



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

DATE: JUNE 12, 2018

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - ADOPTION OF THE FINAL INITIAL STUDY/MITIGATED NEGATIVE DECLARATION AND APPROVAL OF BERTHS 238-239 [PBF ENERGY] MARINE OIL TERMINAL WHARF IMPROVEMENTS (LOS ANGELES HARBOR DEPARTMENT APPLICATION FOR PORT PERMIT NO. 161208-173; STATE CLEARINGHOUSE NO. 2018031006)

SUMMARY:

Staff requests that the Board of Harbor Commissioners (Board) adopt the Final Initial Study/Mitigated Negative Declaration (IS/MND) for the proposed Berths 238-239 [PBF Energy] Marine Oil Terminal Wharf Improvements Project (Project) along with comments and responses to comments, and approve the proposed Project as described in the Final IS/MND.

The proposed Project involves the issuance of a new 30-year lease for the continued operation of the Berths 238 and 239 marine oil terminal, tank farm, and underground pipelines. The approximately 37-acre Project site includes 19 active storage tanks of various sizes, parking, and several ancillary buildings.

RECOMMENDATION:

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

1. Find that, pursuant to the State California Environmental Quality Act Guidelines Section 15074, the Final Initial Study/Mitigated Negative Declaration for the Berth 238-239 [PBF Energy] Marine Oil Terminal Wharf Improvements Project (a) has been completed in compliance with the State California Environmental Quality Act Guidelines and the City of Los Angeles California Environmental Quality Act Guidelines; (b) was presented to the Board for review and was reviewed and considered by the Board prior to approving the proposed Project; and (c) reflects the independent judgment and analysis of the City of Los Angeles Harbor Department as the Lead Agency;

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2. Find that, based on the whole record before it, including, but not limited to: (a) the information contained in this report; and (b) the Final Initial Study/Mitigated Negative Declaration for the Berths 238-239 [PBF Energy] Marine Oil Terminal Wharf Improvements Project, there is no substantial evidence that the proposed Project will have a significant effect on the environment pursuant to Public Resources Code Section 21080 and State California Environmental Quality Guidelines Section 15070;
3. Find that information added to the Final Initial Study/Mitigated Negative Declaration after the public review period, but before adoption, merely clarifies, amplifies, or makes insignificant modifications, and that recirculation is not necessary;
4. Adopt the Mitigation Monitoring and Reporting Program contained in the Final Initial Study/Mitigated Negative Declaration as required by Public Resources Code Section 21081.6 and State California Environmental Quality Act Guidelines Section 15074. The Mitigation Monitoring and Reporting Program is designed to ensure compliance with the mitigation measures adopted to mitigate or avoid significant effects on the environment, and identifies the responsibilities of the City of Los Angeles Harbor Department as lead agency and other applicable entities, to monitor and verify project compliance with those mitigation measures and conditions of project approval;
5. Adopt the Final Initial Study/Mitigated Negative Declaration for the Berths 238-239 [PBF Energy] Marine Oil Terminal Wharf Improvements Project;
6. Direct the Cargo and Industrial Real Estate Division to incorporate by reference the Final Initial Study/Mitigated Negative Declaration, mitigation measures, lease measures, and the Mitigation Monitoring Reporting Program contained in the Final Initial Study/Mitigated Negative Declaration into any and all permits, lease agreements, or assignments encompassed in the approved Project;
7. Authorize the Environmental Management Division to file the Notice of Determination for the Berths 238-239 [PBF Energy] Marine Oil Terminal Wharf Improvements Project with the Los Angeles City and County Clerks; and
8. Adopt Resolution No. _____.

