



To: Board of Harbor Commissioners

From: Mike Rademaker, CEO/Harbormaster

Date: October 25, 2026 (for the Regular Meeting of October 28, 2026)

Subject: Resolution No. 2026-19 - Approval of the Dandy Fish Company and Long Fisheries Hoist and Dock Lease and Adoption of a Standard Form Hoist and Dock Lease

Revised following the Board's consideration of the draft lease and resolution at its October 14, 2026 regular meeting. Revisions are shaded.

Recommended Action

Adopt Resolution No. 2026-19, which in a single action:

- **[Revised]** approves the Hoist and Dock Lease with Dandy Fish Company, Inc. and Long Fisheries Inc. for 100 Neptune Way, as revised to incorporate the Board's October 14, 2026 direction and the tenants' follow-up requests (Article II);
- **[Revised]** authorizes the CEO/Harbormaster, with District Counsel's approval as to form, to finalize and execute that lease with nonsubstantive changes, and to administer it, including its relocation, pier, and renewal provisions, within the limits stated in the resolution (Article II); and
- adopts the general lease form as the District's Standard Form Hoist and Dock Lease and authorizes District Counsel, in consultation with the CEO/Harbormaster, to adapt it for Caito Fisheries, LCZ Unloaders, Nor-Cal Seafood, and other hoist operators, while preserving the Board's approval authority over future leases and material departures (Article III).

Revisions in Response to the Board's October 14, 2026 Direction

At its October 14, 2026 regular meeting, the Board considered the draft lease and resolution and gave staff five specific directions. Each has been incorporated into the revised lease and, where needed, the resolution, as summarized in Table 1. The prospective tenants raised three further questions after the meeting; staff's recommended responses are also incorporated and are summarized in Table 2.

How revisions are marked. Every new or revised paragraph in this report is shaded. Revised paragraphs in sections carried over from the October 14 report begin with a bracketed tag identifying the Board item (1 through 5), tenant request (A through C), or Table 3 change they respond to. Table 3 lists additional changes approved by District Counsel, changes prompted by staff's review of the right-of-first-refusal letter and the 2024 federal relocation regulations, changes from staff's independent review of the full package, a change to the date of the first annual rent adjustment, and nonsubstantive cleanup. Unshaded text is unchanged from the October 14 report. Redlines of the lease and of the resolution, each against the version presented on October 14, are attached; additions appear in blue text and deletions in red strikethrough.

Table 1. Board direction of October 14, 2026

#	Board direction	How the revised lease responds	Lease section(s)
1	Add a relocation clause for potential tenant relocation as the District implements its MARAD grants for Citizens Dock and the seawall, and other grants that improve infrastructure.	New Recital F records the tenants' knowledge of the projects. New Section 11.2 lets the District temporarily close or relocate the premises on 30 days' notice, or permanently relocate the tenants to reasonably comparable Substitute Premises on 90 days' notice; abates rent when a hoist is unusable with no substitute; gives both sides limited termination rights; and requires compliance with federal and state relocation law where it applies, without requesting any waiver of statutory rights.	Recital F; 11.2
2	Make clear that the tenant is responsible for any needed repairs to the hoists.	New Section 8.3 makes the tenants solely responsible for maintaining, repairing, and replacing the tenant-owned hoists and all components, regardless of cause, including required Cal/OSHA inspections and certifications. The District has no hoist repair obligation, and an inoperable hoist does not reduce rent unless the outage is caused by a District project or a pier condition the District is responsible for.	2.1(c); 8.1; 8.3
3	Loss of income during Citizens Dock replacement, seawall repair, or other infrastructure improvements is not the District's responsibility, although the District will endeavor to minimize such losses to the fullest extent possible.	New Section 11.3 provides that the District is not liable for lost income, profits, or business interruption caused by District projects, relocation, or pier repairs, and commits the District to endeavor in good faith to minimize interference and losses "to the fullest extent reasonably practicable."	11.3

#	Board direction	How the revised lease responds	Lease section(s)
4	Provide a right to a five-year renewal after a re-appraisal of market value.	New Section 5.3 grants one option to extend through October 31, 2036. Renewal rent is set by an independent appraisal of fair market rent, but not less than the rent the CPI formula would otherwise produce. The tenants may comment or submit their own appraisal, and may withdraw if they do not accept the result.	5.3; conforming 1.2, 2.2, 2.5, 3.2, 4.1, 4.7, 5.1
5	Explain how the November 1, 2026 commencement works with rent commencing on the later of November 1 or Board approval.	Explained below under Board Item 5. Small clarifications in Sections 2.3, 3.5, 4.1, and 12.13 make the explanation hold in every scenario.	2.3; 2.5; 3.5; 4.1; 12.13

