

MINUTE ITEM

This Calendar Item No. 23
was approved as Minute Item
No. 23 by the State Lands
Commission by a vote of 2
to 0 at its 2/28/85
meeting.

CALENDAR ITEM

A 57

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02/28/85
W-23535
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)

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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 UIIP 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.

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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% = 84,570
Lighting - \$32,000 installation cost (ten year amortization)	\$32,000 x 15.86% = 5,075
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.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

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.

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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.

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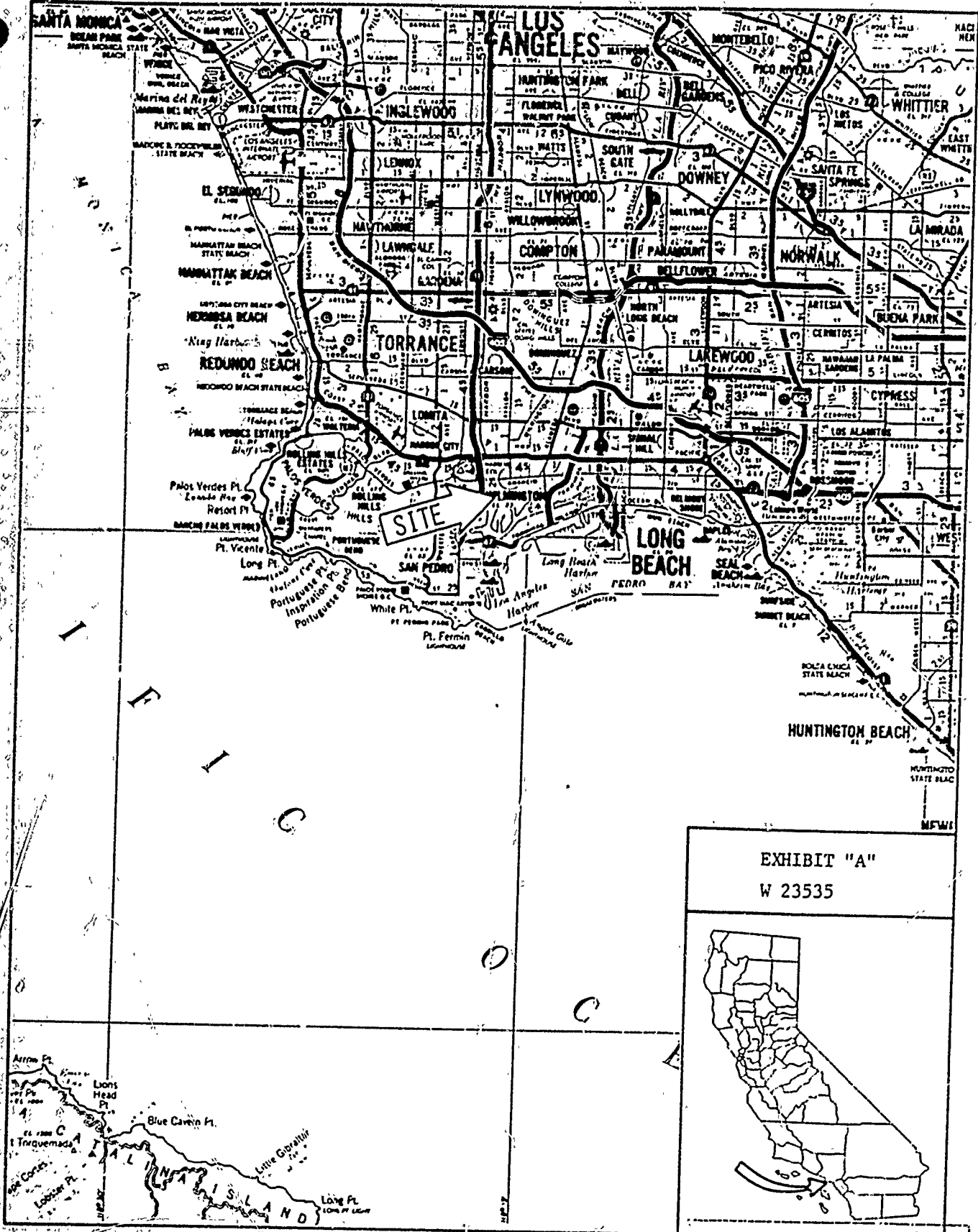
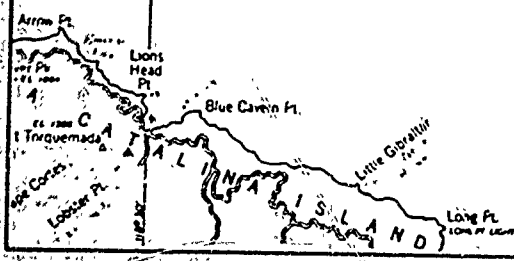
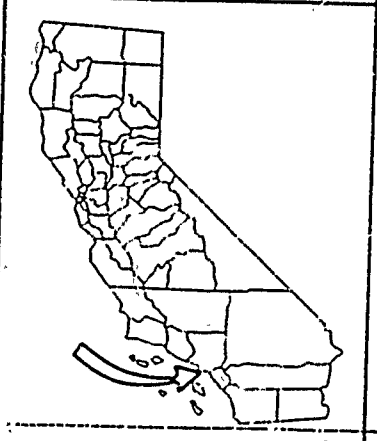


EXHIBIT "A"
W 23535



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