DISCUSSION:

Project Background/Context – The proposed Project site consists of two facilities; the Southwest marine oil terminal (SWT-I) and the Southwest Terminal Island Tank Farm (SWT-II), as well as, several subsurface pipelines. SWT-I is a short-term storage and transfer facility for petroleum products, includes approximately 20.54 acres of land located at 799 South Seaside that has 19 active tanks with a total capacity of 946,344 barrels in refined product service. SWT-II is a tank farm approximately 16.62 acres in size located

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approximately 3,500 feet northeast of SWT-I at 401 Ferry Street/551 South Pilchard. SWT-I (Berths 238, 239, 240a, 240b, and 240c) has been in operation since 1923 as a marine liquid bulk terminal (unloading and loading of crude oil and petroleum products). SWT-II was constructed in 1961 and has six active storage tanks in crude oil service with a total shell capacity of 1,018,039 barrels. Both facilities are serviced by approximately 21.98 miles of existing pipelines operated and maintained within City of Los Angeles Harbor Department's (Harbor Department) jurisdiction.

The primary goal of the proposed Project is to comply with Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS), which are overseen by the California State Lands Commission (CSLC). The goal of MOTEMS is to protect public health, safety, and the environment. The MOTEMS are comprehensive engineering standards for the analysis, design, inspection, and maintenance of existing and new marine oil terminals. The MOTEMS were approved by the California Building Standards Commission on January 19, 2005, and are codified as part of California Code of Regulations Title 24, Part 2, Marine Oil Terminals, Chapter 31F.

These standards apply to all existing marine oil terminals in California and include criteria for inspection, structural analysis and design, mooring and berthing, geotechnical considerations, fire, piping, mechanical and electrical systems. MOTEMS became effective on January 6, 2006 (CSLC 2005). Through ongoing discussions with the CSLC, the Harbor Department developed an implementation strategy to complete the necessary MOTEMS requirements. The marine oil terminal at Berths 238–240 is one of seven existing marine oil terminals at the Port of Los Angeles (Port) that requires upgrades to its facility.

The site is currently located on the Los Angeles Regional Water Quality Control Board (LARQWCB) list of "active" Cleanup and Abatement Orders (CAO No. 99-003) and is therefore considered part of the Cortese List under Government Code Section 65962.5. Remediation of existing groundwater and soil contamination at the site is currently occurring and construction of the proposed Project is not expected to result in the release of groundwater contamination. Prior to the issuance of a permit by the Harbor Department, the LARWQCB will be informed of the proposed Project activities.

The proposed Project is subject to the National Environmental Policy Act (NEPA). The level of environmental review needed under NEPA has not yet been confirmed. Further, the Harbor Department has submitted its Clean Water Act (CWA), Section 401 application with the LARWQCB. U.S. Army Corps of Engineers permits are not valid until a Section 401 Certification is issued and the Section 401 Certification cannot be issued without approved California Environmental Quality Act (CEQA) documentation. No lease can be approved nor any work commence until all environmental requirements are satisfied.

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Project Objectives – The objective of the proposed Project is to comply with MOTEMS requirements, optimize the use of existing land at the terminal and associated waterways in a manner that is consistent with the Harbor Department’s Tidelands Trust obligations by maintaining the existing facility’s operational parameters through the new, 30-year lease, and ensure continued reliability and availability of fuel supplies to help meet Southern California’s energy needs given evolving market conditions and business cycle variability.

Project Description – The proposed Project involves the construction and operation of a new, MOTEMS-compliant wharf structure (herein referred to as a loading platform) at Berth 238. The proposed Project would consist of removing and replacing the existing Berth 238 platform, construction of two new breasting dolphins and four new upland mooring dolphins, and demolition of the concrete platform at Berth 239. In addition, the proposed Project also includes renewed rights under a long-term (30-year) lease between the Harbor Department and PBF Energy.

ENVIRONMENTAL ASSESSMENT:

CEQA Documentation and Public Involvement - The Harbor Department as the CEQA Lead Agency has prepared an IS/MND for the proposed Project in compliance with the State California Environmental Quality Act Guidelines and the Los Angeles City CEQA Guidelines which contains the following: a description of the proposed Project and location, an initial study checklist, an analysis of potential impacts, mitigation measures and proposed findings.

