



AGENDA REPORT

PROPOSED ACTION: Resolution: Approve and Authorize the Executive Director to Enter into an Exclusive Negotiating Agreement with TraPac, LLC, for Potential Development and Operation of Container Terminal Facilities at the Outer Harbor Terminal; and Find that the Proposed Action is Exempt Under the California Environmental Quality Act. **(Maritime)**

Submitted By: Bryan Brandes, Maritime Director; Kristi McKenney, Executive Director

<u>Parties Involved:</u>	<u>Amount:</u>
Cameron Thorpe, President and CEO, TraPac, LLC, Wilmington, CA	\$20,000 per month (revenue)
	\$250,000 (revenue; reimbursement)

EXECUTIVE SUMMARY: The Port of Oakland (Port) is evaluating long-term planning considerations for certain portions of the Outer Harbor Terminal (OHT) in the Maritime area (Seaport). TraPac, LLC (TraPac) currently operates the Seaport's second largest container terminal and has expressed interest in expanding its terminal further into the OHT. Port Staff is requesting approval to enter into an Exclusive Negotiating Agreement (ENA) with TraPac to conduct due diligence and negotiate the commercial and business terms of a potential future agreement, including rent and a potential expansion within the OHT. The ENA does not commit the Port to lease or convey any property rights. Any agreement resulting from these negotiations would be subject to environmental review and future approval by the Board of Commissioners (Board).

BACKGROUND & ANALYSIS

Existing Premises

TraPac currently operates a container terminal at Berths 25-33, within the Port's 7th Street Terminal and OHT areas. Under its existing lease, TraPac is the Seaport's second largest marine terminal operator and provides over \$20 million of operating revenue to the Port annually.

TraPac's current lease expires in June 2030, with two extension options subject to mutual agreement. However, TraPac expressed interest in securing a longer-term lease framework to justify capital investment, including new ship-to-shore cranes, container-handling equipment, and associated infrastructure required to support zero-emission operations.

Proposed Premises (Outer Harbor Terminal; OHT)

In addition to its existing terminal footprint, TraPac has expressed interest in the potential expansion into additional Port-owned land and water areas within the OHT (Berths 22-24), referred to herein as the Proposed Premises. Portions of the Proposed Premises are currently subject to short and long-term tenancies; those portions under long-term lease may or may not become available in the future. The proposed ENA would provide a framework for the Port and TraPac to conduct due diligence and negotiate key

commercial, operational, and development terms related to the Proposed Premises. The ENA does not convey any leasehold interest or property rights in the Proposed Premises and any future agreement to lease the Proposed Premises would be subject to completion of environmental review and approval by the Board of Commissioners.

Given the potential scale of redevelopment at the OHT and potential competing interest from third parties, Port Staff believes an ENA is an appropriate mechanism for structured negotiations, due diligence, and project definitions without committing either party to a final agreement.

Key Terms

The proposed ENA would have the following key terms:

- Financial Consideration: Non-refundable exclusive negotiating fee of \$20,000 per month, and reimbursement by TraPac of eligible Port costs related to due diligence and environmental review.
- Environmental Review and Costs: Environmental review and related technical work during the ENA term would be performed by Port-retained consultants under existing or separately approved professional services agreements, with oversight by Port Staff. Port costs associated with undertaking and managing the environmental review process would be funded through a \$250,000 deposit provided by TraPac. The Port may draw on the deposit to pay reasonable third-party costs incurred for environmental review and compliance. Once expenditures reach 86 percent of the deposited amount, the Port may hold work in abeyance until TraPac replenishes the deposit in an amount reasonably calculated by the Port to complete the environmental review.
- CEQA Compliance: Any potential future lease, development, or expansion would be subject to environmental review in accordance with the California Environmental Quality Act (CEQA). Approval of the ENA does not constitute approval of any project and does not commit the Port to approve or undertake any project prior to completion of the CEQA review and future Board approval.
- Term and Termination: The ENA will remain in effect for a one (1) year term. Beginning at six (6) months after the effective date, either party may terminate the ENA as provided in accordance with its terms.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- Categorically exempt under the following CEQA Guidelines Section:
Choose an item.
- "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- Other/Notes: Approval of the ENA is exempt under the "Common Sense" exemption because it can be seen with certainty that there is no possibility that the activity will have a significant effect on the environment.

BUDGET

- Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
 - Operating
 - Non-Operating
 - Capital

Analysis: Approval of the ENA does not authorize a lease or capital commitment. Revenue associated with the ENA comprises \$20,000 per month, or \$240,000 assuming a 1-year ENA term. Expenditure of \$250,000 for due diligence and environmental review would be reimbursed in full by TraPac. Neither of these revenue/expense items was budgeted in the adopted FY 2026 Maritime Division operating revenue and expense budgets.

STAFFING

- No Anticipated Staffing Impact.
- Anticipated Change to Budgeted Headcount.
Reason:
 Other Anticipated Staffing Impact (e.g., Temp Help).
Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port's Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

- Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

No (No Covered Agreement) – proposed action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage requirements.

- Additional Notes:

<p><u>SUSTAINABLE OPPORTUNITIES:</u></p> <p><u>Applies?</u> No.</p> <p><u>Reason:</u></p>	<p><u>GENERAL PLAN</u> (City Charter § 727):</p> <p><u>Conformity Determination:</u></p> <p>Not Required – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.</p>
<p><u>STRATEGIC PLAN.</u> The proposed action would help the Port achieve the following goal(s) in the Port's Strategic Plan:</p> <p><input checked="" type="checkbox"/> Capture Our Market and Grow the Economic Base</p> <p><input type="checkbox"/> Modernize and Upgrade Infrastructure</p> <p><input type="checkbox"/> Transition to Zero-Emissions and Build Climate Resilience</p> <p><input checked="" type="checkbox"/> Maximize Land Use Value and Revenues</p> <p><input type="checkbox"/> Workforce Training and Jobs Development</p> <p><input type="checkbox"/> Create Opportunities for Local Businesses and Community Economic Development</p>	