



**THE PORT  
OF LOS ANGELES**

Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: FEBRUARY 13, 2013**

**FROM: REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - DEVELOPMENT OF BERTHS 211-224  
FOR YUSEN TERMINALS, INC. (PERMIT NO. 692)**

**SUMMARY:**

Permit No. 692 between the City of Los Angeles Harbor Department (Harbor Department) and Yusen Terminals, Inc. (YTI) grants nonexclusive use of 224.83 acres at Berths 211-224 for container terminal operations. Permit No. 692 has a 25-year term that expires on September 30, 2016, with one ten-year option.

The proposed Resolution will initiate the development planning process at the YTI Terminal by commencing an Environmental Impact Statement/Environmental Impact Report (EIS/EIR) and performing the necessary preliminary design, cost estimating, and planning work to support this EIS/EIR.

The Resolution is a pre-decisional action of the Board of Harbor Commissioners (Board) that is non-binding and reflects the Board's interest in planning the proposed project that will entail deepening of Berths 214-216 and 217-220 to -53 feet and -47 feet berth depth respectively, improving Berths 217-220 to accommodate 100-foot gauge gantry cranes, obtaining additional on-dock rail on YTI's portion for the Terminal Island Container Transfer Facility (TICTF), and other related actions, subject to environmental assessment and issuance of all necessary permits and approvals required by Harbor Department policy and applicable law.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Adopt Resolution No. \_\_\_\_\_.

SUBJECT: DEVELOPMENT OF BERTHS 211-224 FOR YUSEN TERMINALS, INC.

**DISCUSSION:**

Background/Context – YTI is the assignee of Nippon Yusen Kaisha and the current tenant of premises which includes a container terminal at Berths 211-224 (YTI Terminal) at the Port of Los Angeles (Port) under Permit No. 692. Permit No. 692 grants YTI nonexclusive use of 224.83 acres at Berths 211-224 (Transmittal 1), of which 181.36 acres are subject to a Minimum Annual Guarantee (MAG) and Twenty-Foot Equivalent (TEU) efficiency charges. The remaining 43.47 acres are dedicated to the non-preferential areas of the Terminal Island Container Transfer Facility, the Radiation Portal Monitor site on New Dock Street, and off-site storage at Site 6A.

YTI intends to exercise its option for a ten-year lease extension. In order to accommodate the next generation vessels and projected future throughput volume, YTI has a desire to upgrade its wharf infrastructure and backland, along with additional on-dock rail capacity in order to handle 7,000 to 10,000 TEU vessels over the next ten years. Following approval of the EIR/EIS, YTI will notify the Harbor Department of their desire to exercise the option to extend Permit No. 692 for another ten years.

Recently, the Harbor Department, in conjunction with the U.S. Army Corps of Engineers, has completed the Main Channel Deepening Project in the vicinity of the YTI Terminal at Berths 211-221, which provides -53 feet depths in the main channel and turning basins at the Port, thereby accommodating the largest modern container ships in service and under construction. However, the YTI Terminal is presently unable to take full advantage of the -53 feet main channel depth due to wharves at the site which only allow a maximum -45 feet berth depth.

Resolution – The Resolution is a statement of Board support for the Executive Director, directing staff to commence the development planning process for a proposed project at the YTI terminal.

The proposed project will entail improving the Berths 214-216 wharves and deepening to accommodate new container vessels requiring -53 feet berth depth, thereby providing the YTI Terminal with access to the newest and largest container vessels; improving the Berths 217-220 wharf to accommodate 100-foot gauge gantry cranes; improving the Berths 217-220 wharves; deepening the berth to accommodate new container vessels requiring -47 feet berth depth; and obtaining additional on-dock rail yard capacity in its portion of TICTF.

The proposed project is subject to compliance with all relevant provisions of the California Environmental Quality Act (CEQA), National Environmental Policy Act (NEPA), the California Coastal Act (Coastal Act), and Board certification of an environmental assessment, issuance of all necessary permits and approvals by the Board, City Council, and U.S. Army Corps of Engineers under applicable law.

SUBJECT: DEVELOPMENT OF BERTHS 211-224 FOR YUSEN TERMINALS, INC.

**ENVIRONMENTAL ASSESSMENT:**

This is a pre-decisional action of the Board that reflects its interest in the proposal and is not binding in nature. Nothing in this Resolution shall be construed to be legally binding, nor does it commit the Harbor Department to approval of any permit or lease or any terms or conditions thereof, or any proposed project (including the proposal). Any proposed project would be subject to compliance with all relevant provisions of the CEQA, NEPA, issuance of relevant and necessary permit(s), all other applicable regulations, ordinances, policies and procedures governing development, leasing and use of Harbor Department property and approval by the Board.

**ECONOMIC BENEFITS:**

This Board action will have nine direct and six secondary one-year equivalent employment impacts for the five-county region. The project associated with the proposed Resolution is anticipated to have significant job impacts. The staff will be able to fully evaluate economic benefits of the project when the construction cost will be brought before the Board.

**FINANCIAL IMPACT:**

Approval of this Resolution will commit the Harbor Department to funding the EIS/EIR at a cost of \$800,000. The EIS/EIR is a component of a substantial upgrade to Berths 211-224. In Fiscal Year 2012/2013, \$250,000 is expected in expenses associated with the EIR/EIS work. Funds were not budgeted within the current Fiscal Year, however, sufficient funds are available within the Capital Improvement Program (CIP) contingency.

Board approval to fund the remainder of this upgrade program, currently estimated to cost \$46,276,426, will be expended from the Engineering Division's budget as shown below:

Fiscal Year 2012/2013	\$330,828
Fiscal Year 2013/2014	\$1,226,704
Fiscal Year 2014/2015	\$2,102,775
Fiscal Year 2015/2016	\$24,286,907
Fiscal Year 2016/2017	\$18,010,963
Fiscal Year 2017/2018	\$318,249
Total	\$46,276,426

The current rate of return estimates on both investments combined (\$800,000 + \$46,276,426) meets the Board's policy return objectives. A contribution to the Harbor Community Benefit Fund will also be made once the project begins construction. The amount will be determined once it is determined what the incremental increase in throughput will be as a result of this project.

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**CITY ATTORNEY:**

The proposed Resolution (Transmittal 2) has been approved as to form and legality by the Office of the City Attorney.

**TRANSMITTALS:**

1. Site Map
2. Resolution



JACK C. HEDGE  
Director of Real Estate

FIS Approval: JKP (initials)  
City Attorney: JM (initials)



KATHRYN McDERMOTT  
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.  
Executive Director

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