Table 2. Tenant requests received after October 14, 2026

#	Tenant request	Staff recommendation and revision	Lease section(s)
A	Section 3.1 does not mention the pier. Who repairs pier damage, and how is timely repair assured so operations can continue?	The District accepts responsibility for maintaining and repairing the pier, including the District-owned hoist foundations and electrical service. Section 8.4 adds a two-business-day inspection response, priority for repairs that restore hoist operation, a 15-day start for routine repairs, temporary alternatives where available, rent abatement for outages longer than seven days, and a termination right if an outage will exceed six months. Maintenance and repairs other than emergency protective measures are subject to available funds (a District Counsel–approved change). The tenants reimburse pier damage they cause, other than ordinary wear and tear from compliant operation.	2.8; 3.1; 8.1; 8.4
B	Strike the Industrial General Permit requirement in Section 3.4(a), which the tenants believe does not apply to their business.	Retained but made conditional: the tenants must comply only to the extent the permit applies to their operations, and must document permit coverage, a No Exposure Certification, or the basis for concluding it does not apply. A prohibition on unpermitted discharges to the harbor applies in all cases.	3.4(a)–(b)

#	Tenant request	Staff recommendation and revision	Lease section(s)
C	Fathom asks that the lease state that Dandy is responsible for all wharfage fees.	At the District, wharfage (a flat concession fee on seafood sales) and poundage (a per-pound landing fee) are separate charges. Section 4.6 now defines them separately and allocates only Wharfage Fees to Dandy, as between the tenants. Both tenants remain jointly and severally liable to the District for both fees.	4.6

Table 3. Additional changes

#	Change	Lease section(s)	Basis
D1	Force majeure does not excuse payment of rent or any other sum due under the lease.	12.15	Approved by District Counsel
D2	Pier repairs other than emergency protective measures are subject to available funds; if funds are not available, the District may restrict or close the affected area, and the tenants' remedies are rent abatement and termination.	8.4(c)	Approved by District Counsel
R1	Recital D corrected to describe the Board's February 7, 2025 action accurately; acknowledgment by Alaska Ice Seafoods Inc., the holder of the right of first refusal, added.	Recital D; acknowledgment page	Review of the right-of-first-refusal letter
R2	Lease notice periods yield to any longer notice required by relocation law; relocation-law clause reworded so the District does not request a waiver of statutory rights.	11.2(b), (c), (h)	Federal relocation regulations, as amended in 2024
R3	Pier maintenance, as well as repair, made subject to available funds, conforming change D2.	8.4(a), (c)	Staff review of full package
R4	Tenants reimburse pier damage they cause, but not ordinary wear and tear from operating the hoists in compliance with the lease and the District's load limits.	8.1; 8.4(a)	Staff review of full package
R5	Claims-made pollution policy must have a retroactive date no later than January 15, 2026 (the prior lease date), or the tenants' earlier first operations, so that operations before November 1, 2026 are covered; coverage expressly reaches the pier.	7.2(e)	Staff review of full package
R6	Notices must be served on each tenant; renewal deadlines run from the later receipt; the District's Rent Notice deadline runs from the date the appraisal becomes final.	5.3(h), (i); 12.1(d)	Staff review of full package

#	Change	Lease section(s)	Basis
R7	Pier-outage abatement begins at the earlier of the tenants' report or a District closure; the "offered or provided" alternative and declined-alternative rules match Section 11.2(f); daily abatement is prorated by actual days in the month.	8.4(e); 11.2(f)	Staff review of full package
R8	Premises described by reference to a site plan (new Exhibit 1, to be attached before execution under resolution Section 2.3); pier and premises distinction restated; Monthly Minimum Rent tied to the hoists then in the premises and subject to "abatement or reduction."	2.1; 2.2; 2.8; 4.1; Exhibit 1	Staff review of full package
R9	"Effective Date" defined as the date of full execution after Board approval and used consistently; Alaska Ice Seafoods Inc. identified as Long Fisheries' parent; "regular" removed from Recital D; seawall work described as repair and replacement; a date blank added for the interim use agreement; approval-as-to-form and date lines added to the signature page; a blank for Alaska Ice's state of incorporation added to its acknowledgment.	Preamble; Recitals B, C, D, F; 2.3; 3.4(a); 3.5; 11.2(a); signature and acknowledgment pages	Staff review of full package
E1	First annual rent adjustment moved from November 1, 2028 to November 1, 2027, so the initial term includes four adjustments (see Fiscal Impact).	4.7	Commissioner feedback
C1	Nonsubstantive cleanup: updated statutory citations (Hazardous Materials Transportation Act; Clean Water Act; Health and Safety Code section 78075, formerly section 25316; Revenue and Taxation Code); "his" changed to "its"; nondiscrimination categories updated; second officer signature line for each corporate tenant (Corporations Code section 313 for Dandy Fish Company, Inc., a California corporation; for Long Fisheries Inc., an Oregon corporation, and for Alaska Ice Seafoods Inc., resolution Section 2.3 now requires evidence of the signer's authority, together with confirmation of Long Fisheries' registration to do business in California).	3.5(a); 4.3; 12.5; 12.8; signature page	Cleanup
C2	Additional cleanup: Recital E wording; Section 2.1 grammar; "later of ... and" in Sections 2.3, 3.5, and 8.3(e); "Landlord's Board" in Section 2.3; "Article 7" in Sections 2.6 and 6.1(a) and "Article 6" in Section 6.3; survival language in Section 3.4(c); Section 8.1 sentence structure; Article 9 heading; office-lease "building" references in Sections 7.2(b) and 12.12; counsel reference and hyphenation in Section 7.2(e); direct cross-references in Section 12.15.	Recital E; 2.1; 2.3; 2.6; 3.4(c); 3.5; 6.1(a); 6.3; 7.2(b), (e); 8.1; 8.3(e); Art. 9; 12.12; 12.15	Cleanup

