

0150-05840-0011

TRANSMITTAL

TO Eugene D. Seroka, Executive Director Harbor Department	DATE 07/27/2026	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 15	

PROPOSED 14th AMENDMENT TO PERMIT NO. 692 BETWEEN THE HARBOR DEPARTMENT AND YUSEN TERMINALS LLC TO EXTEND THE TERM BY 31 YEARS FROM OCTOBER 1, 2026 THROUGH SEPTEMBER 30, 2057, RESET RATES, ESTABLISH NEW ENVIRONMENTAL CONDITIONS AND APPROVE A NEW GUARANTY PROVIDED BY OCEAN NETWORK EXPRESS PTE, LTD FOR PREFERENTIAL BERTH ASSIGNMENT NO. 212-224

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.



MAYOR

(Mitch Kamin for)

Attachment

MWS/BC/JVW:JS/FVC/SG:10270003t

CAO 649-d

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: July 17, 2026

CAO File No. 0150-05840-0011

Council File No.

Council District: 15

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer  for

Reference: Correspondence from the Harbor Department / Port of Los Angeles dated June 24, 2026 – POLA - CIRED 26-010

Subject: **PROPOSED 14th AMENDMENT TO PERMIT NO. 692 BETWEEN THE HARBOR DEPARTMENT AND YUSEN TERMINALS LLC TO EXTEND THE PERMIT TERM, RESET RATES, ESTABLISH NEW ENVIRONMENTAL CONDITIONS AND OTHER ADMINISTRATIVE CHANGES FOR PREFERENTIAL BERTH ASSIGNMENT NO. 212-224**

RECOMMENDATIONS

1. Approve the Los Angeles Harbor Department Proposed 14th Amendment, to Permit No. 692 with Yusen Terminals LLC, for the use and occupancy of Harbor Department property located at Berths 212-224, to serve as a container-terminal operator, which will:
 - a. Extend the term of Permit No. 692 for an additional 31 years from October 1, 2026 to September 30, 2057, for a total aggregate term of sixty-six years;
 - b. Reset the rates that will reflect the fair market value of the Premises with an increased Minimum Annual Guarantee and modify the compensation adjustment process to include a five-year rate reset;
 - c. Establish new environmental conditions that require the transition of terminal equipment to zero emissions; and
 - d. Approve the new Guaranty provided by Ocean Network Express Pte, Ltd.;
2. Adopt the Los Angeles Harbor Department, Director of Environmental Management, findings that the proposed action will not result in any significant environmental effects than previously analyzed in the adopted Final Environmental Impact Report for the Berths 212-224 YTI Container Terminal Improvement Project in accordance with the California Environmental Quality Act (CEQA) Guidelines Section 15164;
3. Authorize the Environmental Management Division to file a Notice of Determination with the Los Angeles County clerk and State Clearinghouse; and,

4. Authorize the Harbor Department Executive Director, or designee, to execute the proposed Amendment, approved as to form by the City Attorney, and return the proposal to the Harbor Department for further processing, including Board of Harbor Commissioners and City Council consideration.

SUMMARY

In accordance with Executive Directive No. 15 (Bass Series), the Los Angeles Board of Harbor Commissioners (Board) requests approval of the attached proposed 14th Amendment (Amendment) to Permit No. 692 (Permit) with Yusen Terminals LLC (Yusen) which would extend the term of the Permit by an additional 31 years for a total 66-year term. The current Permit, due to expire on September 30, 2026, authorizes Yusen to operate a marine container terminal located at Berths 212-224. The Los Angeles Harbor Department (Harbor Department) recognizes Yusen as a tenant in good standing, recommends a long-term lease extension and found the extension to be in the best interest of the Harbor Department to ensure continuity of terminal operations and guaranteed revenue stream.

The proposed Amendment would extend the term from October 1, 2026 to September 30, 2057, increase the Minimum Annual Guarantee (MAG) and Fixed Rent per acre and establish a process for a General Rate Increase and five-year rate resetting. New provisions associated with potential future changes with ownership would be added, along with provisions of guarantees, and insurance liability. Under the proposed rates for the first five years of the Amendment, the guaranteed rent from October 1, 2026 through September 30, 2031 would be \$10.4 million or 4.8 percent more than the relative guaranteed rate under the current agreement. Transition of all cargo handling equipment to zero emission equipment would be required and builds upon the success of the current zero-emission yard tractor demonstration project, which the City Council approved in 2024 (C.F. 24-0422). This transition will aid the Harbor Department in meeting its environmental goals, including the San Pedro Bay Ports Clean Air Action Plan. All other terms and conditions of the Permit remain unchanged.

