

DATE: AUGUST 6, 2024

FROM: PLANNING AND STRATEGY

SUBJECT: RESOLUTION NO. _____ - ISSUANCE OF A NON-APPEALABLE LEVEL II COASTAL DEVELOPMENT PERMIT (NO. 24-04) TO THE PORT OF LOS ANGELES FOR THE BERTHS 302-305 ON-DOCK RAIL YARD EXPANSION PROJECT

SUMMARY:

Staff requests that the Board of Harbor Commissioners (Board) approve a Level II non-appealable Coastal Development Permit (CDP) No. 24-04 to the City of Los Angeles Harbor Department (Harbor Department) for the proposed Berths 302-305 On-Dock Rail Yard Expansion Project (proposed Project). The proposed Project outlined in Application for Port Permit (APP) No. 200602-086 will add five new loading tracks, expanding the Fenix Marine Services Container on-dock rail yard loading tracks from nine to fourteen. The new loading tracks would allow the facility to transport an additional 520,000 Twenty-Foot Equivalent Units (TEU) by rail per year that would have otherwise left the facility via heavy-duty truck.

On February 14, 2020, the U.S. Department of Transportation Maritime Administration (MARAD) awarded approximately \$18 million of Port Infrastructure Development Program funds, and, on December 3, 2020, the California Transportation Commission awarded approximately \$19 million of Trade Corridor Enhancement Program funds, toward the proposed Project. In aggregate, approximately \$37 million in grants have been awarded, approximately \$15 million less than the anticipated total project cost of the approximately \$52 million. The Harbor Department is financially responsible for the proposed Project.

RECOMMENDATION:

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

1. Hold a public hearing for the proposed Coastal Development Permit No. 24-04, a non-appealable Level II 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 (PMP);

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4. Upon closure of the public hearing, resolve to approve the issuance of CDP No. 24-04, consistent with the project description listed on APP No. 200602-086, 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 existing Fenix Marine Services Container Terminal is located on Pier 300 at Berths 302-305. It occupies approximately 291 acres and includes an on-dock rail yard with nine storage and loading tracks. The on-dock rail yard can accommodate up to the equivalent of nearly three full trains at a time. In 2023, Fenix Marine Services moved approximately 30 percent of its inbound containers via on-dock rail compared to the port-wide average of 23 percent.

The proposed Project will add five loading tracks, which increases on-dock rail yard capacity and commensurate use by a projected 520,000 TEUs per year, under future year 2045 conditions (Transmittal 1). Thus, the rail yard project enables more cargo to be loaded onto trains via the on-dock rail yard within the terminal, instead of via off-dock rail yards, located as far as 27 miles away from the Fenix Marine Services Container Terminal. Shifting the loading of these containers to on-dock rail reduces up to 2,000 trucks trips per day. These rail containers will be taken from the vessels on intra-terminal chassis (bomb carts) to a staging area, located directly north of, and abutting the on-dock lift yard, to be loaded and unloaded from the railcars. The expansion of the rail yard combined with this new wheeled staging area for short-term wheeled storage slightly decreased the total container yard storage area for the terminal as a whole, which thus has the potential to reduce the capacity of the terminal as analyzed and disclosed in the 2012 EIR/EIS and 2021 Addendum.

In 2020, the Harbor Department was awarded a total of \$37,378,743 in funding from the federal and state governments for the proposed Project: \$18,184,743 of Port Infrastructure Development Program funds from the U.S. Department of Transportation Maritime Administration, and \$19,194,000 of Trade Corridor Enhancement Program funds from the California Trade Commission.

Project Description – The proposed Project will expand the on-dock rail yard with five new tracks on the northern on-dock rail yard section, totaling approximately 15,000 linear feet. Additional work includes, but is not limited to, grading, paving, drainage and storm water improvements, fire protection, electrical improvements, striping, and signage.

Construction is scheduled to begin in January 2025 and be completed by December 2026. The Harbor Department Cargo Industrial Real Estate Division will coordinate with Fenix Marine Services, who has entitlement to this container yard under Permit 733, to provide access during construction.

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Coastal Permit Requirements – The proposed Project is a Level II non-appealable project in accordance with Section 6.4 of the PMP (Transmittal 2). A Level II permit is required for a project that meets any one of the following conditions: it involves significant resources; it causes major changes in land and/or water use and in the density or intensity of the use; it has the potential of creating significant environmental impacts that can or cannot be mitigated; or it is appealable to the Coastal Commission. The proposed Project is a Level II CDP because on-dock rail yards could potentially create significant environmental impacts. However, the proposed Project was analyzed in Addendum #2 to the Berths 302-306 Container Terminal Project Final Environmental Impact Report determining that there are no new significant environmental effects and no substantial increase in the severity of previously identified significant effects (Transmittal 3).

Procedurally, a Level II non-appealable CDP requires a public hearing that is publicized at least 15 calendar days prior to the scheduled date of the hearing. A public notice for the proposed development was published on August 7, 2024 (Transmittal 4).

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 of 1976 (Coastal Act). Located in Planning Area 3 of the PMP, the proposed Project for expansion of an on-dock rail yard for container cargo is consistent with its Container land use designation. The proposed rail improvements are consistent with Sections 30701 of the Coastal Act and Policy 1.3 of the PMP, which encourages the modernization of the Port and construction of necessary facilities within the boundaries of the Port in order to minimize future dredging and filling to create new ports in new areas of the state. The proposed Project is also consistent with Policy 2.1 of the PMP which directs the Harbor Department to locate, design, and construct port-related projects to (1) minimize substantial adverse impacts, (2) minimize potential traffic conflicts between vessels, (3) prioritize the use of existing land space for port purposes, (4) provide for other beneficial uses including but not limited to, recreation and wildlife habitat uses, to the extent feasible, and (5) encourage rail service to port areas and multicompany use of facilities. Specifically, the new rail yard improvements project will encourage additional rail activities through improvement of on-dock rail for Berths 302-305.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of Level II non-appealable CDP No. 24-04 to the Harbor Department for the proposed Berths 302-305 On-Dock Rail Yard Expansion Project, which is an activity for which the underlying project has been previously assessed in Addendum #2 to the Berths 302-306 Container Terminal Project Final Environmental Impact Report (SCH#2009071031), which was considered by the Board on May 20, 2021. Therefore, the Director of Environmental Management has determined that the proposed action has been previously evaluated pursuant to the requirements of CEQA under Article II Section 2(i) of the Los Angeles City CEQA Guidelines.

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FINANCIAL IMPACT:

Approval of the proposed CDP will enable the Harbor Department to continue its development of the Berths 302-305 On-Dock Rail Yard Expansion under Work Order No. 2562200. While approval of the proposed CDP will not have a direct financial impact on the Harbor Department, \$52 million is currently budgeted within Work Order No. 2562200 to complete the proposed Project.

CITY ATTORNEY:

The Office of the City Attorney has reviewed this Board Report and has identified no legal issues at this time.

TRANSMITTALS:

1. Site Location Map
2. CDP No. 24-04
3. Addendum #2 to the Berths 302-306 Container Terminal Project Final Environmental Impact Report
4. Public Notice

FIS Approval: JS
CA Approval: SO

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APP No. 200602-086