Discussion of the Revisions

Board Item 1. Relocation for MARAD-funded and other District projects (Recital F; Section 11.2)

The revised lease adds a framework for "District Projects," defined to include the MARAD-funded Citizens Dock replacement and seawall repair and replacement and any other repair, replacement, resilience, utility, dredging, or improvement project for harbor infrastructure, however funded. New Recital F records that the tenants enter the lease knowing these projects are planned.

For a District Project, the District may temporarily close, restrict, or relocate any part of the premises or pier on at least 30 days' notice, or any longer notice relocation law requires; shorter notice is allowed for emergencies, safety, permit conditions such as in-water work windows, or funding deadlines only to the extent relocation law permits. It may also permanently relocate the tenants on at least 90 days' notice (or longer if relocation law requires) to reasonably comparable Substitute Premises elsewhere in the harbor, documented by a memorandum rather than a lease amendment. The District provides comparable hoist foundations and electrical service at any permanent Substitute Premises, and at a temporary location only if it elects; the tenants move their own hoists and property unless relocation law requires otherwise. The District will share schedules, consult on phasing, and consider peak offload periods such as the opening of the Dungeness crab season.

Relocation law. Because the Citizens Dock and seawall work is federally funded, any move it requires is governed not only by the lease but by federal and state relocation law and by the District's grant agreements. Those requirements, and staff's assumption that each lessee's move will take one day, are summarized under "Relocation Requirements and Grant Funding" below. Lease Section 11.2(h) has been reworded so that the District complies with relocation law where it applies, provides nothing beyond what that law requires, and does not ask the tenants to waive any statutory right.

Board Item 2. Tenant responsibility for hoist repairs (Sections 2.1(c), 8.1, and 8.3)

The hoists are owned by the tenants; the foundations and electrical service are owned by the District. Section 2.1(c) now defines the tenant-owned hoists and related equipment as the "Hoist Equipment," and new Section 8.3 makes the tenants solely responsible, at their cost, for maintaining, repairing, and replacing the Hoist Equipment and all of its components, regardless of cause, including wear, age, latent defect, or casualty. The only exception is damage caused by the District's gross negligence or willful misconduct.

The tenants must meet Cal/OSHA (Title 8) and manufacturer standards, use qualified personnel, obtain any legally required inspections, load tests, and certifications, and give the District copies on request. An inoperable hoist does not reduce rent or extend the term, unless the outage results from a District Project or a pier condition the District is responsible for (Section 8.3(c)). The District may take an unsafe hoist out of service, and replacement or higher-capacity hoists require District consent and, if the District requires it, an engineer's confirmation that the pier and foundations can carry the load. The hoists remain the tenants' trade fixtures. At the end of the lease, or when the lease

ends as to a hoist, the tenants must remove the hoist equipment if the District so elects, leave the electrical service safely terminated, and repair any removal damage; otherwise the District may remove it at their cost (Section 8.3(e)).

Board Item 3. No District liability for loss of income; commitment to minimize losses (Section 11.3)

Section 11.3 provides that the District is not liable for lost income, revenue, or profits, business interruption, increased operating costs, or similar losses arising from District Projects, relocation, or the condition or repair of the pier, and that these activities are not an eviction or a breach of the covenant of quiet enjoyment. The only financial relief is the rent abatement described above. The waiver does not cover the District's gross negligence or willful misconduct, physical damage to tenant property (which remains governed by the lease's insurance and indemnity provisions), or payments required by relocation law. The tenants are responsible for any business-interruption insurance they want.

The District will endeavor to minimize such losses to the fullest extent possible, and this is carried into Section 11.3(c) as a good-faith commitment to minimize interference and losses "to the fullest extent reasonably practicable," consistent with safety, permits, funding requirements, and project schedules, through advance notice, phasing, safe access, and temporary alternatives.

Board Item 4. Five-year renewal at re-appraised market rent (Section 5.3)

Section 5.3 grants the tenants one option to extend the lease for five years, from November 1, 2031 through October 31, 2036, on the same terms except rent. Both tenants must exercise the option jointly, for the entire premises, by written notice between November 1, 2030 and January 31, 2031, and only if no uncured default exists.