The Draft IS/MND dated March 2018, was circulated for public review and comment for a period of 30 days beginning on March 2, 2018, and ended on April 2, 2018. In accordance with State CEQA Guidelines §15072, a Notice of Intent (NOI) to adopt the IS/MND was issued on March 2, 2018. Approximately 130 notices were mailed to agencies, stakeholders, neighbors and other interested parties. The NOI and accompanying Draft IS/MND was filed with the Los Angeles City and County Clerks and was made available for public review on the Port of Los Angeles website at: <http://www.portoflosangeles.org>; at the City of Los Angeles Harbor Department Environmental Management Division at 222 West 6th Street, San Pedro, CA 90731; at the Los Angeles City Library, San Pedro Branch at 931 S. Gaffey Street, San Pedro, CA 90731; and at the Los Angeles City Library, Wilmington Branch at 1300 North Avalon, Wilmington, CA 90744. Pursuant to State CEQA Guidelines § 15073, the Draft IS/MND was submitted to the State Clearinghouse for review by State agencies. A public hearing was not conducted during the public review period for the Draft IS/MND and is not required pursuant to State CEQA Guidelines §15202.

Public Comments Received and Response to Comments – A total of five comment letters were received during the public review period of the Draft IS/MND. The comment letters

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were from the following entities: California Air Resources Board, CSLC, Department of Toxic Substances Control, Los Angeles Bureau of Sanitation, and South Coast Air Quality Management District. Copies of the comment letters and staff responses to comments are included in the Final IS/MND (Transmittal 1). One comment letter requested clarification on the air quality analysis and use of 2016 baseline. Another comment letter focused on the proposed lease measure and requested additional components and clarification. Another comment letter addressed the lack of discussion regarding Native American consultation pursuant to PRC Section 21080.3.1.

Based on the comments received, staff responded to these comments but identified no new environmental effects that were not assessed in the Draft IS/MND and mitigated to a level of less than significant. Changes added to the Final IS/MND after the public review period are minor and merely clarify, amplify, or make minor modifications. None of the issues raised during the comment period trigger the need to recirculate the Final IS/MND or resulted in any additional mitigation measures not previously identified pursuant to the requirements of State CEQA Guidelines § 15073.5 (Transmittal 2).

Finding and Conclusions – The Final IS/MND includes a discussion of the proposed Project's effects on the existing environment. Significant impacts have been identified for which mitigation is feasible; and the incorporation of which would reduce the impacts to below the level of significance.

Record of Proceedings – When adopting an IS/MND as required by State CEQA Guidelines §15074, the public agency shall specify the location and custodian of the documents or other material, which constitute the record of proceedings upon which its decision is based. These records are in the care of the Director of Environmental Management, City of Los Angeles Harbor Department, 222 West 6th Street, San Pedro, CA.

Notice of Determination – In accordance with the State CEQA Guidelines §15075, a Notice of Determination will be filed with the Los Angeles City and County Clerks and the State of California Governor's Office of Planning and Research, State Clearinghouse after the proposed Project is approved. The filing of the Notice of Determination starts a 30-day statute of limitations on court challenges to the approval under CEQA.

FINANCIAL IMPACT:

Consultant costs associated with the preparation of the IS/MND amounted to approximately \$200,000 and were borne by the Harbor Department. Funds were budgeted in Account 54260 Center 1195 Program 000 WO 24899 in FY17/18. The proposed lease with PBF Energy will be brought before the Board in a separate action where the financial impact of the lease will be discussed.

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CITY ATTORNEY:

Based on the information presented to the City Attorney's Office, the Board may find that the IS/MND for the Berths 238-239 PBF Energy Marine Oil Terminal Wharf Improvements Project has been completed in accordance with CEQA.

TRANSMITTAL:

1. Final Initial Study/Mitigated Negative Declaration
2. Mitigation Monitoring and Reporting Program

FIS Approval: MB (initials)
CA Approval: [Signature] (initials)

Lisa Ochmer for

CHRISTOPHER CANNON
Director of Environmental Management

[Signature]

FOR MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

Mark Bleavin FOR

EUGENE D. SEROKA
Executive Director

CC/YO
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APP NO.: 161208-173

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