Pursuant to Executive Directive No. 15, Section A1(b) (Bass Series), CAO review is required as the Permit exceeds 40 years in duration. Review and approval by the Office of the Mayor is required prior to consideration by Board of Harbor Commissioners. Pursuant to Charter Section 606, Section 607 and Los Angeles Administrative Code, Section 10.5(c), City Council approval is required because the term of the Amendment exceeds five years and the aggregate term of the Permit exceeds 30 years, thereby requiring a two-thirds vote of the Council. The Office of the City Attorney (City Attorney) completed its review and approved the Amendment as to form. Our office has reviewed the request and recommends approval.

BACKGROUND

Yusen Terminal LLC (Yusen), formerly Nippon Yusen Kabushiki Kaisha (NYK) and Yusen Terminal Inc. (YTI), have operated a marine container terminal at the Port of Los Angeles since 1990 under Permit No. 692. Yusen is currently owned by Ocean Network Express Pte, Ltd. Operations under

Permit No. 692 include the docking and mooring of vessels owned, operated, or chartered by Yusen or vessels of its customers and for assembling, distributing, loading and unloading of goods, wares, and merchandise on and off such vessels. The initial Permit dated October 27, 1990, was for a term of 25 years from the terminal delivery date of August 20, 1991, with one, 10-year option to renew, and for the use of Berths 211-215. Since that time, and via multiple amendments to the original agreement, the YTI terminal space has been revised and expanded and now consists of Berths 212-224.

The proposed Amendment will extend the Permit for an additional 31 years for a total 66-year term. The Harbor Department finds that this extension is in the best interest of the department as it would provide continuity of operations and would guarantee a long-term fair market value revenue stream. The Amendment specifically includes mandatory rent adjustments every five years throughout the term extension and authorizes annual adjustments based on the Consumer Price Index (CPI). Further, a two percent transfer fee would be established that will allow the Harbor Department to potentially benefit financially in the event of an ownership change or assignment.

Original Permit and Prior Amendments – In October 1990, the Board and City Council approved Permit No. 692 with Nippon Yusen Terminals Inc (NYK) (C.F. 90-1643) which allowed NYK to operate a marine container terminal. The original term of the Permit was for a period of 25 years with one 10-year option to extend. The 10-year extension option was exercised effective October 1, 2016. If the Proposed Amendment is not approved, this Permit will expire on September 30, 2026.

Permit No. 692 has 13 Amendments which include transfers of ownership, guarantors, name changes, modifications to the premises, and other administrative actions, as summarized below:

- *First Amendment:* Designated Yusen as responsible for construction costs overruns on the terminal. Yusen agreed to pay cost overruns;
- *Second Amendment:* Assigned Yusen to the day-to-day management and operations of the terminals of its parent company Nippon Yusen Kaisha. Yusen paid \$1.2 million for equipment which the Port was requested to provide;
- *Third Amendment:* Added 30 acres of adjacent land within Berths 216-225 terminal areas and reallocated revenue to the Port from each terminal operator. To accommodate new cargo from another shipping line Yusen required additional land at Berths 211-215;
- *Fourth Amendment:* Settled certain outstanding obligations, claims, and potential liabilities between the Port and Yusen. Allowed Yusen to satisfy its obligation to pay any construction cost overruns under the existing agreement in annual installments during the remaining 22 years of the agreement;
- *Fifth Amendment:* Consolidated two separate Yusen permits (No. 673 and 692) to include Berths 211-225. Also, established a consistent compensation year of October 1 through September 30 for a five-year period effective October 1, 1996 and modified the revenue sharing formula and minimum annual guaranty;
- *Sixth Amendment:* Added 9.72 acres of land to Permit No. 692, provided a credit of \$1,152,748 to compensate Yusen for revenue it should have retained in 1996. Also, changed

compensation billing method for wharfage and dockage on Twenty-Foot Equivalent Unit (TEU, the standard unit of measure for cargo containers);