Re-appraisal. Within 45 days after the exercise notice (or within 15 days after Board approval, if the engagement requires it), the District engages an independent appraiser holding a California certified general license, preferably with the MAI designation, to determine fair market rent as of November 1, 2031. The appraiser considers comparable hoist, offloading, and waterfront industrial leases in Crescent City and comparable Northern California and southern Oregon fishing harbors, and excludes tenant-owned equipment. The tenants may comment or submit their own appraisal within 30 days, after which the appraiser issues a final determination. Renewal rent is the greater of that fair market rent or the rent the CPI formula in Section 4.7 would otherwise produce on November 1, 2031; CPI adjustments then resume each November 1 beginning in 2032. The District sends each tenant the final determination and the resulting rent within five business days after the appraisal becomes final, and either tenant may withdraw within 15 days after the later tenant receives it. If the process runs past November 1, 2031, the renewal term begins at the minimum rent, with a true-up, and a later withdrawal ends the lease after a short wind-down rather than retroactively. The appraisal cost is shared equally.

Because Section 1.2 previously stated that the lease created no renewal right, it has been conformed: the renewal option is the only exception, and exercising it does not

revive Fathom's right of first refusal. The renewal option is treated as transaction-specific. It may appear in the master Standard Form only as a bracketed optional provision, and including it in any other operator's lease requires express Board approval.

Board Item 5. Commencement Date and Rent Commencement (Sections 2.3 and 2.5)

The lease uses three dates, each with a different purpose:

- **Commencement Date (Section 2.5):** fixed at November 1, 2026. It anchors the five-year term, the October 31, 2031 expiration, every November 1 rent adjustment beginning in 2027, and the renewal exercise window.
- **Rent Commencement Date (Section 2.3):** the later of November 1, 2026 or the date of Board approval. Rent under the new lease begins on this date.
- **Effective Date (preamble):** the date the lease is fully signed after Board approval, which the CEO/Harbormaster completes at execution. Under Section 1.1, nothing binds either party until the Board approves the lease.

On the current schedule. If the Board adopts Resolution No. 2026-19 on October 28, 2026, approval comes before November 1, so the "later of" test resolves to November 1, 2026 and the dates line up: the term and rent both start November 1. The tenants' occupancy until then continues under the interim use agreement.

If action were continued past November 1. The term would still be measured from November 1, so the expiration date and adjustment calendar would not move. Rent under the new lease would start on the approval date, prorated for the partial month under Section 4.1, and occupancy before that date would remain under the interim use agreement. The "later of" language thus prevents the District from charging rent under a lease that does not yet exist, while the fixed Commencement Date keeps every other date stable. A floating start date would push the expiration and every adjustment date off the November 1 cycle and would change Board-approved dates that the resolution does not allow staff to change administratively.

No gap and no double charge. The interim use agreement charges \$6,000 per month, the same as the lease's initial rent, and by its terms ends when a long-term lease is executed. Revised Section 2.3 provides that the interim agreement governs until the later of the Rent Commencement Date or execution, and that any monthly use fee paid under it for a period on or after the Rent Commencement Date is credited against lease rent. If the lease is signed October 29 through 31, Section 2.3 keeps the interim agreement in effect through October 31, overriding its end-on-execution trigger so there is no gap before November 1. If signatures are completed a few days after November 1, the tenants pay once for November, not twice. Dandy Fish Company, Inc. and Long Fisheries Inc., the two lessees under the interim use agreement, are fully current with their payment obligations under that agreement.

Tenant Request A. Pier maintenance and timely repair (Sections 2.8, 3.1, and 8.4)

The tenants observed that Section 3.1 does not mention the pier and asked who repairs pier damage and how timely repair is assured. As revised, the District accepts

responsibility for maintaining the pier. New Section 2.8 defines the "Pier" as the District-owned structure on which the hoists sit (piles, pile caps, framing, decking, and fendering), together with the District-owned hoist foundations and electrical service up to the point of connection with the hoists, and gives the tenants a nonexclusive right to use it. The pier is not part of the leased premises, so the tenants' general repair, property-insurance, restoration, and alteration obligations for the premises do not extend to it. Section 2.8 does, however, apply the tenants' indemnity, liability and pollution insurance, stormwater and hazardous materials, and lien obligations to their use of and operations on the pier, so the District's protections are not narrowed. Section 3.1 now states that the District's pier obligation is an express obligation that the lease's "as is" language does not limit.

To address continuity of operations, Section 8.4 provides for a District inspection and response within two business days after notice, which may be given by telephone or email and confirmed in writing; priority for repairs that restore hoist operation; prompt protective measures for hazards; commencement within 15 days for routine repairs that need no engineering, permits, or bidding, and diligent pursuit of larger repairs; reasonable efforts to arrange a temporary offloading alternative; rent abatement for an affected hoist when an outage exceeds seven days with no alternative; and a termination right for either side, as to the affected hoist, if an outage will exceed six months.

