

RECOMMENDATION APPROVED **AS AMENDED;
RESOLUTION 26-10697 (PERMIT 999) ADOPTED;
BY THE BOARD OF HARBOR COMMISSIONERS
**Approved as amended to eliminate line item 4 of MM AQ-32

March 26, 2026

AMKlesges
AMBER M. KLESGES
Board Secretary



#14
3.26.26

DATE: MARCH 16, 2026

FROM: CARGO AND INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. 26-10697 – SEVENTH AMENDMENT TO PERMIT NO. 999 WITH CHINA SHIPPING HOLDING COMPANY, LTD.

SUMMARY:

Staff requests approval of a Seventh Amendment to Permit No. 999, as amended (Permit 999) with China Shipping (North America) Holding Company, Ltd. (China Shipping).

Approval of this Amendment would: 1) incorporate into a legally binding permit amendment all additional or revised mitigation measures and/or lease measures added as a result of the certified 2025 Final Revised Supplemental Environmental Impact Report (RSEIR) and the 2019 Final Supplemental Environmental Impact Report (SEIR) for the Berths 97-109 China Shipping Container Terminal Project (Project), which measures will be concurrently approved by the Board of Harbor Commissioners (Board) in a related companion item; 2) establish commercial terms concerning the payments related to the revised Greenhouse Gas (GHG) mitigation measure; and 3) modify the notice requirements for China Shipping to exercise its three successive options to extend Permit 999.

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 has been previously evaluated pursuant to the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(i) of the Los Angeles City CEQA Guidelines, and that further CEQA compliance will be required in the pending trial court remedy, as discussed herein;
2. Approve the Seventh Amendment to Permit No. 999 with China Shipping (North America) Holding Company, Ltd.;
3. Direct the Board Secretary to transmit the Seventh Amendment to Permit No. 999 to the City Council for approval pursuant to Section 606 of the City Charter;
4. Authorize the Executive Director to execute and the Board Secretary to attest to the Seventh Amendment to Permit No. 999 upon approval by the City Council; and
5. Adopt Resolution No. 26-10697.

** MM AQ-32 OMISSION: "4) During any portion of a vessel visit that occurs which does not qualify for an exception as defined in parts 1), 2), and 3) above, the number of non-qualifying vessel visits exceeds three or more in a given calendar year, the Executive Director shall modify the exceptions under parts 1), 2), and 3) above to be in accordance with the requirements of MM AQ-31 At-Berth Regulations."

DATE: MARCH 16, 2026

PAGE 2 OF 6

SUBJECT: RESOLUTION NO. 26-101097 SEVENTH AMENDMENT TO PERMIT NO. 999 WITH CHINA SHIPPING HOLDING COMPANY, LTD.

DISCUSSION:

Permit 999 grants China Shipping nonexclusive use of approximately 131 acres at Berths 100-102 (Transmittal 1) for container terminal operations, for a term of 25 years, from June 28, 2005, to June 27, 2030, with three five-year extension options, exercisable by China Shipping.

On November 20, 2025, the Board took the following actions:

1. Certified that the Final Revised Supplemental Environmental Impact Report (RSEIR) and the 2019 SEIR, as revised by RSEIR, for the Berths 97-109 China Shipping Container Terminal Project (a) have been completed in compliance with CEQA (Public Resources Code §21000 et seq.), with the CEQA Guidelines (14 Cal. Code Regs. §15000 et. seq.), and the City of Los Angeles CEQA Guidelines; (b) was jointly presented to the Board for review and the Board considered the information contained in the RSEIR and 2019 SEIR, as revised by RSEIR, prior to approving the Revised Project; and (c) reflects the independent judgment and analysis of the City of Los Angeles Harbor Department (Harbor Department), and that all required procedures have been completed;
2. Directed the Cargo and Industrial Real Estate Division to return to the Board, following discussion and negotiation with China Shipping, with a proposed amendment to Permit No. 999 that incorporates by reference all additional or revised mitigation measures and/or lease measures, added as a result of the RSEIR and 2019 SEIR, as revised by the RSEIR, in the Final Revised Mitigation Monitoring and Reporting Program for the Revised Project by March 31, 2026; and
3. Adopted the "Findings of Certification of the RSEIR for the China Shipping Container Terminal Project" certifying the RSEIR, and the 2019 SEIR, as revised by the RSEIR.

