



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: MARCH 5, 2019

FROM: PLANNING AND STRATEGY

SUBJECT: RESOLUTION NO. _____ – ISSUANCE OF A LEVEL II NON-APPEALABLE COASTAL DEVELOPMENT PERMIT (NO. 19-02) TO THE CITY OF LOS ANGELES HARBOR DEPARTMENT FOR THE BERTHS 238-239 [PBF ENERGY] MARINE OIL TERMINAL WHARF IMPROVEMENTS PROJECT

SUMMARY:

Staff requests approval of a Level II non-appealable Coastal Development Permit (CDP) No. 19-02 to the City of Los Angeles Harbor Department (Harbor Department) for the proposed Berths 238-239 [PBF Energy] Marine Oil Terminal Wharf Improvements Project (Project).

Improvements described in the Mitigated Negative Declaration (MND) for the Berths 238-239 [PBF Energy] Marine Oil Terminal Wharf Improvement Project are included in CDP No. 19-02 (APP No. 161208-173). CDP No. 19-02 will cover the Harbor Department's portion of the Project.

The Harbor Department is financially responsible for the work covered by CDP No. 19-02 as outlined in the Application for Port Permit (APP) No. 161208-173 up to \$7,500,000 of the total estimated cost of \$19,647,147.31. PBF Energy is responsible for the remaining cost.

RECOMMENDATION:

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

1. Hold a public hearing for the proposed Coastal Development Permit No. 19-02, a Level II non-appealable permit;
2. Find that the Director of Environmental Management has determined that the proposed action has been previously evaluated pursuant to the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(i) of the Los Angeles City CEQA Guidelines;
3. Find that the proposed project conforms with the Port of Los Angeles certified Port Master Plan;

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4. Upon closure of the public hearing, resolve to approve the issuance of CDP No. 19-02, consistent with the project description listed on APP No. 161208-173, and direct the Director of Planning and Strategy to execute and issue said permit on behalf of and as the designee of the Executive Director; and
5. Adopt Resolution No. _____.

DISCUSSION:

Project Background/Context – The proposed project site is a short-term storage and transfer facility for petroleum products and includes approximately 20.54 acres of land located at 799 South Seaside that has 19 active tanks with a total capacity of 946,433 barrels in refined product service. The over water area encompasses two operating berths which measure approximately 225 feet in length and 60 feet in width (Transmittal 1).

The proposed project is needed to meet the design requirements of the Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS), which establishes minimum engineering, inspection, and maintenance criteria for marine oil terminals to protect public health, safety and the environment, and governs the upgrade and design of terminals to ensure better resistance to earthquakes and to reduce the potential of oil spills. The marine oil terminal at Berths 238-239 is one of seven existing marine oil terminals at the Port of Los Angeles (Port) that requires upgrades to its facility.

On June 21, 2018, the Board adopted Resolution No 18-8311 certifying the Berths 238-239 [PBF Energy] Marine Oil Terminal Wharf Improvement Project Mitigated Negative Declaration (APP No. 161208-173; SCH No. 2018031006).

On March 7, 2019, the Board approved Permit No. 936, a 30-year lease between the Harbor Department and PBF Energy. Permit No. 936 supersedes Permit No. 914, which expires in 2021.

Project Description – Construction is scheduled to begin May 2020 and will take approximately one year to complete. The proposed Project's primary components to meet MOTEMS requirements include:

- Demolition of the existing unloading platform at Berth 238 (approximately 225 feet in length and 60 feet in width), berthing and mooring dolphins, and landside mooring anchors.
- Construction of a new MOTEMS-compliant unloading platform at Berth 238, including an unloading platform which measures approximately 125 feet in length and 60 feet in width, an access ramp, berthing and mooring dolphins, landside

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mooring anchors, catwalks, topside equipment, landside piping and other necessary utilities to support Berth 238 operations.

- Utilization of the existing unloading platform at Berth 239 during construction of the new Marine Oil Terminal at Berth 238.
- Demolition of the existing unloading platform at Berth 239 (approximately 225 feet in length and 60 feet in width) and berthing and mooring dolphins following successful commissioning of the new Marine Oil Terminal at Berth 238.

