



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JANUARY 13, 2015

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - ADOPTION OF THE FINAL INITIAL STUDY/NEGATIVE DECLARATION FOR THE AVALON FREIGHT SERVICES RELOCATION PROJECT (LOS ANGELES HARBOR DEPARTMENT APPLICATION FOR PORT PERMIT NO. 140307-025; STATE CLEARING HOUSE NO. 201410149)

SUMMARY:

Staff recommends that the Board of Harbor Commissioners (Board) adopt the Final Initial Study/Negative Declaration (IS/ND) for the proposed Avalon Freight Services Relocation Project (proposed Project) along with the comments and responses to comments; and, approve the proposed Project as described in the Final IS/ND.

Avalon Freight Services is a new joint venture between Catalina Express and Harley Marine Services. Catalina Express is the passenger ferry service between mainland Los Angeles and Santa Catalina Island operating out of the Port of Los Angeles (Port) Berth 95 in San Pedro. Catalina Express, in conjunction with Harley Marine Services, was recently awarded a contract from Santa Catalina Island Company for freight movement as well. Freight movement is currently operating out of Berth 184 in Wilmington and will shift to Berth 95 as a result of the proposed Project, and it is this aspect that will be conducted with Harley Marine Services. Any future land uses or operational changes at Berth 184 are unknown at this time and would be evaluated under a separate environmental analysis.

The City of Los Angeles Harbor Department (Harbor Department) is in negotiations for a lease amendment with Catalina Express as part of the proposed Project to include property which will be used for construction and operation of the freight warehouse and administrative and call center offices by Avalon Freight Services and/or Catalina Express. The costs of all construction and subsequent operating and maintenance associated with the proposed Project will be borne by Avalon Freight Services. The environmental analysis for the proposed Project is the financial responsibility of the Harbor Department. However, final negotiations on the lease amendment may result in reimbursement of these costs by Avalon Freight Services.

The lease amendment will be brought forward in a separate Board action.

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RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that, pursuant to the State California Environmental Quality Act Guidelines Section 15074, the Final Initial Study/Negative Declaration for the Avalon Freight Services Relocation Project has (a) been completed in compliance with the State California Environmental Quality Act Guidelines and the Los Angeles City 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;
2. Find that, based on the whole record before it, including (a) the information contained in this report (b) the Final Initial Study/Negative Declaration for the Avalon Freight Services Relocation Project and (c) the comments received and responses to comments, the proposed Project would not 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 all information added to the Final Initial Study/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 Final Initial Study/Negative Declaration for the Avalon Freight Services Relocation Project;
5. Authorize the Environmental Management Division to file the Notice of Determination for the subject proposed Project with the Los Angeles City and County Clerks;
6. Approve the Avalon Freight Services Relocation Project; and
7. Adopt Resolution No. _____.

DISCUSSION:

Project Background/Context - Catalina Express is the passenger ferry service between mainland Los Angeles and Santa Catalina Island operating out of three locations, including Berth 95 in San Pedro. Passengers leave San Pedro out of Berth 95 and travel approximately 22 miles to Catalina Island where they dock in either Avalon or Two Harbors. Catalina Express began its operations in 1981 with one 60-passenger vessel. Today, the fleet consists of eight high-speed vessels including four catamarans

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that offer up to 30 round trips daily. During peak summer months, there are five departures daily out of San Pedro and seven departures on Saturdays. More than 17 million passengers have traveled to Catalina Island on board one of the Catalina Express vessels.

Freight shipping currently occurs daily between Catalina Island and the Port via the Catalina Freight Line that operates out of Berth 184 in Wilmington. Berth 184 is located approximately four miles from Berth 95 where passenger transport operations currently occur (Transmittal 2).