The commitment is bounded so that it fits the District's finances and legal constraints. The District must keep the pier safe and serviceable but is not obligated to improve, upgrade, or add capacity beyond its condition on November 1, 2026. As a District Counsel-approved change, maintenance and repairs other than emergency protective measures are subject to the availability of funds; if funds are not available, the District must notify the tenants, may restrict or close the affected area for safety, and the tenants' remedies are rent abatement and termination under Section 8.4(e). The tenants reimburse damage they cause, including overloading, but not ordinary wear and tear from operating the hoists in compliance with the lease and the District's load limits; the District may set engineering-based load limits; restoration after a tsunami or other casualty is subject to available insurance, disaster assistance, or other funding and to permits; and repairs may be folded into a District Project, with the District continuing safety repairs until that work starts. Pier and hoist damage is carved out of the general 30-day casualty termination clause (new Section 11.1(d)), so the six-month standard in Section 8.4 controls. The tenants' monetary remedy for delay is rent abatement, not damages for lost income (Section 11.3). This is a new contractual commitment for the District and is addressed under Fiscal Impact.

Tenant Request B. Stormwater Industrial General Permit (Section 3.4)

The tenants asked that the State Water Resources Control Board's Industrial General Permit (Order 2014-0057-DWQ, as amended) be struck because they believe it does not apply to their business. Staff recommends against striking it. Whether the permit applies depends on the facility's Standard Industrial Classification (SIC) code and on whether industrial materials or activities are exposed to storm water. Fish and seafood processing (SIC 2091 and 2092) falls within the federal "light industry" category, which is regulated where industrial materials or activities are exposed to storm water; under

the current permit, a light-industry facility with no exposure must still file a No Exposure Certification. Offloading and wholesale distribution without processing generally fall outside the permit's categories. The permitted use in this lease is "fish offloading and processing," so applicability turns on facts that may change during the term.

Revised Section 3.4(a) requires compliance only "to the extent the Industrial General Permit applies to Tenant's operations." Within 30 days after execution, and after any material change in operations, the tenants must give the District proof of permit coverage, an accepted No Exposure Certification, or a signed statement of the SIC codes and operations on which they rely in concluding that the permit does not apply. That conclusion is at the tenants' risk, and they must obtain coverage if the State or North Coast Regional Water Board requires it. In all cases, the tenants may not discharge fish waste, wash water, hydraulic fluid, fuel, or other pollutants to the harbor or storm drains without a permit, and the existing indemnity in Section 3.4(b) now expressly covers a failure to obtain required coverage. Because hoist operators' activities differ, this conditional approach also works better as the Standard Form baseline.

Tenant Request C. Wharfage fees (Section 4.6)

Fathom asked that the lease state that Dandy is responsible for all wharfage fees. At the District, wharfage and poundage are different charges. Poundage is the per-pound landing fee on fish and seafood offloaded at District facilities, set by species (for example, 2.2 cents per pound for crab and 3.3 cents per pound for salmon). Wharfage is the flat Concession/Wharfage Fee on sales of seafood products, currently \$50 per month, capped at \$200 per year. Section 4.6 now defines "Poundage Fees" and "Wharfage Fees" separately, requires the tenants to pay both and to provide the landing and offload records needed to calculate them, and allocates only Wharfage Fees to Dandy, as between the tenants, which is exactly what Fathom requested. Poundage remains a shared obligation for the tenants to allocate between themselves. Both tenants remain jointly and severally liable to the District for both fees; releasing Long Fisheries from that liability would be a release of an obligor that the resolution reserves to the Board. The allocation is transaction-specific and will not carry into the Standard Form.

Right of first refusal held by Alaska Ice Seafoods (Recital D; Section 1.2; acknowledgment)

Staff reviewed the right-of-first-refusal letter that implemented the Board's February 7, 2025 action. Three points bear on the lease. First, the right is held by Alaska Ice Seafoods Inc., doing business as Fathom Seafood, not by Long Fisheries Inc., its subsidiary and the co-tenant under this lease. Section 1.2 declares the right satisfied, but only the holder can bind itself to that. The revised lease therefore adds a short acknowledgment for Alaska Ice to sign, stating that the lease satisfies and exhausts the right and that Alaska Ice does not become a party to the lease, and resolution Section 2.3 now requires that acknowledgment before execution.

Relocation Requirements and Grant Funding

The Citizens Dock and seawall work is funded in part by the District's FY 2022 and FY 2024 Port Infrastructure Development Program grants from the U.S. Department of Transportation, Maritime Administration (MARAD), and a FY 2026 application for Pier 2 is pending. A move that this work requires is therefore subject to the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act (42 U.S.C. § 4601 et seq.; 49 C.F.R. Part 24), which the grant agreements incorporate. The California Relocation Assistance Law (Gov. Code § 7260 et seq.) applies to the District in any event.

Background

The proposed lease provides for continued fish offloading and processing at 100 Neptune Way. The Board is also being asked to establish a common lease framework for other hoist operators. A standard form will allow District Counsel and staff to prepare leases using consistent provisions for payment, permitted use, compliance, maintenance, insurance, indemnification, default, and surrender. Each lease can then be adapted to its actual premises and operations, with the Board retaining its authority over the transaction and material departures.

