



Executive Director's  
Report to the

Board of Harbor Commissioners

**DATE: MAY 21, 2020**

**FROM: CARGO & INDUSTRIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVE REVOCABLE PERMIT NO. 20-10 WITH FISHERMAN'S PRIDE PROCESSORS, INC.**

**SUMMARY:**

Staff requests approval of Revocable Permit (RP) No. 20-10 with Fisherman's Pride Processors, Inc. (Fisherman's Pride) for a month-to-month term to occupy 12,077 square feet of paved yard and 42,387 square feet of warehouse space at 888 Ways Street, Terminal Island, to support its fish processing operation.

RP No. 20-10 will most notably: 1) effect the consolidation of several real estate entitlements under one RP; 2) adjust rental rates from what is in place today to better reflect current market values for land and improvements; and 3) yield \$360,655 in revenue to the City of Los Angeles Harbor Department (Harbor Department) in the first year. Rent will subsequently be increased in a prescribed manner on January 1, 2022, as per the terms of the proposed RP No. 20-10 with annual increases based upon The Consumer Price Index Los Angeles-Long Beach-Anaheim (CPI-U) beginning January 1, 2023.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Consider the Addendum to the previously adopted Final Initial Study/Mitigated Negative Declaration for the Fisherman's Pride Processors, Inc.;
2. Find that, in accordance with the provisions of the California Environmental Quality Act Guidelines Section 15164, the proposed Revocable Permit No. 20-10 will not result in any new significant environmental effects of substantially more severe effects than previously analyzed in the adopted Final Initial Study/Mitigated Negative Declaration for Fisherman's Pride Processor's Project;
3. Authorize the Environmental Management Division to file a Notice of Determination with the Los Angeles County Clerk and the Los Angeles City Clerk;
4. Approve Revocable Permit No. 20-10 with Fisherman's Pride Processors, Inc.;
5. Authorize the Executive Director to execute and the Board Secretary to attest to Revocable Permit No. 20-10 upon approval by the Board; and
6. Adopt Resolution No. \_\_\_\_\_.

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**DISCUSSION:**

Background – Fisherman's Pride operates a fish processing facility at the former Chicken of the Sea facility in Fish Harbor under Permit No. 905. The Permit, which took effect in 2014, covers a portion of the former Chicken of the Sea facility, for a ten-year term with two, five-year options. The proposed RP would provide additional, adjacent space to supplement the premises covered under Permit 905. The month-to-month nature of the RP will provide the Harbor Department the required time and flexibility to evaluate long-term plans for the site, including Fisherman Pride's proposal to develop the site and expand its premises covered under Permit No. 905. Areas included in the RP are comprised of both paved land and separate warehouse spaces, which would be utilized for the storage of equipment, racking, office furniture and packaging materials. See Transmittal No. 1

Proposed Consolidation of Real Estate Entitlements - The Harbor Department previously granted Fisherman's Pride additional premises on a temporary basis via Space Assignments and RPs to augment Permit 905. Currently, Fisherman's Pride has two Space Assignments (i.e. use agreements governed by the Tariff) issued in March 2020, and one Revocable Permit (RP 15-01) that was issued in 2015. Staff recommends that these entitlements are consolidated and replaced with the proposed RP to allow Fisherman's Pride to continue to operate in these areas on a month-to-month basis until the Harbor Department determines long-term plans for the site. Premises covered under Permit No. 905 would remain unchanged at this time.

Background on Proposed Rates - Parcels Nos. 1 and 3 are currently entitled as Space Assignments, and are subject to the rates in the Tariff: \$0.17 per square foot per month (PSFPM) for paved land and \$0.36 PSFPM for warehouse buildings. Parcel 2 is currently entitled under a Revocable Permit at a rental rate of \$0.24 PSFPM for a warehouse building, which is lower than the Tariff rate. The Tariff rates date back to 2005 and are lower than current market rates for comparable locations: approximately \$0.35 PSFPM for paved land and \$0.65 for warehouse buildings. The proposed RP addresses the need for a rate increase to better reflect market, but does so in a step-up fashion, with graduated rent increases over the term to allow the tenant time to budget accordingly.

The below table shows the proposed progression of rate increases (in rate PSFPM):

<u>Current</u>		<u>Proposed</u>			
<i>Parcel</i>	<i>May 2020</i>	<i>July 2020</i>	<i>Jan 2021</i>	<i>Jan 2022</i>	<i>Jan 2023+</i>
Parcel 1 - Warehouse	\$0.36	\$0.59	\$0.66	\$0.69	+CPI
Parcel 2- Warehouse	\$0.24	\$0.59	\$0.66	\$0.69	+CPI
Parcel 3 – Paved Land	\$0.17	\$0.28	\$0.31	\$0.35	+CPI

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Material terms of the RP (Transmittal No. 2) are as follows:

<u>Provisions</u>	<u>Description</u>															
Real Estate Entitlement	Revocable Permit															
Permitted Use	The premises will be used for storage of equipment and packaging materials.															
Termination Rights	Either party may terminate with 30 days' written notice															
Effective Date	July 1, 2020															
Premises	Parcel 1: 20,540 SF (Warehouse) Parcel 2: 21,847 SF (Warehouse) Parcel 3: 12,077 SF (Paved Land)															
Monthly Rent	\$ 28,389.89															
Rent Adjustments	Provided the Revocable Permit is not sooner terminated, rent would be adjusted per the schedule below.															
Rate Schedule (PSFPM)	<table border="1"> <thead> <tr> <th><u>Effective Date</u></th> <th><u>Parcels1 &amp; 2 Warehouse</u></th> <th><u>Parcel 3 Paved Land</u></th> </tr> </thead> <tbody> <tr> <td>July 1, 2020</td> <td>\$0.59</td> <td>\$0.28</td> </tr> <tr> <td>January 1, 2021</td> <td>\$0.66</td> <td>\$0.31</td> </tr> <tr> <td>January 1, 2022</td> <td>\$0.69</td> <td>\$0.35</td> </tr> <tr> <td>January 1, 2023 (and annually thereafter)</td> <td>+CPI</td> <td>+CPI</td> </tr> </tbody> </table>	<u>Effective Date</u>	<u>Parcels1 &amp; 2 Warehouse</u>	<u>Parcel 3 Paved Land</u>	July 1, 2020	\$0.59	\$0.28	January 1, 2021	\$0.66	\$0.31	January 1, 2022	\$0.69	\$0.35	January 1, 2023 (and annually thereafter)	+CPI	+CPI
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Maintenance	Tenant is responsible for maintaining the premises and all improvements, at its sole cost and expense.															
Insurance	Includes all standard insurance provisions and requirements.															
Security Deposit	Two months' rent in the form of a letter of credit or cash.															

**SUBJECT: APPROVE REVOCABLE PERMIT NO. 20-10 WITH FISHERMAN'S PRIDE PROCESSORS, INC.****ENVIRONMENTAL ASSESSMENT:**

In June 2020, the Harbor Department issued the 2020 Addendum ("Addendum 2") to the Fisherman's Pride Processor's Inc. Final Initial Study/Mitigated Negative Declaration (Transmittal 3) and posted it on the POLA website under the Environmental Documents tab. This Addendum 2 was prepared pursuant to CEQA and revises the proposed project by modifying the footprint of the Fisherman's Pride Processor's site with RP 20-10 to occupy approximately 55,000 square feet of property in order to allow continued storage of materials, racking, and equipment related to the processing of fish products. The new RP includes areas that were previously permitted through terminated entitlements RP 19-13, RP 15-01, and SA 20-13. All previous entitlements will be terminated when the new proposed permit is executed. On January 28, 2014, the Board certified the Fisherman's Pride Processor's Inc. Final Initial Study/Mitigated Negative Declaration which analyzed construction and operation of modernized seafood processing at the former Chicken of the Sea facility, including minor facility upgrades and improvements to the Permit 905 premises. An Addendum was considered by the Board on November 5, 2019, pursuant to CEQA, and revised the approved project description by adding space beyond the Permit 905 premises.

According to Section 15164(b) of the state CEQA Guidelines, the Lead Agency may prepare an Addendum to an adopted Negative Declaration "if only minor technical changes or additions are necessary, or none of the conditions described in Section 15162 calling for a subsequent EIR or negative declaration have occurred." The Director of the Environmental Management Division has determined that none of the conditions set forth in CEQA Guidelines Section 15162 have occurred; therefore, an addendum is the appropriate document. An Addendum does not need to be circulated for public review but can be included in or attached to the final Environmental Impact Report or adopted Negative Declaration per CEQA Guidelines Section 15164 (c). The Board is required to "consider" the Addendum with the final Environmental Impact Report or adopted Negative Declaration prior to making a decision on the Project per CEQA Guidelines Section 15164 (d).

The proposed action is approval of Revocable Permit No. 20-10 with Fisherman's Pride Processor's for approval of RP 20-10 to occupy approximately 55,000 square feet of property in order to allow continued storage of materials, racking, and equipment related to the processing of fish products. Based on the findings of Addendum 2, the proposed action would create no potential adverse impacts or substantial changes to impact areas previously analyzed in the Final IS/MND and therefore does not trigger any of the conditions calling for the preparation of a subsequent Environmental Impact Report or Negative Declaration under CEQA Guidelines Section 15162. With no new impacts or increased severity of environmental impacts, no mitigation is necessary.

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**FINANCIAL IMPACT:**

Approval of the proposed RP No. 20-10 will consolidate existing entitlements which currently enable FPP to occupy 42,387 square feet of warehouse space and 12,077 square feet of paved land on Terminal Island. RP No. 20-10 will generate annual rent of \$360,655 in the first year, incorporating fixed step increases at months 7 and 19 and CPI adjustments thereafter beginning in month 31, or January 1, 2023. The proposed Year 1 rent represents \$184,366, or a 104.6 percent increase relative to the annual rent which would have been received under existing entitlements at existing rates.

Under the proposed RP No. 20-10, average monthly rent will increase by 8.5 percent, from \$30,055 in Year 1 to \$32,597 per month in Year 2. RP No. 20-10 will gradually increase existing rates paid by Fisherman's Pride to more closely approximate market rates, and the month-to-month nature of RP No. 20-10 will provide the Harbor Department the required time and flexibility to evaluate long-term plans for the site.

**CITY ATTORNEY:**


Revocable Permit No. 20-10 has been reviewed and approved as to form and legality by the Office of the City Attorney.

**TRANSMITTALS:**



- 1. Site Map
- 2. Revocable Permit
- 3. Addendum

FIS Approval:   
CA Approval: 

  
for MARISA L. KATNICH  
Director, Cargo & Industrial Real Estate

  
MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:

  
EUGENE D. SEROKA   
Executive Director