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RECOMMENDATION APPROVED;
RESOLUTION 26-10753 (PERMIT 560) ADOPTED;
BY THE BOARD OF HARBOR COMMISSIONERS

JULY 9, 2026

AMKlesges
AMBER M. KLESGES
Board Secretary

THE PORT OF LOS ANGELES
Executive Director's Report to the Board of Harbor Commissioners

DATE: JUNE 24, 2026

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

SUBJECT: RESOLUTION NO. 26-10753 - APPROVE SEVENTH AMENDMENT TO PERMIT NO. 560 WITH VOPAK TERMINAL LOS ANGELES, INC.

SUMMARY:

Staff requests approval of the Seventh Amendment to Permit No. 560 (P560) with Vopak Terminal Los Angeles, Inc. (Vopak). Vopak operates a marine oil terminal at Berths 187-190 in Wilmington. This Amendment is necessary to enable time-sensitive emergency repairs to be completed. Approval of this Seventh Amendment ensures critical repair work is completed in a timely manner to meet Marine Oil Terminal & Maintenance Standards (MOTEMS) regulatory requirements while protecting an ongoing revenue source to the City of Los Angeles (City) Harbor Department (Harbor Department).

The proposed Seventh Amendment effectively: (1) extends P560 by eight years; (2) transfers repair work responsibility of Berths 187-190 from the Harbor Department to Vopak; (3) compensates Vopak through commensurate waivers to wharfage charges for costs incurred; and (4) provides needed time to complete on-going California Environmental Quality Act (CEQA) analysis for the larger wharf rehabilitation project and long-term permit. The Harbor Department is financially responsible for the costs associated with the emergency repairs needed at Berths 187-190.

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 categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Classes 1(4) and 1(18)(b) of the Los Angeles City CEQA Guidelines;

2. Approve the Seventh Amendment to Permit No. 560 with the Vopak Terminal Los Angeles, Inc.;

3. Direct the Board Secretary to transmit the Seventh Amendment to Permit No. 560 to City Council for approval pursuant to City Charter Section 606;

4. Authorize the Executive Director to execute and the Board Secretary to attest to the Seventh Amendment upon Board approval, contingent upon approval by City Council; and

5. Adopt Resolution No. 26-10753.

DISCUSSION:

Background: P560 allows Vopak the use of Harbor Department property for the operation of a marine liquid bulk terminal. Vopak currently occupies a total of 37.82 acres at Berths 187-190 and inland location in Wilmington (Transmittal 1). P560 expired on August 29, 2023, and is currently operating in a month-to-month holdover status.

Harbor Department staff is in the process of negotiating a new 30-year successor permit with Vopak. Ultimately, a new 30-year permit is required to allow Vopak sufficient time to amortize the financing and construction necessary to comply with MOTEMS. Finalization of the successor permit has been delayed pending the certification of a full CEQA analysis. The subject CEQA analysis is currently ongoing, and a Draft EIR is anticipated to be released for public review in the Third Quarter of 2026. In the interim, a solution is required to address the existing and immediate short-term MOTEMS compliance of Berths 187-190.

The concrete/timber wharves at Berths 187-190 have suffered from deferred maintenance due to access issues, as it is one of the busiest marine oil terminals in the San Pedro Bay. Consequently, close coordination with operations at the berths is tremendously important and critical when conducting any maintenance and repair. In 2021, when similar wharf repairs were required to address the current MOTEMS audit findings, the Harbor Department and Vopak entered the Sixth Amendment to P560, which successfully shifted repair responsibilities of severe and some major defects in the existing wharf to Vopak in consideration of the Harbor Department waiving 30 months of wharfage fees. The Sixth Amendment allowed Vopak to immediately repair the severe and major defects existing at the time and gave Harbor Department and Vopak staff time to negotiate a potential successor permit. At that time, it was anticipated that the CEQA assessment would be completed, and a successor permit would be in place to provide for a formal shift of all maintenance responsibilities to Vopak prior to the 2023 P560 expiration date. Unfortunately, due to delays in the completion of the CEQA assessment, the successor permit and related larger-scale MOTEMS required improvements have not materialized.

