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RECOMMENDATION APPROVED;
RESOLUTION 26-10761 ADOPTED; AND
AGREEMENT 26-3112-E APPROVED
BY THE BOARD OF HARBOR COMMISSIONERS

August 13, 2026

AM Klesges
AMBER M. KLESGES
Board Secretary



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JULY 29, 2026

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

SUBJECT: RESOLUTION NO. 26-10761 - APPROVE FIFTH AMENDMENT TO AGREEMENT NO. 13-3112 WITH PORTS AMERICA CRUISE, INC.

SUMMARY:

Staff requests approval of the Fifth Amendment (Amendment) to Agreement No. 13-3112 (Agreement) with Ports America Cruise, Inc. (Ports America/Operator). The Amendment will: (1) update compensation payable to the Operator for cruise ship terminal management and vessel berthing services provided; (2) resolve outstanding balances due as determined by review and audit of past Operator activities; and (3) refresh and clarify scope of reporting documents to accurately match existing conditions in the field. The City of Los Angeles Harbor Department (Harbor Department) will be financially responsible for reimbursements of cruise ship terminal management and vessel berthing services provided as well as for the one-time payment to resolve outstanding balances due to Ports America for services provided through October 2025 in the amount of \$206,653.62.

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 exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Find that in accordance with the Los Angeles City Charter Section 1022, the services required can be performed more feasibly by an outside contractor than by City employees;
3. Approve the Fifth Amendment to Agreement No. 13-3112 with Ports America Cruise, Inc.;
4. Direct the Board Secretary to transmit the Fifth Amendment to Agreement No. 13-3112 to the City Council for approval pursuant to Charter Section 606 of the Los Angeles City Charter;
5. Authorize the Executive Director to execute and the Board Secretary to attest to the Fifth Amendment to Agreement No. 13-3112 upon approval by City Council; and
6. Adopt Resolution No. 26-10761.

**SUBJECT: FIFTH AMENDMENT TO AGREEMENT NO. 13-3112 WITH PORTS
AMERICA CRUISE, INC.**

DISCUSSION:

On April 4, 2013, the Board approved the Agreement with Ports America for a term of five years, with two subsequent five-year renewal options. The Agreement is for the operation, management, and maintenance of the World Cruise Center (Cruise Terminal) at Berths 91 to 93 (Transmittal 1). The first five-year renewal option was exercised effective May 7, 2018, with the second renewal option exercised on May 7, 2023. The Agreement is scheduled to expire May 6, 2028.

The Agreement requires the Operator to manage and maintain the Cruise Terminal and other cruise vessel berthing locations within the Harbor. The Operator is reimbursed for expenses and paid a management fee by the Harbor Department for providing such services. Operator collects and remits to the Harbor Department tariff and other use fees/charges assessed to vessel operators by the Harbor Department for using the Cruise Terminal and other berthing locations within the Harbor.

The Agreement has been previously amended four times.

- First Amendment dated February 2, 2015 – adjusted monthly fees, maximum compensation levels, and authorized funds to purchase gangways to service larger cruise vessels.
- Second Amendment dated July 5, 2017 – authorized payment to Operator for reimbursement of services to support Fleet Week and established a set-aside allowance for Operator's assistance on non-cruise related events occurring from time to time at the Cruise Terminal.
- Third Amendment dated May 7, 2018 – updated the Consumer Price Index (CPI) metric used within the Agreement to reconcile and match updated Bureau of Labor Statistics categories introduced.
- Fourth Amendment dated December 17, 2020 – allowed, at the discretion of Harbor Department, increased flexibility and use of Overflow Facilities (such as the Outer Harbor/Berth 46 or Berths 54-55) to safely accommodate larger vessels weighing over 120,000 gross tons and measuring over 1,000 feet long. Previously, the Overflow Facilities compensation provision only applied when there were three or more cruise vessels calling at the Port of Los Angeles (Port) in one day. Further, the Fourth Amendment clarified and increased the set-aside allowance for Operator's assistance on non-cruise related events as established via the Second Amendment to be \$75,000 per fiscal year.

The proposed Fifth Amendment will: (1) update compensation payable to the Operator for cruise ship terminal management and vessel berthing services provided; (2) resolve outstanding balances due as determined by review and audit of past Operator activities; and (3) refresh and clarify scope of reporting documents to accurately match existing conditions in the field. Specifically:

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**SUBJECT: FIFTH AMENDMENT TO AGREEMENT NO. 13-3112 WITH PORTS
AMERICA CRUISE, INC.**

Item	Existing Amount	Amended Amount (Effective May 7, 2025)	Reason
Portable Air Conditioning	\$ 0	Reimbursement of actual costs, not to exceed \$150,000 annually	Established to ensure adequate air conditioning services for passengers using the Port's facility
Cleaning Equipment	\$ 0	Reimbursement of actual costs, not to exceed \$200,000 annually	Established to ensure adequate cleaning services for passengers using the Port's facility
Services for Additional Special Events	\$75,000	Reimbursement of actual costs, not to exceed \$200,000 annually	Increased to reflect review of historical expenses and ensure availability of services for special events
Additional Reimbursable Expenses	\$ 0	Reimbursement of actual costs, not to exceed \$150,000 annually	Establishes a contingency to allow availability of funds to address unforeseen expenses and unusual circumstances that may arise while operating and maintaining cruise ship activity

**SUBJECT: FIFTH AMENDMENT TO AGREEMENT NO. 13-3112 WITH PORTS
AMERICA CRUISE, INC.**

Establishment of the above noted Portable Air Conditioning and Cleaning Equipment accounts were activities formally handled and budgeted through the Port Construction and Maintenance Division (C&M Division). Upon collaboration with the C&M Division, it was determined that it was optimal for the Operator to arrange for and manage such activities. The accounts are reimbursement accounts of actual expenses incurred by Operator and include not to exceed figures.