- *Seventh Amendment:* Reduced permit premises of Port Site 6A from 9.72 to 4.04 acres and exchanged property between Yusen and the Port, with no change in compensation, to install five radiation portal monitors (RPM), relocate parking, and construct three new outbound gates. RPM is a detection device used by United States Customs;
- *Eighth Amendment:* Reduced rates for a one-year period for 4.04 acres at Port Site 6A and discontinue a discount for five acres of land approved in 1995;
- *Ninth Amendment:* Temporarily discontinued the TEU charge applicable to empty cargo containers, reduced the charges due and owing from Yusen to the City on containers containing Transshipment Merchandise by 50 percent, provided a credit of \$2,732,701 to Yusen against compensation obligations to the City, and Yusen agreed to pay the City the amount of money represented by the applicable Minimum Annual Guarantee in every compensation year under the Agreement;
- *Tenth Amendment:* Reduced the required 24 months advanced notice of intent to extend the Agreement by its 10-year renewal option to 12 months to allow the completion of the Environmental Impact Report/Environmental Impact Study process related to a redevelopment project at the Yusen Terminal;
- *Eleventh Amendment:* Consolidated all previous changes to the Port premises occupied by Yusen and added a new section to the Agreement (Section 12) incorporating the adopted mitigation and lease measure of the Mitigation Monitoring and Reporting Program. Also, the Port agreed with Yusen to complete the redevelopment project at the Yusen Terminal within 30 months of the effective date of the renewal option;
- *Twelfth Amendment:* Removed the 4.04 acres at Port Site 6A and added 7.04 acres of space at Berths 206-209 to the Agreement as Parcel No. 5 retroactive to May 1, 2020. Also, terms related to insurance, liability, and accident reporting were updated to meet the City's and Port's compliance standards; and
- *Thirteenth Amendment:* Changed the guarantor from NYK to new guarantees furnished by Ocean Network Express Holdings, Ltd. And Ocean Network Express Pte. Ltd. to reflect the change in ownership from NYK to Ocean Network Express Pte. Ltd.

Zero-Emission Yard Tractor Demonstration Project – In 2024, the Harbor Department and Yusen entered into a separate agreement (C.F. 24-0422) to implement a zero-emission yard tractor demonstration project for three years, with a total cost to the Harbor Department of \$1,500,000. The Harbor Department was required to provide the equipment for testing and any necessary infrastructure, including charging stations. This demonstration project is ongoing but would end if Yusen's Permit expires. The continuation and expansion of this program, as proposed in the Amendment, would allow the City to reduce greenhouse gas emissions and meet the obligations under the San Pedro Bay Ports Clean Air Action Plan.

Premises – There are no changes to the Premises in the Proposed Amendment. Yusen operates a marine container terminal at Berths 212-224 consisting of 231 acres. The lease includes 5,888 linear feet of water frontage and 23 acres of on-dock rail. Yusen and the Harbor Department have amended the premises over the course of Permit No. 692 and Figure 1 combines the various

amendments into one map.

Figure 1: Yusen Terminals LLC in the Port of Los Angeles



Note: Picture not to scale, refer to Attachment 1 for actual picture.

Proposed 14th Amendment – The Proposed Amendment extends the Permit term by 31 years from October 1, 2026 through September 30, 2057, for a total 66-year term. Pursuant to Charter Section 607(a), a two-thirds vote of the Council is required, subject to Mayoral veto, because the term exceeds 30 years. In the event of a Mayoral veto, a three-fourths vote of the Council would be needed to authorize a term up to 66 years for the Harbor Department.

The new and mostly material changes in the Amendment:

- Increases the Holdover rate from 100 percent to 150 percent;
- Increases the MAG per acre for the first five years by \$10.4 million and sets a subsequent 5-year rate reset process;
- Increases the Fixed Per Acre rent with an annual increase equal to three percent or the CPI;
- Requires that the five-year rate adjustment process commence twelve months in advance with a revised surcharge credit and reconciliation process;

- Requires a Guaranty furnished by Yusen's parent companies with new disclosure obligations should the Guarantor have changes in its monetary capacity and provide a letter of credit should the Guarantor's financial credit falls below agreed upon thresholds;
- Adds a provision for Harbor review and consent should there be a transfer in ownership and a transfer fee set at two percent of the net present value of guaranteed rent should the ownership transfer be greater than 25 percent of the tenant;
- Requires compliance with all environmental mitigation and lease measures, including a new provision to transition cargo handling equipment to zero emission equipment; and
- Updates the insurance coverage types and liability limits to align coverage with varying levels of risk and exposure, in line with the Harbor Department's Risk Management Division.