The proposed action combines approval of the specific Dandy/Long lease with adoption of the general form as a model. It follows the approach proposed in Resolution No. 2026-18 for the professional services agreement: the Board approves the transaction and standard framework, Counsel may make defined legal and technical adaptations, and material business decisions remain with the Board.

The Lease and What the Resolution Does

1. Approval of the Dandy and Long lease

Article II approves the lease in substantially the form attached as Exhibit A. The principal terms are:

- Tenants: Dandy Fish Company, Inc., a California corporation, and Long Fisheries Inc., an Oregon corporation. Each is jointly and severally liable for the entire rent and all other lease obligations.
- **[Revised — Board Item 2; Tenant Request A; Change R8]** Premises and use: the buildings and surrounding area described in Section 2.1 and shown on the site plan to be attached as Exhibit 1, exclusive use of two hoist areas (with the tenant-owned hoists, defined as the "Hoist Equipment") and the truck pit at 100 Neptune Way, for fish offloading and processing, together with a nonexclusive right under new Section 2.8 to use the District-owned pier on which the hoists sit.
- **[Revised — Board Items 4 and 5; Tenant Request C]** Term and initial rent: November 1, 2026, through October 31, 2031, with one five-year renewal option at re-appraised market rent (Section 5.3); initially \$3,000 per hoist per month, totaling \$6,000 per month. Rent commences on the later of November 1, 2026, or Board approval; with approval on October 28, 2026, rent commences November 1, 2026. Monthly Minimum Rent means the base monthly Rent, excluding

poundage fees and other charges. Poundage and wharfage fees under the District's Fee Schedule are additional.

- **[Revised — Change E1]** Annual rent adjustments: beginning November 1, 2027, and each November 1 thereafter during the term, the then-current Monthly Minimum Rent increases by the greater of 2% or the arithmetic average of seven annual changes in the CPI-U, West Region, All Items, not seasonally adjusted (1982-84 = 100), BLS Series CUUR0400SA0. Section 4.7 uses the seven most recent completed calendar years with published annual-average data as of the adjustment date, with each change measured against the preceding year and negative changes included.

The unrounded percentage is applied to the aggregate monthly rent, and the resulting rent is rounded to the nearest cent. Later BLS publications do not trigger a true-up, arrearage, or reconciliation of that adjustment. The example in the lease averages seven rates of 3%, 4%, 5%, 3%, 2%, 1%, and 2% to approximately 2.86%; the underlying unrounded average controls the calculation. Section 4.7 also addresses a comparable successor index.

- Property insurance: Tenant must maintain fire and extended coverage casualty insurance for the Premises buildings and insurable improvements at 100% replacement cost, excluding land, with the District named as loss payee as its interest may appear. Tenant must also insure its own fixtures and personal property at 100% replacement cost. Sections 2.6 and 7.2(d) place procurement of this coverage on Tenant.
- Pollution insurance: Section 7.2(e) requires premises pollution coverage of at least \$2 million for each claim or pollution condition, or each occurrence if written on an occurrence basis, and \$2 million aggregate for each annual policy period. Coverage addresses bodily injury, property damage, cleanup, natural resource damages, and defense costs from sudden or gradual pollution associated with Tenant's operations, including discharges to harbor waters. It must continue during the term and for 60 months after expiration or earlier termination.
- **[Revised — Board Item 2; Tenant Request A]** Other obligations: tenant responsibilities for the specified taxes, utilities, maintenance, repairs (including all repairs to the tenant-owned hoists), regulatory compliance, indemnification, and other insurance; District responsibility for maintenance and repair of the pier under Section 8.4. The general liability and pollution policies provide additional-insured protection, the property policy provides loss-payee protection, and the required policies include waiver-of-subrogation protection for the District.

[Revised — Board Item 4] The lease does not provide a security deposit or a right to hold over. At the Board's direction, it now includes one renewal option, and Section 1.2 has been conformed so that the option is the only exception to the lease's "no renewal, extension, or holdover" language and does not revive Fathom's right of first refusal. The lease also provides for satisfaction of the limited right of first refusal held by Alaska Ice Seafoods Inc., doing business as Fathom Seafood.

2. Finalization and execution without another Board vote

Sections 2.1 through 2.3 authorize the CEO/Harbormaster to execute the approved lease after District Counsel approves the final document as to form. Counsel and the CEO/Harbormaster may correct typographical and drafting errors, formatting, numbering, cross-references, citations, and administrative information, and clarify wording without changing its substantive effect. They may also complete the actual execution date and accurately document the premises already approved by the Board.

The limit is substantive effect. The delegation does not permit changes to rent, the rent adjustment formula or timing, or other economic terms; the tenant parties; the premises or use rights; commencement or expiration dates; renewal rights; the right-of-first-refusal arrangement; or material maintenance, insurance, indemnity, termination, or other risk provisions. This includes material changes to the property or pollution insurance requirements and their duration. A material change must return to the Board even if proposed as a legal correction or as additional protection for the District.

