



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

Board of Harbor Commissioners

DATE: MAY 30, 2012

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - FINAL ENVIRONMENTAL
IMPACT REPORT FOR THE BERTHS 302-306 [APL] CONTAINER
TERMINAL PROJECT (LAHD ADP NO. 081203-131; SCH NO.
2009071021)

SUMMARY:

Staff recommends that the Board of Harbor Commissioners (Board) certify the Final Environmental Impact Report (EIR) for the Berths 302-306 APL Container Terminal Project in accordance with the California Environmental Quality Act (CEQA), and approve the Berths 302-306 APL Container Terminal Project (Project). The Project includes improvements to the existing 291-acre terminal at Berths 302-305, including gate and lane modifications, installing up to four new wharf cranes, expanding maintenance and office space, creating a refrigerated container unit storage area, and installing utility infrastructure; and expanding the terminal by 56 acres for a total of 347 acres. The proposed expansion area work would include new wharf construction at Berth 306, installing up to eight new cranes, dredging approximately 20,000 cubic yards, Alternative Maritime Power (AMP) installation, and development of approximately 41 acres of backlands at Berth 306. An additional 11 acres adjacent to the terminal would be redeveloped and incorporated into the site to provide a new exit gate location and additional container terminal backland.

Prior to approving the Project, the Board will need to certify the EIR, make specific Findings of Fact (FOF) regarding the significant environmental impacts of the Project and mitigation measures to reduce or avoid such impacts, adopt a Statement of Overriding Considerations (SOC), and adopt a Mitigation Monitoring and Reporting Program (MMRP) to track mitigation. With the application of mitigation measures, lease measures, and standard conditions of approval, significant and unavoidable impacts from the Project remain related to air quality, health risk, greenhouse gases (GHGs), biological resources, and cumulative impacts. In addition, the Project would result in disproportionate effects on minority and low-income populations as a result of significant and unavoidable impacts related to air quality.

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RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Certify that the Final Environmental Impact Report for the Berths 302-306 [APL] Container Terminal Project (a) has been completed in compliance with the California Environmental Quality Act, with the State California Environmental Quality Act Guidelines, and the Los Angeles City California Environmental Quality Act Guidelines; (b) was presented to the Board of Harbor Commissioners for review and the Board considered the information contained in the Final Environmental Impact Report prior to approving the Project; and (c) reflects the independent judgment and analysis of the City of Los Angeles Harbor Department, and that all required procedures have been completed;
2. Adopt the Findings of Fact and Statement of Overriding Considerations;
3. Find that, in accordance with the information contained in the Final Environmental Impact Report, the Project will have significant environmental effects on Air Quality, Health Risk, Greenhouse Gases, Biological Resources, and Cumulative Impacts; as defined by Public Resources Code Sections 21068, 21080, 21082.2, and 21083 and the State California Environmental Quality Act Guidelines, Sections 15064, 15064.4, 15064.5, and 15382;
4. Find that, in accordance with the provisions of the State California Environmental Quality Act Guidelines Section 15091(a)(1), changes or alterations have been required in, or incorporated into, the Project, which substantially lessen or avoid the significant adverse environmental impacts identified in the Final Environmental Impact Report;
5. Find that, in accordance with the provisions of the State California Environmental Quality Act Guidelines Section 15091(a)(3), specific economic, legal, social, technological, or other considerations, make infeasible certain mitigation measures and Project alternatives identified in the Final Environmental Impact Report. Impacts to Air Quality, Health Risk, and Biological Resources remain significant and unavoidable even after all feasible mitigation is adopted;
6. Find that all information added to the Final Environmental Impact Report after public notice of the availability of the Draft Environmental Impact Report for public review but before certification merely clarifies, amplifies, or makes insignificant modifications in an adequate Environmental Impact Report and recirculation is not necessary;