All other terms and conditions of Permit No. 692 remain the same.

Compensation – The total guaranteed rent to the Harbor Department for the first five years of the Proposed Amendment is \$224.2 million. The Amendment will replace Section 2(a) of the original Permit to set a new MAG for each parcel included in the Permit. Section 4(d) is revised so that the annual flat rent is adjusted automatically on October 1 by either three percent or the CPI, whichever is greater. Section 4(i) is amended to create a process to readjust the compensation for each five-year period. The negotiations shall begin twelve months prior to the expiration of each five-year term and must consider all data including the fair rental value of the premises. Three appraisers shall be appointed to determine the fair rental value. If there is no agreement, the permit shall continue at 150 percent of the rates for the current five-year period.

Guaranty of Permit – The Proposed Amendment includes a new Guaranty for the Permit holder, Yusen, by their parent company, Ocean Network Express, Pte, Ltd (ONE Pte). This is a consolidation of the Guaranty currently provided, and formerly approved under the 13th Amendment (C.F. 14-0094-S2), by ONE Pte and Ocean Network Express Holdings Ltd. The Harbor Department has reviewed ONE Pte's financial statements and found that they are able to serve as the Guarantor under the consolidated financials. Additionally, the proposed 14th Amendment will require the Guarantor provide a Letter of Credit should Yusen's tangible net worth fall below \$200 million or its liquidity falls below \$115 million.

Environmental Compliance – Under the proposed 14th Amendment, Section 12 of the Permit shall be amended to include an inventory of all existing terminal cargo handling equipment that is covered by the Clean Air Action Plan. Within one year following the adoption of the proposed Amendment, Yusen shall be required to develop a replacement plan to transition to zero emission equipment.

CITY COMPLIANCE

California Environmental Quality Act (CEQA) – On November 7, 2014, the Board certified the Final Environmental Impact Report in November 2014 for the Berths 212-224 [YTI] Container Terminal Improvements Project (SCH No. 2013041017) and approved the 13th Amendment which included the Mitigation Monitoring and Reporting Program (MMRP) to ensure compliance with mitigation

measures, including a pilot demonstration of zero emission equipment.

The Director of Environmental Management at the Harbor Department has determined that the Proposed Agreement does not require the preparation of a subsequent or new Environmental Impact Review (EIR) under CEQA Guidelines Section 15162 because there are "no new significant environmental effects or a substantial increase in the severity of previously identified significant effects" as a result of the changes in the proposed 14th Amendment. Instead, the Harbor Department shall adopt a 2026 Addendum which will reflect the terms of the Proposed Amendment including the transition to zero-emission equipment and completion of the 2014 Container Terminal Improvement Projects.

Pursuant to Executive Directive No. 15, Section A1(b) (Bass Series), CAO review is required as the lease exceeds 40 years in duration and requires Council approval. Review and approval by the Office of the Mayor is required prior to consideration by Board of Harbor Commissioners. Pursuant to Charter Section 606, Section 607 and Los Angeles Administrative Code, Section 10.5(c), City Council approval is required because the term of the Amendment exceeds five years and the aggregate term of the Permit exceeds 30 years, thereby requiring a two-thirds vote of the City Council. The City Attorney completed its review and approved the Amendment as to form. Our office has reviewed the request and recommends approval.

FISCAL IMPACT STATEMENT

There is no impact on the City's General Fund. Under the first five years of the 31-year term extension from October 1, 2026 to September 30, 2031, the Harbor Department expects to receive a guaranteed rent of \$224.2 million. Subsequently, the guaranteed rent will be subject to a rate reset every five years, which will establish a new minimum rent at the current market rates. Revenues will be deposited in the Harbor Revenue Fund. The recommendations in this report and proposed actions comply with the Department's Financial Policies.