In November 2012, the Santa Catalina Island Company released a Request for Proposals for a new contractor (or extension to the existing contract) which would begin April 1, 2016 related to freight operations. Three proposals were considered by the Santa Catalina Island Company for the final evaluation process and ultimately, Catalina Express, in conjunction with Harley Marine Services, was awarded the contract. The proposed contract will be executed as a joint venture between the two parties and the operation will be known as Avalon Freight Services. Avalon Freight Services will operate out of Berth 95 in San Pedro along with Catalina Express' existing passenger transport services operations. Freight service operations to Avalon on Catalina Island out of Berth 184 will cease in April 2016 when the contract between Avalon Freight Services and the Santa Catalina Island Company begins. The proposed Project will also create office space for displaced administrative and call center staff to be relocated from Long Beach back to San Pedro at Berth 95.

Project Objectives – Freight movement operations between mainland Los Angeles and Avalon, Catalina Island will shift from Berth 184 in Wilmington to Berth 95 in San Pedro. The proposed Project is necessary to make the landside and waterside improvements to accommodate the shift in operations. In addition, the proposed Project will allow for the return of Catalina Express' administrative staff and call center that were temporarily displaced from San Pedro to Long Beach in 2012.

Project Description – Site improvements will occur at Berth 95 and backlands in order to accommodate freight operations at the site. A new two-story office/warehouse facility, measuring approximately 20,000 square feet, will be constructed in the existing passenger parking lot between Swinford Street and Regan Avenue, south of the Vincent Thomas Bridge. The proposed new office/warehouse facility is approximately 1,200 feet away from the existing Catalina Express passenger terminal building.

The current lease agreement with Catalina Express does not include the area required for the proposed operations. The parking area for Catalina Express and the World Cruise Terminal is under an operating agreement with Parking Concepts, Inc. Construction to accommodate the freight operations and office needs requires an

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amendment to the lease between Catalina Express and the Harbor Department. The lease amendment will be brought forward in a separate Board action.

There are waterside improvements as part of the proposed Project to accommodate the freight operation at Berth 95. An existing concrete ramp needs minor repairs in the form of removing the 6" side curbs that currently prevent wider vessels from safely mooring. The proposed Project also includes the installation of approximately 22 new pilings in the water. Two pilings will be used to secure three new floats and the remaining 20 pilings will provide four mooring dolphins to secure two new vessels that will be used to transport freight. A permit application was submitted to the U.S. Army Corps of Engineers for the waterside improvements and a Letter of Permission will be required prior to construction.

Freight operations will begin April 1, 2016, to coincide with the start of the contract with Santa Catalina Island Company. Office staff will be moved back to San Pedro upon building completion. The lease amendment to allow the freight operations is for ten years beginning April 1, 2016, with the option of two, five-year extensions.

Beginning April 1, 2016, freight will be dropped off to the new warehouse on Swinford Street via personal vehicles and/or commercial delivery trucks between the hours of 8 a.m. and 4 p.m. Monday through Friday with limited hours on Saturday. Freight drop offs will enter Berth 95 via Regan Avenue which is paved and equipped to handle vehicular traffic to avoid interference with Catalina Express passengers who currently enter at Swinford Street.

Vessel trips will occur approximately once per day out of Berth 95 where unloading/loading on Catalina Island will occur in Pebbly Beach, or at one of Catalina Island's campgrounds. The vessel trips are not new trips to Catalina Island but rather, a shifting of current operations from Berth 184 in Wilmington to Berth 95 in San Pedro.

ENVIRONMENTAL ASSESSMENT:

California Environmental Quality Act (CEQA) Documentation and Public Involvement - The Harbor Department as the CEQA Lead Agency has prepared an IS/ND for the proposed Project which contains the following: a description of the proposed Project and location, an initial study checklist, an analysis of potential impacts and proposed findings.

The Draft IS/ND, dated October 2014, was circulated for public review and comment for a period of 30 days beginning on October 23, 2014 and ending on November 22, 2014. In accordance with State CEQA Guidelines § 15072, a Notice of Intent (NOI) to adopt the IS/ND was issued on October 23, 2014. Approximately 150 notices were mailed to agencies, stakeholders, neighbors and other interested parties. The notice and

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accompanying Draft IS/ND 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. Notice of the comment period was also advertised in the following six newspapers: Los Angeles Times, Long Beach Press Telegram, Torrance Daily Breeze, Metropolitan News Enterprise, Hoy, and Random Lengths. Pursuant to State CEQA Guidelines § 15073, the Draft IS/ND 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/ND and is not required pursuant to State CEQA Guidelines § 15202.