[New — Board Items 1 and 4; Tenant Request A] New resolution Section 2.5 authorizes the CEO/Harbormaster to administer the relocation, pier, and renewal provisions: giving notices, implementing temporary closures and pier load limits, designating comparable Substitute Premises by memorandum approved as to form by District Counsel, and implementing rent abatements and tenant-initiated terminations as the lease provides. A District election to terminate the lease, in whole or for one hoist, requires Board approval. For the renewal option, the CEO/Harbormaster may engage the appraiser subject to the procurement and expenditure rules then in effect (under the current Bylaws, an expenditure above \$2,000 requires Board approval, so engagement of the appraiser in 2030–31 would likely return to the Board), administer the review process, and sign a memorandum confirming the renewal rent produced by Section 5.3, but may not agree to a lower rent or vary other terms. Permanent relocations, abatements lasting more than 30 days, terminations, and renewal decisions will be reported to the Board. Section 2.5(c) also requires staff, before any District Project requires the tenants to move, to determine whether relocation law applies and, if so, to issue the required notices, prepare any relocation plan, request any needed grant budget revision, and report to the Board on costs and funding. Resolution Section 2.2(b) also adds the new provisions to the list of terms that cannot be changed administratively.

3. Adoption and adaptation of the standard form

[Revised — Board Items 1–3; Tenant Requests A and B] Article III adopts the general lease form without Lease-Specific Content. Counsel will prepare a master version within 60 days, using blanks or optional provisions for such matters as the tenant, property description, hoist count, initial rent, first rent adjustment date, other transaction dates, and permitted use. The annual adjustment method in Section 4.7, the tenant insurance requirements in Sections 2.6 and 7.2, the hoist and pier maintenance allocation in Sections 2.8, 8.1, 8.3, and 8.4, the District Project, relocation, and loss-of-income provisions in Sections 11.2 and 11.3, and the conditional stormwater permit provisions in Section 3.4 remain the Standard Form baseline. Departures from the adjustment method and material insurance changes require Board approval.

[Revised — Board Item 4; Tenant Request C] The provisions addressing Fathom's existing right of first refusal, Dandy's authority to resolve cotenant disputes, the allocation of wharfage fees to Dandy, and the identification of the Citizens Dock and seawall projects are excluded from the general form. The renewal option may be carried in the master form only as a bracketed optional provision, together with its conforming cross-references; including it in another operator's lease requires express Board approval. Joint and several liability will ordinarily be retained for multiple tenants, subject to the resolution's reservation of Board authority, and conformed for a single tenant.

Counsel, working with the CEO/Harbormaster, may prepare and negotiate future leases, conform legal requirements, remove inapplicable provisions, adapt insurance terminology while preserving the material coverage and protections required by the Standard Form, and make permitted legal and technical refinements. The Board retains approval of each future lease and its business terms except where authority has been separately and expressly delegated. Approval of the model alone does not award leases to Caito, LCZ, or any other operator, and does not change existing leases.

[Revised — Board Items 1 and 4] Reserved Modifications require express Board approval. These include material changes to liability or indemnity, insurance coverage, limits, duration, or allocation of responsibility; additional District maintenance or capital obligations; weaker default or termination rights; material restrictions of the District's rights to undertake District Projects, relocate premises, or set pier load limits; new renewal or priority rights, including a renewal option like Section 5.3; binding arbitration; and other material departures. Rent and the adjustment formula and timing also remain Board-reserved business terms. A departure may be approved with the particular lease if identified and explained in its staff report; it does not require a separate action on the master form.

4. Fair and consistent treatment of hoist operators

Section 3.4 calls for comparable protections and obligations for similarly situated operators. Differences must be supported by relevant circumstances, such as the number and capacity of hoists, premises size and condition, access, permitted operations, term, and maintenance responsibilities. Material departures and material differences in economics or obligations among comparable operators must be explained to the Board.

The resolution therefore establishes a common framework without automatically extending the Dandy/Long initial rental amount or transaction-specific rights to every operator. Applicable nondiscrimination and public-trust requirements continue to apply. The master form will be maintained with a version date and change log; generally applicable updates will be reported to the Board within 60 days, and the form will be reviewed at least every two years.

[New — Board Items 1–4; Tenant Request A] Because the hoist, pier, and District Project provisions will be part of the Standard Form baseline, Caito Fisheries, LCZ Unloaders, Nor-Cal Seafood, and other operators would ordinarily receive the same allocation of hoist and pier responsibility and the same relocation framework, which matters because their operations may also be affected by the Citizens Dock and seawall projects. Whether to offer a comparable renewal option to another operator will

be a Board decision on that operator's lease, informed by the comparability standard in resolution Section 3.4.

Environmental Review

Section 4.1 finds approval of the lease categorically exempt under State CEQA Guidelines section 15301, Class 1 (Existing Facilities). The lease continues fish offloading and processing at the existing buildings, two hoist areas, truck pit, and associated premises at 100 Neptune Way, involving negligible or no expansion of existing use. The resolution does not approve new construction or expansion of use. Section 8.2 of the lease preserves the requirements for Landlord consent and applicable permits for alterations.

