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7.17.25

RECOMMENDATION APPROVED;
RESOLUTION 25-10575 ADOPTED AND
ORDER 25-7403 & 25-7404 APPROVED
BY THE BOARD OF HARBOR COMMISSIONERS

July 17, 2025

AM Klesges
Amber M. Klesges
Board Secretary



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JULY 2, 2025

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

SUBJECT: RESOLUTION NO. 25-10575 - APPROVE THE ORDER
RESETTING COMPENSATION UNDER PERMIT NO. 919 WITH
STANDARD FISHERIES CORPORATION AND CONSENTING TO THE
ASSIGNMENT OF PERMIT NO. 919 FROM STANDARD FISHERIES
CORPORATION TO P.L.D. ENTERPRISES INC. DBA SUPERIOR
SEAFOOD COMPANY

SUMMARY:

Staff requests approval of (1) an Order resetting compensation under Permit No. 919 (P919) with Standard Fisheries Corporation (Standard), for the three-year period of February 28, 2023, to February 27, 2026, and (2) an Order consenting to the Assignment of P919 from Standard to P.L.D. Enterprises Inc. dba Superior Seafood Company (Superior). P919 grants Standard the use of Stall 4 at the San Pedro Municipal Fish Market (Municipal Fish Market). P919 has an eight-year term with two one-year extension options which may be exercised at the tenant's discretion. The initial term of P919 is currently set to expire on February 28, 2026.

Approval of the proposed action will enable the City of Los Angeles Harbor Department (Harbor Department) to retroactively adjust compensation as follows: effective March 1, 2023, annual rent will increase by \$5,495 or 13% from \$43,465 to \$48,960; effective March 1, 2024, annual rent will increase by \$4,705 or 10% from \$47,135 to \$51,840. Standard has agreed and will be assessed the compensation reset retroactive to February 1, 2023, and Superior has agreed to pay a one-time assignment fee of \$9,000. It should be noted that P919 is subject to annual adjustments subject to Consumer Price Index (CPI), with the most recent CPI adjustment being March 2025.

A prior Assignment of P919 from H.S. Seafood, Inc. to Standard Fisheries Corp. dba Standard Fish Company will be transmitted to City Council for ratification and approval of that Assignment in order to correct a procedural error made when the matter was originally presented to the Board for approval on October 20, 2022, but was not transmitted to City Council.

SUBJECT: COMPENSATION RESET AND TRANSFER P919

RECOMMENDATION:

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

1. Find that the Director of Environmental Management has determined that the proposed actions are 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. 919 with Standard Fisheries Corporation retroactive to March 1, 2023;
3. Approve the Order consenting to the assignment of Permit No. 919 from Standard Fisheries Corporation to P.L.D. Enterprises Inc. dba Superior Seafood Company;
4. Direct the Board Secretary to transmit the Order consenting to the assignment of Permit No. 919 from Standard Fisheries Corporation to P.L.D. Enterprises Inc. dba Superior Seafood Company to the Los Angeles City Council for approval pursuant to Section 606 of the Los Angeles City Charter;
5. Direct the Board Secretary to transmit the Order consenting to assignment of Permit 919 from H.S. Seafood, Inc. to Standard Fisheries Corp. dba Standard Fish Company approved by the Board on October 20, 2022 for ratification and approval pursuant to Section 606 of the Los Angeles Charter;
6. Authorize the Executive Director to execute and the Board Secretary to attest to the Order resetting compensation under P919;
7. Authorize the Executive Director to execute and the Board Secretary to attest to the Order consenting to assignment of Permit No. 919 from Standard Fisheries Corporation to P.L.D. Enterprises Inc. dba Superior Seafood Company; and
8. Adopt Resolution No. 25-10575 and Order No. 25-7403
25-7404

DISCUSSION:

Background – P919 with H.S. Seafood, Inc. (HS Seafood) became effective on February 28, 2018 and entitled HS Seafood the right to use Harbor Department property known as Stall No. 4 at the Berth 72 Municipal Fish Market in San Pedro for the unloading of wet-fish products from commercial fishing vessels, the processing and loading of wet-fish products, wholesale fish and seafood sales, and storage of materials related to the fishing industry and for purposes incidental thereto.

SUBJECT: COMPENSATION RESET AND TRANSFER P919

On July 2, 2021, HS Seafood proposed to transfer P919 to Standard and the transfer was approved by the Board in October 2022. The transfer resulted in a Settlement Agreement of \$15,000 paid by HS Seafood to the Harbor Department and an Assignment Fee of \$18,829 paid by Standard to the Harbor Department for back rent. The assignment of P919 from HS Seafood to Standard resulted in the continuance of all operations allowed under P919. At the time of Board approval, due to a procedural error, the Order consenting to the assignment was not transmitted to City Council and therefore, the Department will be seeking City Council's ratification and approval of the Order consenting to assignment from HS Seafood to Standard (Transmittal 1).

City Council Ratification and Approval – "It is a general rule that whatever acts public officials may do or authorize to be done in the first instance may subsequently be adopted or ratified by them with the same effect as though properly done under previous authority. Consequently, it is well settled that contracts which are within the scope of the corporate powers but not authorized by proper action of the municipal corporation, that is, contracts not ultra vires, may be ratified by the proper corporate authorities. Or, as the rule is sometimes expressed, a municipal corporation may ratify any contract made on its behalf which is merely voidable, as distinguished from one which is ultra vires, void, or illegal. 10A McQuillin Mun. Corp. § 29:106 (3d ed.)

California courts have followed these general rules. See e.g., Los Angeles Dredging Co. v. City of Long Beach (1930) 210 Cal. 348.