Attachment – Harbor Department Correspondence dated June 24, 2026; Harbor report and proposed Fourteenth Amendment to Permit No. 692.

MWS/BC/JVW:JS/FVC/SG:10270003



425 S. Palos Verdes Street Post Office Box 151 San Pedro, CA 90733-0151 TEL 310-SEA-PORT portoflosangeles.org

Karen Bass *Mayor, City of Los Angeles*

Board of Harbor
Commissioners

Yolanda M. De La Torre
Commissioner

Beatrice C. Hsu
Commissioner

Edward R. Renwick
Commissioner

I. Lee Williams
Commissioner

Eugene D. Seroka

Executive Director

July 21, 2026

The Honorable Karen Bass Mayor
City of Los Angeles Room 303, City Hall

Mail Stop 370

Attention: Legislative Coordinator (mayor.legislativecoordinator@lacity.org)

SUBJECT: POLA – CIRED – 26 – 010 FOURTEENTH AMENDMENT TO PERMIT NO. 692 WITH YUSEN TERMINALS

Enclosed is a copy of a Board letter and supporting documents recommending approval and transmittal to the Los Angeles City Council the Fourteenth Amendment to Permit No. 692 with Yusen Terminals LLC for continued marine container terminal operations for a term of 31 years expiring on September 30, 2057. In accordance with Executive Directive 15, please review and provide a report with your recommendations. This item has been reviewed by staff of the City Administrative Officer and their report is included in the packet.

It is respectfully requested that your office complete its review as soon as possible. Once your review is complete, the matter will be scheduled for action by the Los Angeles Board of Harbor Commissioners and forwarded to the Los Angeles City Council for final consideration.

Please reply to all upon completion of the review and/or if there are specific questions regarding this item.

Sincerely,

Dina Aryan-Zahlan
EUGENE D. SEROKA for
Executive Director

cc: POLA City Attorney (ca-staff@portla.org)
Jacqueline Wagner, Office of the CAO
Felipe Chavez, Office of the CAO
Saira Gandhi, Office of the CAO
Legislative Coordinator, Mayor's Office (mayor.legislativecoordinator@lacity.org)
Commission Staff (CommissionStaff@portla.org)

Erick Martell, Mayor's Office
Jacob Wexler, Assistant CAO
POLA City Attorney (ca-staff@portla.org)
Margaret Wynne, Harbor Representative



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Karen Bass *Mayor, City of Los Angeles*

Board of Harbor
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President

Yolanda M. De La Torre
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Beatrice C. Hsu
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Edward R. Renwick
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I. Lee Williams
Commissioner

Eugene D. Seroka

Executive Director

June 24, 2026

Matthew Szabo, City Administrative Officer
Office of the City Administrative Officer
200 N. Main St. Suite 1500
Los Angeles, CA 90012-4137

Attention: CAO Work Assignment (cao.workassignment@lacity.org)

SUBJECT: POLA – CIRED – 26 – 010 FOURTEENTH AMENDMENT TO PERMIT NO. 692 WITH YUSEN TERMINALS

Enclosed is a copy of a Board letter and supporting documents recommending approval and transmittal to the Los Angeles City Council the Fourteenth Amendment to Permit No. 692 with Yusen Terminals LLC for continued marine container terminal operations for a term of 31 years expiring on September 30, 2057. In accordance with Executive Directive 15, please review and provide a report with your recommendations.

It is respectfully requested that your office complete its review as soon as possible. Once your review is complete, the Harbor Department will transmit your report, along with the other supporting documents, to the Mayor's Office for consideration.

Please reply to all upon completion of the review and/or if there are specific questions regarding this item.

Sincerely,

Dina Aryan-Zaklan
for
EUGENE D. SEROKA
Executive Director

cc: Jacob Wexler, Assistant CAO
Jacqueline Wagner, Office of the CAO
Felipe Chavez, Office of the CAO
Saira Gandhi, Office of the CAO
Erick Martell, Mayor's Office
Legislative Coordinator, Mayor's Office (mayor.legislativecoordinator@lacity.org)
POLA City Attorney (ca-staff@portla.org)
Margaret Wynne, Harbor Representative
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