Coastal Permit Requirements – The proposed project is a Level II non-appealable project in accordance with Section 6.4 of the Port Master Plan (PMP). A Level II permit is required for projects that involve significant resources; cause major changes in land and/or water use and in the density or intensity of the use; have the potential of creating significant environmental impacts that can or cannot be mitigated; or are appealable. The proposed project is a Level II CDP because wharf upgrades involve significant resources, cause major changes in the intensity of the use, and potentially create significant environmental impacts as outlined in Section 6.4.3 of the PMP (Transmittal 2). Section 6.4.4 of the PMP identifies appealable projects and Section 6.4.4a identifies development for storage, transmission and processing of crude oil and LNG.

Chapter 8, Section 30715 of the Coastal Act identifies developments that are appealable to the Coastal Commission. This list includes developments for the storage, transmission, and processing of liquefied natural gas and crude oil in such quantities as would have a significant impact on the oil and gas supply of the state or nation or both the state and nation. While PBF Energy receives crude oil, it does not handle quantities that would have a significant impact on the state of California; it handles less than 1% of the state's annual crude oil receipts. As a result, this Project is non-appealable.

Procedurally, a Level II non-appealable CDP requires a public hearing that is publicized at least fifteen calendar days prior to the scheduled date of the hearing. A public notice for the proposed development was published on March 6, 2019 (Transmittal 3).

The Director of Planning and Strategy has determined that the proposed project is consistent with the PMP and the Chapter 8 policies of the California Coastal Act (Coastal Act) of 1976, as amended. Located in Planning Area 3 of the PMP, this project is consistent with its liquid bulk land use designation. The proposed wharf upgrade project is consistent with Section 30701 of the Coastal Act and Policy 1.3 of the PMP which encourages the modernization of the Port in order to minimize new ports in the state.

The project is also consistent with Section 30707, 30232 and 30261 of the Coastal Act and Policy 6.1 and 6.2 of the PMP regarding Tanker Terminal Safety and the new design

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of tanker terminals to protect against the spillage of crude oil, gas, petroleum products or hazardous substances.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of a Level II non-appealable Coastal Development Permit. This project was previously assessed in the Final Mitigated Negative Declaration for the PBF Energy Marine Oil Terminal Improvements Project, which was certified by the Board of Harbor Commissioners on June 21, 2018. Therefore, the Director of Environmental Management has determined that the proposed action has been previously evaluated pursuant to the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(i) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the CDP is a procedural requirement for the Harbor Department portion of the proposed Project. This Board action does not authorize expenditures related to the Project nor does it commit the Harbor Department to complete the project as ultimately approved.

A total of \$25,675,000 is programmed within the Harbor Department's 10-year Capital Improvement Plan (actuals through December 2018) for the Project. As part of the FY 2019 budget adoption process, funding of \$2,149,200 was programmed within Work Order No. 2489900 to continue pre-construction efforts in FY 2019 related to the Project. The Harbor Department's financial obligations beyond FY 2019 are contingent upon the Board's appropriation of funds. Award of any capital construction contracts related to the Project would require Board approval under separate future actions.

As per the terms of Permit No. 936, the Harbor Department is obligated to construct new MOTEMS-compliant platforms and a mooring system for PBF Energy's first berth. The Harbor Department is financially responsible for the costs of the Final Initial Study/Mitigated Negative Declaration associated with the Project as well as ongoing MOTEMS audits. In addition, based upon an estimated cost of \$19,647,147.31 to construct the Project, the Harbor Department will be responsible for \$7,500,000 while PBF Energy will be responsible for the remaining \$12,147,147.31 as well as Project construction costs in excess of \$19,647,147.31. PBF Energy will reimburse the Harbor Department in accordance with the terms of Permit No. 936 for Harbor Department construction costs incurred in excess of \$7,500,000.

CITY ATTORNEY:

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

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TRANSMITTALS:

1. Site Location Map
2. CDP No. 19-02
3. Public Notice

FIS Approval: MB
CA Approval: GM

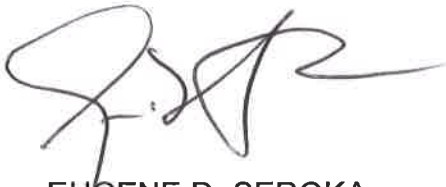


MICHAEL KEENAN
Director of Planning and Strategy



FOR MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

Author: R.Payne

APP No. 161208-173