

DATE: SEPTEMBER 8, 2021

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - ADOPTION OF THE FINAL INITIAL STUDY/MITIGATED NEGATIVE DECLARATION AND APPROVAL OF THE BERTH 163-164 [NUSTAR-VALERO] MARINE OIL TERMINAL WHARF IMPROVEMENTS PROJECT (LOS ANGELES HARBOR DEPARTMENT APPLICATION FOR PORT PERMIT NOS. 180430-070, 200305-038, 200325-052, AND 200325-053/STATE CLEARINGHOUSE NUMBER 2021050263)

SUMMARY:

Staff requests adoption of the Final Initial Study/Mitigated Negative Declaration (IS/MND) for the proposed Berth 163-164 [NuStar-Valero] Marine Oil Terminal Wharf Improvements Project (Project) along with comments and responses to comments, and approval of the proposed Project as described in the Final IS/MND. The primary objective of the proposed Project is to allow compliance with the State of California's Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) at the marine oil terminal currently at Berth 163 (Shore Terminals, LLC, (Shore Terminals) a subsidiary of NuStar Energy L.P.). The proposed Project also includes the issuance of 30-year leases to Shore Terminals (NuStar) and to Ultramar, Inc., (Ultramar) a subsidiary of Valero Energy Corporation. Shore Terminals and Ultramar are financially responsible for staff and consultant time used for the preparation of the Final IS/MND, under Reimbursement Agreement No. 20-3719, as well as the construction of the proposed Project.

RECOMMENDATION:

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

1. Find that, pursuant to the State California Environmental Quality Act (CEQA) Guidelines Section 15074, the Final Initial Study/Mitigated Negative Declaration for the proposed Berth 163-164 [NuStar-Valero] Marine Oil Terminal Wharf Improvements Project (a) has been completed in compliance with the State CEQA Guidelines and the Los Angeles City CEQA Guidelines; (b) was presented to the Board of Harbor Commissioners for review and was reviewed and considered by the Board of Harbor Commissioners 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 (a) the information contained in this report and (b) the Final Initial Study/Mitigated Negative Declaration for the proposed Berth 163-164 [NuStar-Valero] Marine Oil Terminal Wharf Improvements Project, the 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/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 (MMRP) 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 MMRP 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 Berth 163-164 [NuStar-Valero] Marine Oil Terminal Wharf Improvements Project;
6. Authorize the Environmental Management Division to file the Notice of Determination for the Berth 163-164 [NuStar-Valero] Marine Oil Terminal Wharf Improvements Project with the Los Angeles County Clerk; and
7. Adopt Resolution No. _____.

DISCUSSION:

Project Background/Context – 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, became effective on January 6, 2006 (CSLC 2005), and are codified as part of California Code of Regulations Title 24, Part 2, Marine Oil Terminals, Chapter 31F. The MOTEMS apply to all existing and proposed 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. The California State Lands Commission oversees the MOTEMS program. Through ongoing discussions with the California State Lands Commission, the City of Los Angeles Harbor Department (Harbor Department) developed an implementation strategy to complete the necessary MOTEMS requirements. The marine oil terminals at Berths 163 and 164 are two of the seven existing marine oil terminals at the Port of Los Angeles

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(Berth 162 is not a marine oil terminal, but instead provides backlands support for the NuStar Terminal). The MOTEMS audits performed for the NuStar and Valero marine oil terminals identified existing infrastructure deficiencies related to structural, mooring, berthing, and piping systems that require upgrading. The proposed Project would correct the identified deficiencies at Berth 163.

NuStar has operated the terminal at Berths 163 and 164 under Permits 712 and 713 since September of 1999. In June of 2024, the Board approved holdover of Permits 712 and 713 on a month-to-month basis until a successor Permit has been negotiated and approved by the Board.

Valero has operated the terminal at Berths 163 and 164 under Permit 306 since October of 1991. In March of 2001, the Board approved holdover of Permit 306 on a month-to-month basis until a successor Permit has been negotiated and approved by the Board.

Project Objectives – The primary objective of the proposed Project is to comply with MOTEMS at the marine oil terminal currently at Berth 163 (NuStar). The proposed Project also includes 30-year leases to Shore Terminals (NuStar), for continued operation of the Berth 163 Marine Oil Terminal and for operation of a backlands portion of Berth 162, and to Ultramar (Valero), for continued operation of oil terminal facilities on backlands at Berth 164. There are currently four NuStar storage tanks located on the Berth 162 backlands area. Neither NuStar nor Valero conduct vessel operations at Berth 162. Valero's marine operations would be transferred from Berth 164 to Berth 163.

Project Description – The proposed Project consists of demolition of the existing timber wharf structures at Berth 162 and 163 and construction of a new loading/unloading platform at Berth 163, piping to the Valero terminal, a fire pump platform, an access/pipeline trestle, mooring and breasting dolphins, catwalks, a hose tower and an onshore valve vault, as well as the two lease amendments.

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 CEQA 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, and proposed findings.

The Draft IS/MND was circulated for public review and comment from May 13, 2021, to June 11, 2021. A letter requesting an extension to the public review and comment period was received and the Harbor Department granted an extension to July 1, 2021. In accordance with State CEQA Guidelines §15072, a Notice of Intent (NOI) to adopt the IS/MND was issued on May 13, 2021. Approximately 100 notices were mailed to agencies, stakeholders, neighbors and other interested parties. The NOI and

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accompanying Draft IS/MND were filed with the Los Angeles County Clerk and State Clearinghouse as well as made available for public review on the Port of Los Angeles website at: <http://www.portoflosangeles.org>. In addition, notification of the document's availability was published in the Los Angeles Times on May 13, 2021. 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 – Three comment letters were received during the public review period for this Draft IS/MND. The letters are from the California Department of Fish and Wildlife (CDFW), City of Los Angeles Sanitation, and California Department of Transportation (Caltrans). Copies of the comment letters and staff responses are included in the Final IS/MND (Transmittal 1).

Based on the comments provided, staff identified no new environmental effects that were not assessed in the Draft IS/MND and no mitigation is required. Specific wording changes and clarifications have been made in response to the letter from the CDFW. Changes added to the Final IS/MND 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/MND pursuant to the requirements of State CEQA Guidelines §15073.5.

Finding and Conclusions – The Final IS/MND includes a discussion of the proposed Project's effects on the existing environment.

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, 425 S. Palos Verdes Street San Pedro, CA 90731.

Notice of Determination – In accordance with the State CEQA Guidelines §15075, a Notice of Determination (NOD) will be filed with the Los Angeles County Clerk after the proposed Project is approved. The filing of the NOD starts a 30-day statute of limitations on court challenges to the approval under CEQA.

FINANCIAL IMPACT:

On January 14, 2020, the Board approved an agreement with Shore Terminals and Ultramar to reimburse the Harbor Department one hundred percent of staff and consultant costs associated with the preparation of this IS/MND. Additionally, the tenants will pay for construction of the proposed Project.

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CITY ATTORNEY:

Based on the information presented to the City Attorney's Office, the Board may find that the Final IS/MND for the proposed Project has been completed in accordance with CEQA.

TRANSMITTAL:

1. Final Initial Study/Mitigated Negative Declaration for the Berth 163-164 [NuStar-Valero] Marine Oil Terminal Wharf Improvements Project

FIS Approval: *MB*
CA Approval: *JS*


CHRISTOPHER CANNON
Director of Environmental Management

Michael DiBernardo
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APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director

CC/YO
AUTHOR: N. ENCISO
APP NOS.: 180430-070, 200305-038, 200325-052, and 200325-053

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