Public Comments Received and Response to Comments - A total of three comment letters were received during the public review period of the Draft IS/ND. The comment letters were from the following private entities: Richard Coffey of Catalina Freight Line, Douglas R. Failing on behalf of Catalina Freight Line, and Daniel F. Reidy, Esq., attorney for Catalina Freight Line. Two of the comment letters described that the California Public Utilities Commission (CPUC) would have to issue a Certificate of Public Convenience and Necessity to authorize the transport of freight for public customers between the Southern California Mainland and Santa Catalina Island and requested that they be included as a Responsible Agency under CEQA for the issuance of a permit. Other comments were related to analyzing the change in operations at Berth 184 in Wilmington once freight operations shift to Berth 95 in San Pedro; additional vehicular traffic in and around Berth 95; potential risk conditions from the loading of fuel and/or other hazardous materials; solid waste and odor concerns related to trash removal; and, clarifications regarding the precise location of the warehouse and its route to the vessels to load/unload freight. Copies of the comment letters and staff responses to comments are included in the Final IS/ND.

Based on the comments provided, staff identified no new environmental effects that were not assessed in the Draft IS/ND and no mitigation is required. Changes added to the Final IS/ND after the public review period merely clarify, amplify, or make insignificant modifications. None of the issues raised during the comment period trigger the need to re-circulate the Final IS/ND pursuant to the requirements of State CEQA Guidelines § 15073.5.

Finding and Conclusions - The Final IS/ND includes a discussion of the proposed Project's effects on the existing environment. No significant effects on the environment were identified and no mitigation is required. In summary, construction of the proposed Project is temporary and short term in nature. Construction activities will follow the Harbor Department's *Sustainable Construction Guidelines* which require the use of

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cleaner and newer technologies for reducing air emissions. Proper permits will be secured for any in-water work to avoid impacts to water quality and biological resources. Hazardous materials encountered during construction will comply with existing regulations for handling, transport, and disposal. Operations of the proposed Project involve the shifting of freight delivery from Berth 184 to Berth 95, a distance of approximately four miles. The proposed Project does not promote any new additional vehicle trips and may actually decrease vehicle miles traveled (VMT) by allowing Catalina Express passengers with one less stop to unload freight before boarding the passenger ferry to Catalina Island. Three new operational marine vessels will be used for freight deliveries which would replace the same vessel trips that are already occurring to Catalina Island. As such, the analysis concludes that less than significant impacts, and in some cases no impacts, will occur to the resource areas analyzed in accordance with CEQA.

Record of Proceedings - When adopting an IS/ND 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 Los Angeles City CEQA Guidelines, Article I, and the State CEQA Guidelines § 15075, a Notice of Determination will be filed with the Los Angeles City and County Clerks 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:

Consulting costs associated with the preparation of the IS/ND amounted to approximately \$50,000 and were borne by the Harbor Department. The costs of all construction and subsequent operating and maintenance associated with the proposed Project will be borne by Avalon Freight Services. Approval of the lease amendment will be brought before the Board in a separate future action where the financial impact of the proposed lease will be discussed.

ECONOMIC BENEFITS:

The project associated with the proposed Resolution will support positive construction jobs in the five-county region. However the economic benefits cannot be quantified at present.

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CITY ATTORNEY:

Based upon the information presented to the City Attorney's Office, the Board may adopt the Final Initial Study/Negative Declaration for the Avalon Freight Services Relocation Project as having been completed in compliance with CEQA.

TRANSMITTALS:

1. Final Initial Study/Negative Declaration
2. Project location



CHRISTOPHER CANNON
Director of Environmental Management

FIS Approval: MB (initials)
CA Approval: GH (initials)



MICHAEL R. CHRISTENSEN, P.E.
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

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BOARD MEETING: 1/22/2015

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