[New — Board Items 1 and 4] The lease's District Project and relocation provisions reserve rights and allocate risk; they do not approve, fund, or commit the District to the Citizens Dock replacement, the seawall repair and replacement, or any other project. Each project remains subject to its own CEQA review and, for federally funded work, review under the National Environmental Policy Act before approval. Resolution Section 4.1(a) includes this finding so that the lease cannot be characterized as a commitment to a project.

The resolution includes a Board finding, based on the record before it, that no exception under State CEQA Guidelines section 15300.2 applies.

Adoption of the Standard Form and the administrative delegation, standing alone, do not authorize physical changes and are not a project under State CEQA Guidelines section 15378(b)(5). Future leases, physical work, or proposed expansions remain subject to any required environmental review and permits before approval.

Fiscal Impact

[Revised — Board Items 1 and 5; Change E1] The following minimum-rent illustration assumes rent commences November 1, 2026, and that each annual adjustment is the 2% floor.

Period	Monthly Minimum Rent	Rent for Period
November 2026 - October 2027	\$6,000.00	\$72,000.00
November 2027 - October 2028	\$6,120.00	\$73,440.00
November 2028 - October 2029	\$6,242.40	\$74,908.80
November 2029 - October 2030	\$6,367.25	\$76,407.00
November 2030 - October 2031	\$6,494.60	\$77,935.20

[Revised — Change E1] Total base rent at the 2% floor is \$374,691.00. That is \$14,691.00 more than the \$360,000 that flat rent would produce. Rent will be higher if the applicable seven-year CPI average exceeds 2% at an adjustment date. These are gross contractual base-rent amounts. Poundage fees and other charges are additional.

[New — Board Item 4; Change E1] Renewal term. If the tenants exercise the renewal option, first-year renewal rent would be the greater of the appraised fair market rent or \$6,624.49 per month (the October 2031 rent of \$6,494.60 increased by the 2% floor). At 2% floors thereafter, minimum base rent over the five-year renewal term would total \$413,689.32 (\$79,493.88, \$81,083.76, \$82,705.44, \$84,359.52, and \$86,046.72 for the five lease years). The appraisal could set it higher. The appraisal cost in 2030–31 would be shared equally with the tenants.

[New — Board Items 1 and 3; Tenant Request A; Change R7] Rent abatement. Rent abates only when a hoist is out of service for more than seven consecutive days because of a District Project or a District-responsible pier condition and no reasonable temporary alternative is offered or provided. At the initial rent, abatement is \$3,000 per hoist per month, prorated by the actual days in the month (about \$97 to \$107 per hoist per day). If a hoist location is permanently eliminated without a substitute, or the lease is terminated as to one hoist, base rent is permanently reduced by the per-hoist share (initially \$3,000 per month, or \$36,000 per year). The District bears no liability for the tenants' lost income.

[New — Tenant Request A; Change R4] Pier maintenance. The District now expressly assumes maintenance and repair of the pier, including the hoist foundations and electrical service up to the point of connection. As owner of the structure, the District already bears this risk in practice, but the lease converts it into a contractual commitment with response-time standards. Costs depend on the pier's condition and cannot be quantified now; casualty restoration is subject to available insurance, disaster assistance, or other funding, and the tenants reimburse damage they cause, other than ordinary wear and tear from compliant operation.

[Revised — Board Item 1] Relocation. Assuming each lessee's move to the new pier is completed in one day, with the moves staggered, the District's relocation cost should be limited to the actual, reasonable cost of each move (about a day of crane or rigging and electrical work per lessee), in addition to the hoist foundations and electrical service already planned for Pier 1. A one-day outage does not trigger rent abatement. Relocation costs are not in either existing grant budget; they would be paid through the Pier 1 construction contract, by the District, or through a MARAD-approved budget revision.

[New — District Counsel–approved changes D1 and D2; Change R3] Pier repair funding. As a District Counsel–approved change, pier maintenance and repairs other than emergency protective measures are subject to available funds (Sections 8.4(a) and (c)), which limits the District's contractual exposure. If funds are not available, the District may restrict or close the affected area, and the tenants' remedies are rent abatement and termination.

[New — Board Item 5] Transition from the interim agreement. The interim use agreement charges \$6,000 per month, equal to the lease's initial rent, and Dandy Fish Company, Inc. and Long Fisheries Inc. are fully current with their payment obligations under it. The credit mechanism in Section 2.3 prevents double billing if the lease is signed after November 1, and there is no revenue gap between the two agreements.

The revised lease assigns procurement of premises fire and casualty insurance and the specified pollution insurance to Tenant. The District retains its other responsibilities under the approved lease. Adopting and maintaining the Standard Form requires staff and legal time but does not itself appropriate funds or authorize additional leases. Future leases and material departures will be presented with their own fiscal implications when Board approval is required.

Attachments

- **[New]** Resolution No. 2026-19, redline showing changes from the version presented on October 14, 2026
- **[New]** Hoist and Dock Lease, redline showing changes from the version presented on October 14, 2026