



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JUNE 13, 2012

FROM: PLANNING & ECONOMIC DEVELOPMENT

**SUBJECT: RESOLUTION NO. _____ FOR THE ISSUANCE OF A LEVEL III
COASTAL DEVELOPMENT PERMIT (NO. 12-07) FOR THE
EXPANSION OF AMERICAN PRESIDENT LINES CONTAINER
TERMINAL AT BERTHS 302-306**

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) is proposing to improve and expand the American President Lines (APL) Container Terminal at Berths 302-306, including wharf and backland construction. Staff is recommending that the Board of Harbor Commissioners (Board) approve a Level III, non-appealable Coastal Development Permit (CDP) No. 12-07 for the proposed project.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Hold a public hearing for the proposed Level III, non-appealable Coastal Development Permit No. 12-07;
2. Find that the proposed project is consistent with the Port Master Plan and the California Coastal Act of 1976, as amended; find that although the proposed project has adopted all available feasible mitigation measures provided by the Berths 302-306 APL Container Terminal Environmental Impact Report, there remain adverse environmental impacts for which there are no feasible mitigation measures available, and that the Board included the adoption of a statement of overriding considerations;
3. Upon closure of the public hearing, resolve to approve the issuance of a Level III, non-appealable Coastal Development Permit No. 12-07 to construct the APL Container Terminal Project at Berths 302-306, subject to the standard conditions set forth in the permit, and direct the Director of Planning & Economic Development to issue said permit; and
4. Adopt Resolution No. _____.

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DISCUSSION:

Background – The APL terminal, located on Pier 300 (Transmittal 1), is the Harbor Department's second largest cargo container terminal. Eagle Marine Services, Ltd. (EMS), a subsidiary of APL, is the terminal operator with an existing lease that will expire in 2027. The purpose of the project is to optimize and expand cargo-handling capacity at the APL terminal Berths 302-306 to accommodate increased throughput demand expected at the Port of Los Angeles (Port) in the long-term while also implementing the Harbor Department's green growth strategy. The 2009 cargo forecast, which was used to support the APL EIR, projected Port container throughput demand within the San Pedro Bay Ports Complex would be constrained at 43.2 million twenty foot equivalent units (TEUs) by 2035. Providing the capacity needed to manage the projected levels of cargo throughput is still critical for the Harbor Department to fulfill its role of facilitating trade along the Pacific Rim which is expected to grow with anticipated increases in population and foreign trade.

On June 7, 2012, the Board certified the Berths 302-306 APL Container Terminal Environmental Impact Report (EIR), which analyzed all potentially significant adverse environmental impacts and adopted all feasible mitigation measures. A finding of overriding consideration was adopted for impacts for which there were no feasible mitigation measures or feasible alternatives available.

Project Scope of Work – The project includes improvements to the existing 291-acre terminal at Berths 302-305, including: gate and processing areas/lane modifications; expanding maintenance and office facilities; development of approximately 41 acres of backlands at Berth 306; installing up to 12 new cranes (four new cranes along Berths 302-305 and eight new cranes on Berth 306) for a total of 24 cranes, creating a refrigerated container unit storage area; removing, replacing and/or installing necessary utility infrastructure; expanding the existing terminal by 56 acres for a total of 347 acres; construction of a new wharf at Berth 306; dredging approximately 20,000 cubic yards; and Alternative Maritime Power (AMP) installation. An additional 11 acres adjacent to the terminal would be redeveloped and incorporated into the site to provide a new out gate location and additional container terminal backland.

Construction is expected to start in 2012 and last for approximately 24 months. The proposed terminal improvements and expansion are projected to accommodate an annual throughput of up to 3.2 million TEUs and result in 390 annual ship calls and a total of 24 wharf cranes by 2027. The project is anticipated to result in a total of 3,370 (direct and secondary) construction-related jobs over a period of 24 months and by 2027 a net total of 7,993 long-term jobs related to operations.

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Coastal Permit Requirements – The proposed project, located in Master Planning Area 9, is a Level III, non-appealable project in accordance with the definitions set forth in the *Guidelines for Implementation of the Port of Los Angeles Certified Port Master Plan* (Transmittal 2). A Level III permit is one of three levels of permits that the Board can issue. Level III permits are required for developments that involve large capital expenditures, have a risk of substantial adverse environmental impacts that can be mitigated, involve the potential for unavoidable adverse impacts that cannot be mitigated, or result in major changes in land and/or water uses.

The proposed project has been found to be consistent with the Port Master Plan, as the proposed development is a general cargo use, which is an allowable use in Master Planning Area 9. The proposed project carries out the long range preferred use of Planning Area 9 that was envisioned when the Port Master Plan was adopted in 1980. The proposed project has also been found to be consistent with Chapter 8 policies of the California Coastal Act of 1976, as amended. Specifically, the container terminal improvements are consistent with Section 30708, which gives the highest priority to the use of existing land space within harbors for port purposes, including shipping industries and necessary support and access facilities, in order to minimize or eliminate the necessity to create new ports in new areas of the state.

On June 6, 2012, the public notice for the Expansion of Berths 302-306 APL Container Terminal Project was posted (Transmittal 3).

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval to issue a Level III CDP for improvements and expansion of the APL Container Terminal at Berths 302-306. The potential environmental impacts of the APL project were assessed in an Environmental Impact Report, which was certified by the Board on June 7, 2012. As an activity for which the underlying project has previously been evaluated for environmental significance and processed according to the requirements of the California Environmental Quality Act (CEQA), the Director of Environmental Management has determined that the proposed action is exempt from CEQA in accordance with Article II Section 2(i) of the City of Los Angeles CEQA Guidelines.

ECONOMIC BENEFITS:

Approval of the proposed CDP will have no employment impact for the five-county region. The proposed project associated with this CDP is anticipated to support 3,370 one-year equivalent full time direct and secondary jobs for the region during construction.

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FINANCIAL IMPACT:

Approval of the proposed Level III, non-appealable coastal development permit would allow for implementation of the American President Lines (APL) expansion project at Berths 302-306. Award of the capital construction contract will be brought before the Board in a separate future action; the current estimated capital cost is approximately \$195,665,000 through 2027. Conformance to the Harbor Department's Board adopted rate of return policy ensures that its investments in land and improvements are appropriately recovered. The deposit to the Port Community Mitigation Trust Fund (PCMTF) in the amount of \$4,248,300 shall be made through a separate Board item. Any proposed actions discussed herein other than approval of CDP No. 12-07 will be brought before the Board under separate actions at a future date.

CITY ATTORNEY:

The City Attorney's office has reviewed the Board Report and concluded that it raises no legal issues at this time.

TRANSMITTALS:

1. Site Location Map
2. Coastal Development Permit No. 12-07
3. Public Notice



DAVID L. MATHEWSON
Director of Planning & Research

FIS Approval: KP (initials)
CA Approval: JAR (initials)



KATHRYN McDERMOTT
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director