

0150-09542-0002

TRANSMITTAL

TO
Eugene D. Seroka, Executive Director
Harbor Department

DATE
JAN 28 2019

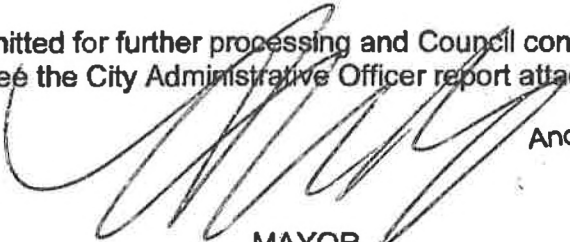
COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT
15

**PROPOSED SECOND AMENDMENT TO PERMIT NO.892
WITH TRI-MARINE FISH COMPANY, LLC**

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



Ana Guerrero

MAYOR

RHL:ABN:101900601

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: January 24, 2019

CAO File No. 0150-09542-0002

Council File No.

Council District: 15

To: The Mayor

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

Reference: Correspondence from the Harbor Department dated December 31, 2018; referred by the Mayor for report on January 4, 2019

Subject: **PROPOSED SECOND AMENDMENT TO PERMIT NO.892 WITH TRI-MARINE FISH COMPANY, LLC**

RECOMMENDATIONS

That the Mayor:

1. Approve the Harbor Department (Port) Resolution No. 18-8405 to authorize the proposed Second Amendment to Permit No. 892 with Tri-Marine Fish Company, LLC; and,
2. 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. 18-8405 authorizing a proposed Second Amendment (Amendment) to Permit No. 895 (Permit) with Tri-Marine Fish Company LLC (Tri-Marine). The proposed Amendment will revise the effective beginning date of the First Amendment of the Permit to make it November 6, 2017, and allow Tri-Marine the assignment rights of the Permit in order to potentially sell its wet fish processing business to another commercial entity. An assignment includes a transfer to another of one's interest in a right or property. According to the Port, Tri-Marine has been authorized to use and occupy a total area of approximately 248,350 square feet of paved land, warehouse and office space on Terminal Island as a wet fish processing facility in the Port of Los Angeles (POLA).

BACKGROUND

In January 2011, the Mayor and Council approved Tri-Marine and three other wet fish commercial processing entities to operate on POLA waterfront property at Berth 264 on Terminal Island (C.F. 11-0820). The four fishing agreements had an initial five-year term, with three additional five-year renewal options, for a total of 20 years. Tri-Marine business offices and operations include fishing, trading, processing, and marketing. Currently, the Port states that Tri-Marine pays approximately \$432,000 in annual rent. The agreement has a five-year rental reset provision based upon market-based rates and annual rents and includes an annual Consumer Price Index (CPI) adjustment.

PROPOSED AMENDMENT WITH TRI-MARINE

In November 2017, the First Amendment authorized an increase to the existing land occupied by Tri-Marine by combining parcels and adding land areas, and reset the annual compensation amounts. However, the Port states that the current Permit does not allow the assignment of the operation held by Tri-Marine to other commercial entities. The proposed Second Amendment will amend the Permit to replace the five-year renewal options, up to a 20-year term, with a revised, fixed 20-year contract term. The beginning date for approval of the First Amendment is November 6, 2017, and will allow for a full 20-year contract term. In addition, the proposed Amendment will authorize Tri-Marine sell the business, according to the amended contract provisions below.

The Port states that the owners of Tri-Marine have made a decision to exit the fish processing business, subject to finding an acceptable buyer. According to the Port, if the proposed Amendment is not approved, it would preclude the possibility of Tri-Marine to sell its business. Therefore, the proposed Amendment will delete Section 10 in the Permit and replace it with a section that provides Tri-Marine authority to sell the business. The new section is entitled, "City Consent required: for Assignment, Transfer and Subletting" and provides for the transfer, sale or assignment of the Permit, subject to prior written consent and approval by the Board and City. The Port states that if Tri-Marine is unable to sell the business, Tri-Marine may close the facility. Such action could result in a potential loss of \$432,000 in annual rent to the Port and 75 living-wage jobs.

The City Attorney has reviewed and approved the proposed Amendment as to form and legality. In accordance with Charter Section 609, the Mayor and Council approval are required because the lease term exceeds five years. The Port has determined that the proposed action involves the use of an existing facility and is therefore exempt from the applicable requirements of the California Environmental Quality Act (CEQA) and Los Angeles City CEQA Guidelines.

FISCAL IMPACT STATEMENT

The proposed Amendment between the Port and Tri-Marine Fish Company will change various administrative provisions in Permit No. 895 and will result in no change in the financial obligations.