The purpose of this current action is to implement item two above. More specifically, China Shipping and the Harbor Department must add the additional/revised mitigation measures to Permit 999 via an amendment to ensure the measures are enforceable. Those measures are noted below.

Measures from certified 2025 RSEIR to be updated:

- MM AQ-9 Alternative Maritime Power (reverted to 2008 MM AQ-9, as updated)
- MM AQ-10 Vessel Speed Reduction Program (reverted to 2008 MM AQ-10, as updated)
- MM AQ-17 Cargo-Handling Equipment (Electric Yard Tractor Pilot Project, re-instated from 2008 and revised)

SUBJECT: RESOLUTION NO. 26-10677 – SEVENTH AMENDMENT TO PERMIT NO. 999 WITH CHINA SHIPPING HOLDING COMPANY, LTD.

New Measures to be added:

- MM AQ-31 At-Berth Regulations (newly added)
- MM GHG-2 GHG Reduction Offsets (newly added and replaces 2019 LM GHG-1 GHG Credit Fund)
- MM AQ-32 Alternative Control Technology (newly added) ****Approved as amended to eliminate line item 4.**

The new GHG mitigation measure increases financial obligations from what is required under the Sixth Amendment approved by the Board in June 2024. Currently, under the Sixth Amendment, China Shipping must contribute \$250,000 annually to a GHG Fund established by the Harbor Department. If a fund has not been established, China Shipping shall purchase emission reduction credits from a California Air Resource Board (CARB) approved offset registry in the same amount. Under the new measure, the fee would be formula-based and could fluctuate based on two factors: 1) market prices for GHG offset credits, and 2) volume of metric tons of GHG arising from terminal operations. It is estimated the fee for 2026 (payable in 2027) would be \$1 million.

Material terms of the Proposed Amendment are as follows:

Provision	Current	Proposed
Options to Extend Term	Three successive five-year options to extend the term of this Agreement with no later than 30 months prior notice from the expiration of the then current term of the Agreement, the first expiration being June 27, 2030.	Three successive five-year options to extend the term of this Agreement, with a reduced notice requirement to exercise the first option from 30 months to nine months and three weeks, or September 1, 2029, instead of December 27, 2027. Also, the amendment dates for the second and third extension notices have been specified.
Environmental Obligations	Mitigation measures and lease measures adopted in the 2008 EIR, as modified by the 2019 SEIR and upheld by the Court.	Add the additional/revised mitigation measures as more specifically delineated in Exhibit "M-1" to the proposed amendment, and summarized below: • MM AQ-9 Alternative Maritime Power (reverted to 2008 MM AQ-9, as updated) • MM AQ-10 Vessel Speed Reduction Program (reverted to 2008 MM AQ-10, as updated)

DATE: MARCH 16, 2026

PAGE 4 OF 6

SUBJECT: RESOLUTION NO. 24-18697 – SEVENTH AMENDMENT TO
PERMIT NO. 999 WITH CHINA SHIPPING HOLDING COMPANY, LTD.

