



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: APRIL 29, 2026

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF A FIRST AMENDMENT TO PERMIT NO. 891 WITH DEL MAR SEAFOODS, INC., ORDER RESETTING COMPENSATION AND CONSENT TO SUBLEASE

SUMMARY:

Staff requests approval of a First Amendment to Permit No. 891 with Del Mar Seafoods, Inc. (Del Mar), an Order resetting compensation and consent to sublease concerning the use and occupancy of City of Los Angeles Harbor Department (Harbor Department) property located at 932 S. Seaside Ave. on Terminal Island. Del Mar uses the premises for the operation and maintenance of a facility to offload and process wet fish from commercial fishing boats.

The First Amendment provides procedures for transfers such as assignments and subleases. In connection with the First Amendment, Del Mar requests the Board of Harbor Commissioners (Board) to consent to a sublease for a portion of the premises to a third-party entity, Augello Enterprises, LLC (Augello Enterprises), a commercial fish processing company.

Also included in this action is an Order resetting compensation for the period of June 7, 2026, through June 6, 2031. Approval of the proposed Order will increase total rent by approximately 18 percent from \$9,972.19 to \$11,799.06 per month effective on June 7, 2026, subject to annual rent adjustments on July 1, 2026, and annually thereafter based on the year-over-year change in the Consumer Price Index (CPI).

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of the California Environmental Quality Act under Article II Section 2(f) and Article III Class 1(14) of the Los Angeles City CEQA Guidelines;
2. Approve the First Amendment to Permit No. 891 with Del Mar Seafoods, Inc.;
3. Approve the Order resetting compensation under Permit No. 891 with Del Mar Seafoods, Inc.;
4. Consent to the sublease between Del Mar Seafoods, Inc. and Augello Enterprises, LLC under Permit No. 891;

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5. Direct the Board Secretary to transmit the First Amendment to Permit No. 891 to the City Council for approval pursuant to Section 606 of the City Charter;
6. Authorize the Executive Director to execute and the Board Secretary to attest to the First Amendment to Permit No. 891 upon approval by the City Council;
7. Authorize the Board Secretary to attest to the Order resetting compensation under Permit No. 891; and
8. Adopt Resolution No. _____ and Order No. _____.

DISCUSSION:

Background - Under Permit No. 891, Del Mar has the right to use and occupy approximately 30,254 sq. ft. of Harbor Department property located in Fish Harbor (Transmittal 1). Permit No. 891 took effect on June 7, 2011, and expires on June 6, 2031.

Proposed First Amendment - The First Amendment provides procedures for transfers such as assignments and subleases. Del Mar is a tenant in good standing; as such, staff recommends the Board approve the First Amendment to Permit No. 891 (Transmittal 2), which will take effect after approval by City Council and execution by the Executive Director. In connection with the First Amendment, Del Mar is requesting the Board also consent to a sublease for a portion of the premises to a third-party entity, Augello Enterprises, a commercial fish processing company. The sublease would take effect after the First Amendment becomes effective, and in accordance with the transfer procedures set forth in the First Amendment.

Proposed Sublease - Augello Enterprises is a tenant of the Harbor Department and conducts commercial fishing operations under a separate entitlement, Permit No. 925, for premises located at 740 S. Seaside Avenue, on Terminal Island. Given the cyclical nature of the fishing industry and fluctuating fish catches, the proposed sublease of a portion of Del Mar's premises would ensure the Permit No. 891 premises are fully utilized year-round. In accordance with the transfer procedures set forth in section (c)(1) of the amendment, Del Mar submitted a transfer notice inclusive of a copy of the sublease (Transmittal 3). Staff determined that the transfer notice and the terms of the sublease are consistent with the transfer provision as set forth in the First Amendment and recommends the Board consent to the sublease. Details on the sublease are provided below.

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First Amendment - Provided below is a summary of material terms of the First Amendment to Permit No. 891. All other remaining terms and conditions of Permit No. 891 remain in full force and effect:

<u>Provision</u>	<u>Current</u>	<u>Proposed</u>
Assignment / Transfers	No transfers or subleases permitted.	Add a transfer provision which authorizes Tenant to transfer the premises by assignment or sublease or sublease a portion or all of the premises to a third party pursuant to procedures set forth in the amendment (with Board approval).

Compensation Reset - Staff has confirmed that the negotiated rate in the Order resetting compensation (Transmittal 4) is consistent with market values for comparable commercial fishing properties.

	Currently	Proposed	Percent Change
Compensation	\$9,972.19 per month \$119,666.24 per year	\$11,799.06 per month \$141,588.72 ¹ per year	18% increase
Rate per Square Foot	~\$0.33 per month	\$0.39 per month	

¹ Subject to annual CPI adjustments per permit terms.

Consent to Sublease – As noted above, Del Mar seeks to sublease a portion of its premises to Augello Enterprises. Provided below is a summary of material terms of the proposed sublease:

<u>Provisions</u>	<u>Proposed Sublease</u>
Tenant	Augello Enterprises, LLC. (a California corporation)
Effective Date	Effective Date of the First Amendment to Permit No. 891
Premises	Non-exclusive 50% of premises, ~15,127 sq. ft.
Permitted Use	The operation and maintenance of a facility for the offloading and processing of wet fish from commercial fishing boats
Compensation	Prorated, 50% of the compensation owed under Permit No. 891. Rate is comparable to Permit No. 925
Insurance	City as additional insured

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ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the First Amendment to Permit No. 891 with Del Mar, an Order resetting compensation, and consent to sublease, which is an administrative activity and an amendment to a lease, license, or permit to use an existing structure or facility involving negligible or no expansion of use. Therefore, the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of CEQA in accordance with Article II Section 2(f) and Article III Class 1(14) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The proposed action is the approval of a First Amendment, an Order resetting compensation under Permit No. 891, and consent to sublease a portion of the premises. Approval of the proposed First Amendment will enable Del Mar to assign or sublease the premises to third parties pursuant to the procedure set forth in the Amendment, subject to Board consent. Furthermore, approval of the Order will increase the annual rent under Permit No. 891 by 18 percent from \$119,666.24 to \$141,588.72, as proposed, effective June 7, 2026. Effective July 1, 2026, and annually thereafter, rent will be adjusted by the annual year-over-year change in the CPI. Del Mar will continue to be financially responsible for all payment of rent regardless of sublease status.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the proposed First Amendment to Permit No. 891 and the Order resetting compensation as to form and legality.

The Office of the City Attorney has reviewed the sublease and there are no legal issues at this time.

TRANSMITTALS:

1. Site Map
2. First Amendment to Permit No. 891
3. Tenant's Transfer Notice and Sublease Agreement
4. Order Resetting Compensation

FIS Approval: *JS*
CA Approval: *SO*

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