



**THE PORT  
OF LOS ANGELES**

Executive Director's

Report to the

Board of Harbor Commissioners

**DATE: NOVEMBER 6, 2024**

**FROM: WATERFRONT & COMMERCIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - COMPENSATION RESET  
FOR PERMIT NO. 917 WITH J DELUCA FISH COMPANY, INC.**

**SUMMARY:**

Staff requests approval of an Order resetting compensation under Permit No. 917 (P917) with J DeLuca Fish Company, Inc. (DeLuca), for the three-year period of June 19, 2022 to June 18, 2025. P917 grants DeLuca the use of Stalls 1, 2, 3, and 8 at the San Pedro Municipal Fish Market (Municipal Fish Market). P917 has an eight-year term with two, one-year extension options which may be exercised at the tenant's discretion.

Approval of the proposed action will enable the City of Los Angeles Harbor Department (Harbor Department) to retroactively adjust compensation as follows: effective June 19, 2022, annual rent will increase by \$14,022.89 or 7.9% from \$177,504.99 to \$191,527.88; effective June 19, 2023, rent will be increased by \$13,100.06 or 6.8% to \$204,627.94; and effective June 19, 2024, rent will be increased by \$13,100.06 or 6.4% to \$217,728. DeLuca has agreed and will be assessed the compensation reset retroactive to June 19, 2022.

**RECOMMENDATION:**

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

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the Order resetting compensation under Permit No. 917 with J DeLuca Fish Company, Inc.;
3. Authorize the Board Secretary to attest to the Order resetting compensation under Permit No. 917; and
4. Adopt Resolution No. \_\_\_\_\_ and Order No. \_\_\_\_\_.

**SUBJECT: COMP RESET - PERMIT NO. 917 WITH DELUCA**

**DISCUSSION:**

Background – Permit No. 917 entitles DeLuca to occupy 20,160 square feet of warehouse and office spaces in four stalls (1, 2, 3, and 8) at the Municipal Fish Market building at 2190 Signal Place, San Pedro (Transmittal 1). The permitted uses allow for unloading of wet-fish products from commercial fishing vessels, processing and loading of wet-fish products, wholesale fish and seafood sales and administration, and storage of materials relating to the fishing industry. The Municipal Fish Market building consists of a common truck loading area, a common loading dock, a common wharf, a common restricted loading dock, a common restricted truck docking area, and 12 stalls. All tenants have non-exclusive use of the common areas and exclusive use of their assigned stalls.

P917 has an eight-year term with two, one-year extension options which may be exercised at the tenant's discretion. Unless the tenant decides to exercise its extension options, P917 is set to expire on June 18, 2025. DeLuca is a tenant in good standing.

Basis for Compensation Reset – P917 requires a five-year compensation reset to be effective June 19, 2022. Given market conditions incidental to the global pandemic this negotiation was extended for a prolonged period as many industries including the commercial fishing industry continued to recover from supply chain disruption resulting from the pandemic. The proposed Order (Transmittal 2) is retroactive to be consistent with the City Charter and P917.

1. Staff has negotiated the following retroactive annual rent schedule: Commencing June 19, 2022, the annual rent will increase from \$177,504.99 to \$191,527.88 for a monthly rent amount of \$15,960.66.
2. Commencing June 19, 2023, the annual rent will increase from \$191,527.88 to \$204,627.94 for a monthly rent amount of \$17,052.33.
3. Commencing June 19, 2024, the annual rent will increase from \$204,627.94 to \$217,728.00 for a monthly rent amount of \$18,144.00.

Effective June 19, 2025, and each annual adjustment date thereafter (provided the option to extend the term is exercised), the annual rent will be subject to Consumer Price Index (CPI) adjustment. The rent amounts negotiated are based on the then current year 2022 market value of \$90 per square foot for warehouse space, which results in a rate of \$10.80 per square foot per year using a 12 percent rate of return consistent with Port of Los Angeles financial management policies.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of the Order resetting compensation with DeLuca under Permit No. 917, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

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SUBJECT: COMP RESET - PERMIT NO. 917 WITH DELUCA

**FINANCIAL IMPACT:**

Approval of the proposed Order will reset compensation under Permit No. 917 with DeLuca for the three-year period of June 19, 2022 to June 18, 2025. Under the proposed compensation reset rent will be adjusted as follows: effective June 19, 2022, annual rent will increase by \$14,022.89 or 7.9% from \$177,504.99 to \$191,527.88; effective June 19, 2023, rent will be increased by \$13,100.06 or 6.8% to \$204,627.94; and effective June 19, 2024, rent will be increased by \$13,100.06 or 6.4% to \$217,728.

If the tenant decides to exercise its option to extend, annual compensation will be subject to annual CPI adjustment.

**CITY ATTORNEY:**

The Office of the City Attorney has reviewed and approved the Order as to form and legality.

**TRANSMITTALS:**

1. Site Map
2. Order

FIS Approval:  (Initials)  
CA Approval:  (Initials)

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Director of Waterfront & Commercial Real Estate

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APPROVED:

*Erica M. Calhoun* for

EUGENE D. SEROKA  
Executive Director

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