		• MM AQ-17 Cargo-Handling Equipment (Electric Yard Tractor Pilot Project, re-instated from 2008 and revised) New Measures to be added: • MM AQ-31 At-Berth Regulations (newly added) • MM AQ-32 Alternative Control Technology (newly added) **Approved as amended to eliminate line 4. • MM GHG-2 GHG Reduction Offsets (newly added and replaces 2019 LM GHG-1 GHG Credit Fund)
Cost Sharing Arrangement	Under the Sixth Amendment approved by the Board in June 2024, China Shipping must contribute \$250,000 annually to a GHG Fund established by the Harbor Department. If a fund has not been established, China Shipping shall purchase emission reduction credits from a CARB approved offset registry in the same amount.	Under the new measure, the fee would be formula-based and could fluctuate based on two factors: 1) market prices for GHG offset credits, and 2) volume of metric tons of GHG arising from terminal operations. It is estimated the fee for 2026 (payable in 2027) would be \$1 million.

DATE: MARCH 16, 2026

PAGE 5 OF 6

SUBJECT: RESOLUTION NO. 26-10697 - SEVENTH AMENDMENT TO PERMIT NO. 999 WITH CHINA SHIPPING HOLDING COMPANY, LTD.

Cost Sharing Arrangement (Con't)	The Harbor Department shall bear 50% of such costs per calendar year and Tenant shall bear 50% of such costs per calendar year as long as total costs in a particular calendar year do not exceed \$2,000,000 (Two Million Dollars). Should such costs exceed \$2,000,000 (Two Million Dollars) in a particular calendar year, the aforementioned cost-sharing arrangement shall apply as to the first \$2,000,000 (Two Million Dollars) of such costs in that calendar year and the parties shall meet and confer in good faith to establish a new cost-sharing arrangement for the amount of any such costs that exceed \$2,000,000 (Two Million Dollars) in that calendar year. The Tenant must pay its portion of such costs to the Harbor Department to enable the Harbor Department to acquire the emission reduction offset credits.
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ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a Seventh Amendment to Permit 999, which is an activity for which the underlying project has been previously assessed in the Final Revised Supplemental Environmental Impact Report (RSEIR) and the 2019 SEIR, as revised by RSEIR, for the Berths 97-109 China Shipping Container Terminal Project (SCH# 2003061153), which was certified by the Board on November 20, 2025. Therefore, the Director of Environmental Management has determined that the proposed action has been previously evaluated pursuant to the requirements of CEQA under Article II Section 2(i) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed amendment would: 1) incorporate additional or revised mitigation measures and/or lease measures; 2) make the Harbor Department financially responsible for up to \$1 million for payments related to the revised GHG mitigation measure; and 3) modify the notice requirements for China Shipping to exercise its three successive options to extend Permit 999.

If the proposed amendment is approved, the Harbor Department could be financially responsible for payments of \$1,000,000 per year. The aggregate amount of payments

DATE: MARCH 16, 2026

PAGE 6 OF 6

SUBJECT: RESOLUTION NO. 26-10697 - SEVENTH AMENDMENT TO
PERMIT NO. 999 WITH CHINA SHIPPING HOLDING COMPANY, LTD.

could be \$20,000,000 from January 1, 2027, through December 31, 2045, if China Shipping exercises its three options to extend Permit 999.

Fiscal Year 2026/2027 funding in the amount of \$1,000,000 will be requested as part of the annual budget adoption process, subject to Board approval.

The annual amount of Harbor Department payments could exceed \$1,000,000 if the price of GHG offset credits and/or the volume of GHG emissions at the China Shipping premises exceed certain thresholds. In the event that the price of GHG offset credits and/or the volume of GHG emissions exceed certain thresholds, then the parties shall meet and confer in good faith to establish a new cost-sharing arrangement for costs beyond \$2,000,000.

CITY ATTORNEY:

The Office of the City Attorney has prepared and approved the proposed Seventh Amendment as to form and legality.

TRANSMITTALS:

1. Site Map
2. Seventh Amendment

FIS Approval: JS
CA Approval: SO

Marisa L. Katnich
MARISA L. KATNICH
Director, Cargo & Industrial Real Estate

Michael DiBernardo
MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

Erica M. Calhoun for

EUGENE D. SEROKA
Executive Director