The California State Lands Commission (Commission), the agency that administers MOTEMS, recently issued an order - August 12, 2025 – directing Vopak to immediately address all deferred repairs and begin MOTEMS compliance upgrades. Non-compliance with the Commission's Order exposes Vopak to severe restrictions in Terminal Operating Limits (TOL), which would significantly limit Vopak's terminal operations. Such limitations on Vopak's operations would also significantly reduce revenue to the Harbor Department.

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To satisfy the Commission's Order, Harbor Department Staff, Commission Staff, and Vopak are proposing a two-step solution to ensure the most immediate repairs considered to be emergency repairs are completed as soon as possible while continuing to work towards complete MOTEMS compliance. The steps are as follows:

Step One – Similar to the strategy deployed via the Sixth Amendment, execute a Seventh Amendment to P560 to extend the expiration date by eight years and provide for a wharfage fee credit to enable Vopak to complete the most pressing emergency repairs necessary to remain reasonably operational outside of the CEQA analysis underway for its potential successor permit and larger MOTEMS compliance upgrades.

Step Two – Subsequent to the completion and Board certification of the ongoing CEQA assessment for its potential successor permit and larger MOTEMS compliance upgrades, Harbor Department and Vopak staff will then finalize the formal successor 30-year permit. The subsequent formal successor 30-year permit will allow full upgrade of berths 187-190 to fully comply with MOTEMS regulations (not just limited to the emergency repairs to address immediate deficiencies). The successor permit is proposed to incorporate the current status of the proposed Seventh Amendment as it exists at the time of consideration by the Board. In the interim, Vopak will assume all risk should the CEQA assessment not be approved or delayed, including imposition of further Commission Orders.

By immediately moving forward with the emergency repairs, the Commission will allow Vopak to continue to conditionally operate the oil terminal and provide the parties time to complete the entire MOTEMS upgrade.

Anticipated costs related to deferred maintenance and MOTEMS upgrades have been summarized below.

	Seventh Amendment	Successor Permit Total Project Costs	Harbor Department Total Contribution
Deferred Repairs	$15.11 million (emergency repairs)	$39.56 million (which includes the $15.11 million for the emergency repairs)	$39.56 million (which includes $15.11 million via the Seventh Amendment)
Upgrades to meet current MOTEMS		$57.38 million	$22.50 million
Total Costs		$96.94 million	$62.06 million

Summary of the Seventh Amendment:

- Extend Permit No. 560 by eight years, specifically five years from the effective date of the Seventh Amendment.
- Wharfage will be waived for costs incurred by Vopak up to five years or when the total waived is no more than $15,109,700, including contingencies, plus interest.

- City will reimburse Vopak on verified costs incurred by Vopak, plus an annual interest rate of 5% for repairs through the wharfage waiver.
- Vopak will have eighteen (18) months from the date of execution of this Seventh Amendment to substantially complete the repairs.
- Vopak shall be solely responsible for all maintenance and repair of the specific wharf structure areas directly affected by the repairs made pursuant to this Seventh Amendment and the prior Sixth Amendment.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the Seventh Amendment to P560 with Vopak, which would allow the restoration or rehabilitation of deteriorated or damaged structures, and includes the amendment or extension of a permit to use an existing municipal wharf involving negligible or no expansion of use beyond that previously existing or permitted. Therefore, the Director of Environmental Management has determined that the proposed action is categorically exempt from the requirements of CEQA in accordance with Article III Classes 1(4) and 1(18)(b) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Seventh Amendment to Permit No. 560 will result in Vopak becoming responsible for repairing severe and major emergency defects at Berths 187-190, which were identified within the current MOTEMS audit. The estimated cost of the subject repairs is $15,109,700. Vopak will bear the costs of completing these repairs, and, in exchange, the Harbor Department will waive wharfage charges for up to 60 months and provide a 5% annual interest rate on expended capital awaiting waiver. Based on Vopak's historical activity, it is anticipated that it will take over 60 months for the waiver of wharfage to be fully exhausted.

Application of wharfage credits in lieu of the Harbor Department performing repair work limits the Harbor Department's exposure to higher-than-expected construction costs, reduces the degree to which Vopak's business will be interrupted while repair work is ongoing, and shifts the responsibility for ongoing maintenance of the completed repairs to Vopak.

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CITY ATTORNEY:

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

TRANSMITTALS:

1. Seventh Amendment
2. Site Map

FIS Approval: JS
CA Approval: JLK

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