



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MARCH 1, 2023

FROM: CARGO & INDUSTRIAL REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ - ORDER APPROVING
COMPENSATION RESET UNDER PERMIT NO. 925 WITH AUGELLO
ENTERPRISES, LLC**

SUMMARY:

Staff requests approval of an Order resetting compensation under Permit No. 925 (P925) with Augello Enterprises, LLC (Augello) for the period of November 6, 2022 through November 5, 2027. P925 grants Augello use of 15,927 square feet of paved land, 29,784 square feet of unpaved land, and 64 square feet of nonexclusive wharf space for the operation and maintenance of a fish processing and cold storage facility used for the offloading and processing of wet fish from commercial fishing boats, and associated water-dependent operations. P925 is for a term of five years, with three five-year extensions at the sole discretion of the Board of Harbor Commissioners.

Augello's current annual rent is \$157,011.72. Under the proposed Order, rent will increase on a graduated basis:

- Effective retroactively to November 6, 2022, monthly rent increases by 16.2 percent from \$13,084.31 to \$15,205.81 per month.
- Effective January 1, 2023, monthly compensation would increase by an additional 7.1 percent, such that annual compensation would increase by 23.2 percent from \$157,011.72 to \$193,445.76 during the first year of the five-year reset period.
- Effective November 6, 2023, and annually thereafter, rent would increase by the annual increase in the Consumer Price Index (CPI), with a floor of zero and no cap.

The proposed rent increase makes the rates consistent with current rates set forth in Tariff No. 4.

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 exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;

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2. Approve the Order resetting compensation under Permit No. 925 with Augello Enterprises, LLC for the compensation period of November 6, 2022 through November 5, 2027;
3. Authorize the Board Secretary to attest to the Order resetting compensation under Permit No. 925; and
4. Adopt Order No. _____ and Resolution No. _____.

DISCUSSION:

Background – P925 was approved for a term of five years, effective November 6, 2017 through November 5, 2022, with three successive five-year options to extend at the City of Los Angeles Harbor Department’s (Harbor Department) sole discretion. The Permit requires that compensation be reset every five years. The premises (see Transmittal 1) consist of 15,927 square feet of paved land, 29,784 square feet of unpaved land, and 64 square feet of nonexclusive wharf space at Berth 261 on Wharf Street for a portable fish pump.

The Harbor Department exercised its right to extend Augello’s term, making the current expiration date November 5, 2027. Pursuant to the terms of P925, the adjustment of rent for the period of November 6, 2022 through November 5, 2027 is required.

Augello will receive changes in compensation on three different dates as part of applying the Order (Transmittal 2):

Current Rent Paid	Proposed Rent/Month	Percent Change
\$13,084.31		
Rent Adjustment Nov. 6th – 30th, 2022	\$12,671.51 (25 Days)	+ 16.2%
Rent Adjustment December 1 st – 31st, 2022	\$15,205.81	-
One-time Rent Adjustment January 1, 2023 (Tariff No. 4 Rate CPI Adj.)	\$16,285.42	+ 7.1%

The compensation reset will bring Augello to the current 2023 Tariff No. 4 rental rates. CPI adjustments will be administered annually on November 6th based on the terms of the existing Permit. The CPI has no upward cap and does not allow any downward adjustment, protecting the Harbor Department from any unexpected swings in inflation. Annual rent will increase from \$157,011.72 to \$193,445.76, a 23.2 percent increase.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an Order resetting compensation under P925 with Augello, 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.

FINANCIAL IMPACT:

Approval of the proposed Order will retroactively increase rent on November 6, 2022, and January 1, 2023, such that Year 1 rent under P925 would increase by \$36,434.04, or 23.2 percent, from \$157,011.72 to \$193,445.76 per year. Effective November 6, 2023, and annually thereafter, rent would increase by the annual change in CPI with a floor of zero and no cap. The proposed rent increase would align the rental rates charged under P925 with current rates set forth in Tariff No. 4.

CITY ATTORNEY:

The proposed Order setting compensation under Permit No. 925 has been reviewed and approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

- 1. Site Location Map
- 2. Proposed Order

FIS Approval: *MB*
 CA Approval: *SO*

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 Director, Cargo & Industrial Real Estate

Michael DiBernardo
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 Deputy Executive Director

APPROVED:

Marla Bleavins For
 EUGENE D. SEROKA
 Executive Director