914 square feet (12.3 acres) of land at the Port of Los Angeles (POLA) for the storage of containers and chassis. The proposed Permit is for a term of 10 years and an initial monthly rental rate of \$145,545.62, subject to a step increase on January 1, 2022, and subsequent annual and five-year rate adjustments.

Fast Lane provides freight trucking, logistics, and storage services, with company headquarters in Wilmington, California. Fast Lane currently leases 11.7 acres of land at POLA for container and chassis storage under five separate real estate entitlements, including revocable permits (RPs) and a space assignment (SA). The proposed Permit serves to consolidate two RPs and the SA, comprising 11.19 acres of land, terminate two RAs comprising 0.51 acres, and add a new paved road area. Along with adjustments in survey measurements for the parcels, the new total leased area under the proposed Permit is 12.3 acres. The Port reports that one terminating RP will be issued at a later date, subject to joint approval of the Port and the Port of Long Beach. Under the proposed Permit, the monthly rental rate through December 31, 2021, calculated at a rate per square foot, is \$145,545.62. On January 1, 2022, the monthly rate will increase to \$172,391.32. Thereafter, the monthly rate will be adjusted annually based on a Consumer Price Index (CPI-U)

and after five years based on the fair market rental value of the premises at that time, in accordance with Charter Section 607. In addition to the monthly rent, a security deposit of \$291,091.24, equivalent to two months' rent, will apply.

The proposed Permit authorizes Fast Lane to use the premises for the storage of containers, trailers, and related equipment associated with container transport. Under the proposed Permit, Fast Lane accepts the Port property "as-is" and is responsible for making any improvements and maintaining the property in accordance with its operation as a maritime support facility. In addition, Fast Lane is required to maintain and periodically replace the Crushed Miscellaneous Base (CMB) covering most of the premises and control dust and tracking-out of the CMB under Environmental Compliance requirements, and is responsible for payment of any applicable utilities, taxes, and tariff rates.

Pursuant to the Standard Provisions applicable to all Port permits, under the proposed Permit, Fast Lane is responsible for adherence to all applicable laws, including the State Tidelands Act and trust. In addition, Fast Lane is responsible for all standard insurance requirements. The Port Standard Provisions address requirements such as City Ordinances and contracting and insurance requirements, and more Port specific provisions such as Tariff provisions, environmental obligations, and the Wilmington Truck Route preference.

The City Attorney has approved the proposed Permit as to form and legality. The Port states that the proposed Permit is in compliance with all applicable provisions of the City Ordinances and contracting requirements. In accordance with Charter Section 606, the Permit requires Council approval because the term exceeds five years. The Port states that the proposed action is the issuance of a permit granting use of existing facilities and land use areas involving negligible expansion of use and has therefore determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III, Class 1(18(d)) of the Los Angeles City CEQA Guidelines.

FISCAL IMPACT STATEMENT

The proposed Harbor Department (Port) Permit No. 950 with Fast Lane Transportation, Inc. (Fast Lane) for the occupancy and use of 536,914 square feet of land at the Port of Los Angeles is for a term of 10 years, at an initial monthly rate of \$145,545.62, subject to increase on January 1, 2022, subsequent annual Consumer Price Index increases, and a five-year rate adjustment to reflect fair market rental value. Fast Lane is responsible for all costs related to the operation and maintenance of the premises. The proposed terms meet Port leasing and financial policies. All funds will be deposited in the Harbor Revenue Fund. There is no impact on the City General Fund.