Adjustment of the above noted Services for Additional Special Events account as well as establishment of the general Additional Reimbursable Expense accounts were necessitated by staff's review of past special events and recognition of upcoming large events that are contemplated at the Port (e.g. Fleet Week, FIFA World Cup, LA28 Olympics). Like the other set-aside accounts, these accounts are reimbursement accounts of actual expenses incurred by Operator and include not to exceed figures.

Further noting, the Fifth Amendment allows staff to update the list of Operator Maintenance and Repair Responsibilities from time to time without further Board action; provided, the annual increase in cost to the Harbor Department does not exceed 15% in total.

Resolution of Outstanding Balances Due

The Fifth Amendment allows the following one-time payments to occur that address and resolves amounts owed for prior fiscal years and periods through October 2025.

Portable Air Conditioning	\$146,676.03
Cleaning Equipment	\$59,977.59
TOTAL	\$206,653.62

These amounts address internal review findings and reconciliation of Operator's activities through October 2025. Amounts incurred after October 2025 are included and contemplated within fiscal year (25/26) and are incorporated via the amounts contemplated for ongoing operations outlined in the Fifth Amendment.

Such amounts were generated by Operator incurring expenses when assuming activities once provided by the Port as to ensure positive passenger experience while coordinating and optimizing Port Construction and Maintenance staff resources.

Refresh and Clarify Scope Services and Reporting Documents

As a result of a Port performed May 2021 Audit, the Fifth Amendment clarifies and ensures Operator expressly cannot charge separate fees to vessel operators for use of Harbor Department-owned equipment (e.g. gangways). The Fifth Amendment further places a cap of 20% on Operator to assess a surcharge on third-party service providers working on behalf of vessel operators. Although neither of the aforementioned activities occurred in practice, Staff in collaboration with the Port Auditors determined it best to clarify these positions within this Fifth Amendment.

**SUBJECT: FIFTH AMENDMENT TO AGREEMENT NO. 13-3112 WITH PORTS
AMERICA CRUISE, INC.****ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of the proposed Fifth Amendment to Agreement No. 13-3112 between the Harbor Department and Ports America Cruise, Inc. for revisions to payments (reconciliation of past and adjustment of future) and reporting requirements, which are administrative activities. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2 (f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Fifth Amendment would authorize the Harbor Department to reimburse Ports America/Operator for cruise ship terminal management and vessel berthing services provided and authorize a one-time payment to resolve outstanding balances due as determined by review and audit of past Operator activities.

If approved, the Operator will be reimbursed for actual costs associated with cruise ship terminal management and vessel berthing services for an annual not-to-exceed amount of \$700,000 in total. Annual not-to-exceed spending for each item under this proposed amendment are below. Costs will be reimbursed at the actual amount unless over the not-to-exceed limit.

Item	Annual not-to-exceed Amount
Portable Air Conditioning	\$150,000
Cleaning Equipment	\$200,000
Services for Additional Special Events	\$200,000
Additional Reimbursable Expenses	\$150,000
TOTAL	\$700,000

Funds for Fiscal Year (FY) 2026/27 in the amount of \$700,000 are available within Account 544160 (Miscellaneous Professional Services), Division 44010 (Waterfront and Commercial Real Estate). Funding needed in future fiscal years will be requested through the annual budget adoption process.

The one-time payment of \$206,653.62 is the financial responsibility of the Harbor Department and resolves amounts owed for prior fiscal years and periods through October 2025. The breakdown of the one-time payment by each item is below.

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SUBJECT: FIFTH AMENDMENT TO AGREEMENT NO. 13-3112 WITH PORTS
AMERICA CRUISE, INC.

Item	One-Time Payment
Portable Air Conditioning	\$ 146,676.03
Cleaning Equipment	\$59,977.59
TOTAL	\$206,653.62

FY 2026/27 funding in the amount of \$206,653.62 is available within Account 544160 (Miscellaneous Professional Services), Division 44010 (Waterfront and Commercial Real Estate). Please note, the above identified one-time payment of \$206,653.62 to resolve prior outstanding issues is exclusive of and not included within the not-to-exceed annual spending amount adjustment to \$700,000.

CITY ATTORNEY:

The Fifth Amendment to Agreement No. 13-3112 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*

Michael J. Galvin
MICHAEL J. GALVIN
Director of Waterfront & Commercial Real Estate

Michael DiBernardo
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APPROVED:

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