Since the Board had the authority to approve the Order consenting to the assignment of P919 from HS Seafood to Standard on October 20, 2022, in the first instance and City Council, pursuant to Charter Section 606, had the authority to approve the Board's action, City Council may now ratify and approve the Order approved by the Board October 20, 2022.

Proposed Compensation Reset – P919 requires a compensation reset to be effective February 28, 2023. 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 Compensation Reset Order (Transmittal 2) is retroactive to be consistent with the City Charter and P919. Staff have negotiated the following retroactive rent schedule:

1. Commencing March 1, 2023, the annual rent will increase from \$43,465 to \$48,960 for a monthly rent amount of \$4,080.
2. Commencing March 1, 2024, the annual rent will increase from \$47,135 to \$51,840 for a monthly rent amount of \$4,320.

Effective March 1, 2025, and each annual adjustment date thereafter (provided the option to extend the term is exercised), the annual rent will be subject to CPI adjustment. The proposed rental adjustment is phased in over two years in order to bring the rent up to the current market value of \$90 per square foot.

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Proposed Transfer - In December 2023, Standard notified staff of its intention to transfer P919 from Standard to Superior.

Assignment Fee: Section 113.7 of the Permit requires the tenant to pay to the city an Assignment Fee. The Assignment Fee is equal to ten percent (10%) of the remaining economic value of the leasehold interest as a result of the use of the Premises. The Harbor Department's Financial Planning & Analysis Division's analysis estimated the remaining value of the Permit to be roughly \$90,000 therefore the proposed Assignment Fee is \$9,000. Superior has agreed to pay an assignment fee of \$9,000.

Transfer Notice Provisions: Under the terms of Section 113.3.1 of P919, Standard has provided the Harbor Department with a Transfer Notice establishing the intent to make a transfer of the P919 (Transmittal 3). The Transfer Notice includes prescribed information to allow the Harbor Department to review the nature of the transfer and quality of the proposed transferee. Prescribed information requirements in the Transfer Notice include:

- a) **The identity of the transferee:** P.L.D Enterprises Inc. dba Superior Seafood Company
- b) **Description of the business structure of the transferee, history, nature of business, character, reputation and experience in the proposed operation:** Superior was formed in 1996 and is a wholesale seafood distributor that sells fresh and frozen seafood to grocery stores and restaurants in Southern California. Since 2015, Superior has held a Commercial Fish Processing License.
- c) **Description of the type of transfer proposed and the rights proposed to be transferred:** the type of transfer will be for the entire P919.
- d) **Description of proposed operation on the existing premises:** Superior plans to utilize the facilities with the existing employee base consistent with Standard's current use. This includes the processing of wet-fish as well as wholesale fish, seafood, and related sales.
- e) **Terms of the proposed transfer:** transfer of P919 from Standard to Superior. No assets will be transferred.
- f) **Proposed business plan for transferee:** Superior plans on continuing Standard's current operation of wet fish processing for local wholesale and wholesale to restaurant chains in Southern California.
- g) **General description of any planned alterations or improvements to the premises:** Superior plans to utilize the existing Standard facilities as is. There will be no major build outs or alterations to the premises.
- h) **A general description of the transferee's worth including audited financial statements:** Superior's representatives previously provided financial and background information to Harbor Department staff. The Harbor Department's Financial Management staff have reviewed the financial statements. Staff determined that Superior has the adequate financial ability to meet obligations of P919.
- i) **And other relevant information:** see Transfer Notice.
- j) **Written authorization allowing City to inspect and review any books and records or other information of Tenant or Transferee:** see Transfer Notice.

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Transfer Notice Findings - Based on the information provided in the Transfer Notice, financial records and other information previously reviewed during the due diligence process that has been ongoing since the Harbor Department was notified of the proposed P919 assignment in December 2023, Superior has demonstrated the requisite experience, financial strength, and ability to continue to operate the Standard facility in the Port of Los Angeles.

Based on all the information provided and reviewed, staff recommends the Board consent to the proposed Assignment Order (Transmittal 4) transferring P919 from Standard to Superior.

ENVIRONMENTAL ASSESSMENT:

The proposed actions are the approval of the proposed Order resetting compensation and the proposed Order consenting to the assignment of P919 to Superior, which are administrative activities. Therefore, the Director of Environmental Management has determined that the proposed activities are 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 reset compensation under P919 with Standard for the three-year period of February 28, 2023, to February 27, 2026. Under the proposed compensation reset, rent will be adjusted as follows: effective February 28, 2023, annual rent will increase by \$5,495 or 13% from \$43,465 to \$48,960; effective February 28, 2024, annual rent will increase by \$4,705 or 10% from \$47,135 to \$51,840. If the tenant decides to exercise its option to extend, annual compensation will be subject to annual CPI adjustments effective March 1, 2025.

Assignment of the Harbor Department's P919 with Standard to Superior will result in the continuance of all operations allowed under the permit. The Harbor Department will continue to receive monthly rent under the assigned permit as well as a one-time transfer fee from Superior in the amount of \$9,000. The permit assignee will be solely responsible for all regulatory requirements and maintenance-related responsibilities, except as stated in Exhibit J.

CITY ATTORNEY:

The Office of the City Attorney has approved the proposed Compensation Reset Order and Assignment Order as to form and legality.

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TRANSMITTALS:

1. Resolution No. 22-10074
2. Compensation Reset Order 25-7403
3. Transfer Notice
4. Assignment Order- 25-7404

FIS Approval: *MM*
CA Approval: *JC*

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