

0150-11009-0000

TRANSMITTAL

TO
Eugene D. Seroka, Executive Director
Harbor Department

DATE
OCT 12 2017

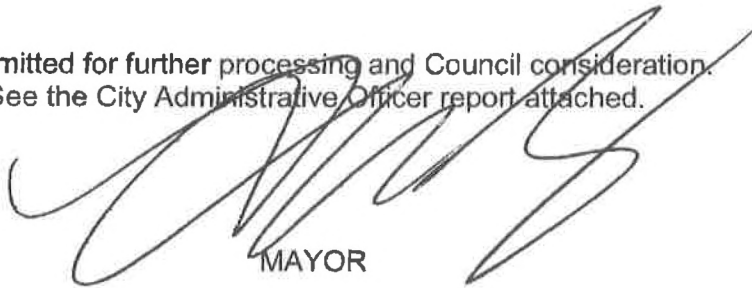
COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT
15

PROPOSED PERMIT NO. 925 WITH AUGELLO ENTERPRISES, LLC.

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



MAYOR


RHL:ABN:10180028t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 12, 2017
To: The Mayor
From: Richard H. Llewellyn, Jr., Interim City Administrative Officer
Reference: Correspondence from the Harbor Department dated August 18, 2017; referred by the Mayor for report on August 25, 2017
Subject: **PROPOSED PERMIT NO. 925 WITH AUGELLO ENTERPRISES, LLC**

CAO File No. 0150-11009-0000
Council File No.
Council District: 15



RECOMMENDATIONS

That the Mayor:

1. Approve Harbor Department (Port) Resolution No. 17-8145 authorizing the proposed Permit No. 925 with Augello Enterprises, 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. 17-8145 authorizing proposed Permit No. 925 (Permit) with Augello Enterprises, LLC (Augello). The Permit with Augello will transfer ownership of all tenant rights from the previous owner of the facility Larry Gleason (Gleason). Gleason used the wet fish processing operation at the Fish Harbor on Terminal Island (Fish Harbor) in the Port of Los Angeles (POLA). The Port states that Gleason was recently acquired by Augello. As a result, Augello has acquired all the existing assets and land for the wet fish processing operation previously owned by Gleason. In 2011, Gleason was one of four companies granted the use of waterfront land at Fish Harbor to construct, operate and maintain warehouses and facilities to offload and process wet fish operations (C.F.11-0820). The proposed Permit will allow Augello to continue the operation and maintenance of the facility to offload and process wet fish activities from commercial fishing vessels and associated water-dependent operations

The Port is requesting to enter into a new Permit with Augello, under a new lease term, with updated lease and tenant compliance provisions. The new Permit with Augello will be for a similar term of five years, with three five-year renewal options, for a total up to 20 years. The option to renew the Permit will be at the discretion of the Port Executive Director, based upon the future development needs of the Port and at Fish Harbor. The Permit will become effective on the date of its approval by the City Council and execution by the Port Executive Director. The Port states that approval of the Permit will continue to provide stability and security for Augello to plan for future business operations. In addition, it will provide flexibility to the Port for any future planned development in Fish Harbor. In accordance with Charter Section 606, "Process for Granting Franchises, Permits, Licenses and Entering into Leases," Council approval is required for lease term greater than five years.

The proposed Permit will allow Augello to lease 45,775 square feet in land and 64 square feet in non-exclusive wharf area. The Port will receive approximately \$101,856 in annual compensation from Augello, which will be paid in 12 equal installments of approximately \$8,488 per month. According to the Port, the annual rent by Augello will be subject to an eight percent increase per year for the initial five years of the Permit. In addition, the rent amount will be subject to an annual adjustment based on the Consumer Price Index (CPI) and an adjustment to fair market value every five years. Augello will be responsible for all operation, maintenance and improvement costs for the lease property, with the exception of the wharf area.

The City Attorney has reviewed and approved the proposed Permit as to form and legality. The Permit is in compliance with all applicable provisions of City Ordinances and contracting requirements, including Affirmative Action, Worker Retention and Living Wage Policy requirements, and Equal Benefits Policy. The Port Director of Environmental Management has determined that the proposed Permit is for the operation of an existing facility, with no expansion of use, by a new owner 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 Harbor Department will receive approximately \$101,856 in annual base rent from Augello Enterprises LLC (Augello), which will be paid in 12 equal installments of approximately \$8,488 per month. The annual rent amount will be subject to an eight percent increase per year for the initial five years of the Permit. In addition, the rent amount will be subject to annual adjustment based on the Consumer Price Index (CPI) and an adjustment to fair market value every five years. Augello will be responsible for all operation, maintenance and improvement costs for the lease property, with the exception of the wharf area.

RHL:ABN:10180028