

#14
8.13.26

RECOMMENDATION APPROVED;
RESOLUTION 26-10767 (PERMIT 881) ADOPTED;
BY THE BOARD OF HARBOR COMMISSIONERS

August 13, 2026

AM KLESGES
AMBER M. KLESGES
Board Secretary



DATE: JULY 29, 2026

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. 26-10767 - APPROVAL OF A
FIFTH AMENDMENT TO PERMIT NO. 881 WITH TRAPAC, LLC

SUMMARY:

Staff requests approval of the Fifth Amendment to Permit No. 881 (Permit) with TraPac, LLC (TraPac) to effect the following changes concerning the five-year rate adjustment provision: 1) revise the process for implementing five-year rate adjustments; 2) provide a one-time credit in the amount of \$10,648,469.68 to offset the surcharge on rates that the City of Los Angeles Harbor Department (Harbor Department) assessed from September 29, 2024, through February 28, 2026; and 3) add a release concerning matters TraPac disputed regarding the five-year rate adjustment period of September 29, 2024, through September 28, 2029.

The proposed action is a companion to the item regarding the Order Resetting Compensation for the Permit with TraPac for the period of September 29, 2024, to September 28, 2029.

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 and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 1(14) of the Los Angeles City CEQA Guidelines;
2. Approve the Fifth Amendment to Permit No. 881 with TraPac, LLC;
3. Direct the Board Secretary to transmit the Fifth Amendment to Permit No. 881 to City Council for approval pursuant to Charter Section 606 of the City Charter;
4. Authorize the Executive Director to execute and the Board Secretary to attest to the Fifth Amendment upon approval by City Council; and
5. Adopt Resolution No. 26-10767.

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Background – The Permit grants TraPac the use of 218.958 acres at Berths 136-147 for cargo handling operations for a term of 30 years expiring on September 28, 2039 (Transmittal 1). The Permit requires that compensation be adjusted in five-year intervals in accordance with the Los Angeles City Charter.

The proposed Fifth Amendment and companion Order, which is also before the Board for consideration in a separate Board action, reflect the parties' agreement on the overall terms necessary to resolve the five-year rate adjustment for the period of September 29, 2024, to September 28, 2029.

Provided below is a table showing material terms of the proposed Fifth Amendment (Transmittal 2).

	Current Permit	Proposed Fifth Amendment
Five-Year Rate Adjustment Process	Negotiations: Negotiations start nine months in advance of date adjustment is due. Appraisal/Arbitration Process: In the event parties do not reach agreement on the adjusted rent by the date the adjustment is due, parties may initiate appraisal process.	Negotiations: Negotiations start 12 months in advance of deadline (versus nine months in advance). Appraisal/Arbitration Process: Appraisal starts six months in advance of deadline (versus on due date).
125% Surcharge During Five-Year Rate Adjustment Process	If, despite best efforts, the parties are unable to mutually agree upon the adjusted rent by the due date, (i) Harbor Department may increase the then-current rent (i.e. MAG and TEU rates) up to 125%; or ii) either party may initiate the appraisal/arbitration process. Parties disputed the way this language can be implemented. <i>Note:</i> The Harbor Department assessed the 125% surcharge set forth in this provision from September 29, 2024, through February 28, 2026; the amount totaled \$10,648,469.68, which will be returned per proposed Amendment. See Rent Credit section.	If the parties are unable to mutually agree upon the adjusted rent by the adjustment due date, up to 125% surcharge would be applied, unless party initiates arbitration. Proposed language resolves disputed language.

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125% Surcharge Reconciliation	No language exists to reconcile or credit back or reconcile payments made at the 125% level at the conclusion of the adjustment process. Historically, the Harbor Department provided credit to TraPac via an amendment to the Permit.	125% surcharge reconciled as follows: ○ Agreement on the adjusted rates within 30 days adjustment due date: 100% of any monies in excess of the rent (i.e. MAG and TEU rates) in effect at the end of the fifth year of the five-year period preceding the adjusted 5-Year Period (Excess Rent) will count against the new compensation due (New Rent). ○ Agreement on the adjusted rates within 31-90 days of the adjustment due date: 50% of the Excess Rent will count against the New Rent. ○ Agreement on the adjusted rates 91+ days of the adjustment due date: 0% of the Excess Rent will count against the New Rent.
Rent Credit	Not applicable	Provide a one-time credit in the amount of \$10,648,469.68 to offset the 125% rent surcharge that the Harbor Department assessed from September 29, 2024, through February 28, 2026.
Release and Waiver	Not applicable	In October 2025, TraPac filed a claim for damages concerning the Harbor Department's assessment of the 125% surcharge regarding the five-year rate adjustment period of September 2024 through September 2029. The Amendment includes mutual release concerning this specific claim.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the Fifth Amendment to the Permit with TraPac concerning the five-year rate adjustment provision, which is an administrative activity and the amendment of any permit to use an existing facility involving negligible or no expansion of use. Therefore, the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of CEQA in accordance with Article II Section 2(f) and Article III Class 1(14) of the Los Angeles City CEQA Guidelines.

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FINANCIAL IMPACT:

Approval of the proposed action will 1) revise the process for implementing five-year rate adjustments; 2) provide a one-time credit in the amount of \$10,648,469.68; and 3) secure a release from TraPac concerning matters it disputed regarding the five-year rate adjustment period of September 29, 2024, through September 28, 2029.

If approved, the one-time credit in the amount of \$10,648,469.68 will be provided to offset the 125 percent rent surcharge that the Harbor Department assessed from September 29, 2024, through February 28, 2026.

CITY ATTORNEY:

The Fifth Amendment has been reviewed and approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

1. Site Map
2. Fifth Amendment

FIS Approval: MM
CA Approval: SO

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