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7. Find that, in accordance with Public Resources Code Section 21081(b) and State California Environmental Quality Act Guidelines Section 15093, the benefits of the Project outweigh the significant and unavoidable environmental impacts of the Project, and adopt the Findings of Fact and Statement of Overriding Considerations;
8. Find that, in accordance with TraPac MOU #09-3764, the City of Los Angeles Harbor Department's contribution to the Port Community Mitigation Trust Fund for this Project is \$4,248,300;
9. Adopt the Mitigation Monitoring and Reporting Program as required by Public Resources Code, Section 21081.6. 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, pursuant to and identifies the responsibilities of the City of Los Angeles Harbor Department, as lead agency, to monitor and verify project compliance with those mitigation measures and conditions of the Project approval;
10. Approve the Project identified in the Environmental Impact Report including all feasible mitigation measures, lease measures and standard project conditions with consideration of the Findings of Fact and Statement of Overriding Considerations, and the Mitigation Monitoring and Reporting Program;
11. Direct the Real Estate Division to incorporate by reference the Environmental Impact Report, mitigation measures, lease measures, standard project conditions, and Mitigation Monitoring and Reporting Program into any and all lease agreements or assignments encompassed in the approved Project;
12. Authorize the Environmental Management Division to file the Notice of Determination for the subject Project with the Los Angeles County Clerk, the Los Angeles City Clerk, and the State Secretary of Resources; and
13. Adopt Resolution No. _____.

DISCUSSION:

Project Background - At 291 acres, the APL terminal on Pier 300 is the Port of Los Angeles' (Port) second largest cargo container terminal. Eagle Marine Services (EMS), a subsidiary of APL, is the terminal operator with an existing lease that will expire in 2027. During the CEQA baseline period of July 2008 through June 2009, which is the time period used to define existing conditions for much of the environmental analysis, APL's cargo throughput was 1.128 million Twenty-Foot Equivalent Units (TEUs). There were 247 ship calls during this time. APL currently has four berths with 4,000 feet of

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wharf, 12 wharf cranes, and an on-dock rail yard that can accommodate nearly three full trains. Two dedicated lead rail tracks within the terminal connect to the main rail line within the Alameda Corridor. Other features include 15 inbound and 8 outbound truck lanes, 600 refrigerated container plugs, maintenance and repair facilities, and two marine buildings. Other cargo handling equipment includes 36 forklifts, seven side picks, 19 top handlers, eight rubber tire gantry (RTG) cranes, 10 rail mounted gantry (RMG) cranes, and 195 yard tractors.

Project Objectives - The purpose of the Project is to optimize and expand cargo-handling capacity at the Berths 302-306 APL container terminal while implementing the City of Los Angeles Harbor Department's (Harbor Department) green growth strategy. The primary CEQA objectives of the Project are to:

- Optimize the use of existing land at Berths 302-305, the proposed Berth 306 backlands, and associated waterways in a manner that is consistent with the Harbor Department's public trust obligations;
- Improve the container terminal at Berths 302-306 to more efficiently work larger ships and to ensure the terminal's ability to accommodate increased numbers and sizes of container ships;
- Increase accommodations for container ship berthing, and provide sufficient backland area and associated improvements for optimized container terminal operations at Berths 302-306;
- Incorporate modern backland design efficiencies into improvements to the existing vacant landfill area at Berth 306; and
- Improve terminal access and internal terminal circulation at Berths 302-306 to reduce the time for gate turns and to increase terminal efficiency.

Project Description - The Project would improve the existing terminal and expand it by 56 acres for a total of 347 acres. Major elements include:

- Improve the existing terminal at Berths 302-305 by modifying gates and terminal entrance lanes, accommodate reefer unit storage, reconstruct maintenance and office facilities, install utility infrastructure, install four new wharf cranes; and
- Extend the wharf by 1,250 feet to create Berth 306, construct AMP facilities, install up to eight new wharf cranes, dredge approximately 20,000 cubic yards, and develop the adjacent 41-acre fill as backlands for Berth 306 with infrastructure that could support automated operations.

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Construction is assumed to begin in 2012 and last for approximately 24 months. The proposed terminal improvements and expansion are projected to accommodate an annual throughput of up to 3.2 million TEUs and result in 390 annual ship calls and a total of 24 wharf cranes by 2027. Table ES-1 in Chapter 1 of the Final EIR (Transmittal 1) presents the projected TEUs and related ship, truck, and rail activity at each milestone year from the start of construction in 2012 through full-build out capacity in 2027. A complete description of the Project can be found in the Final EIR.

ENVIRONMENTAL ASSESSMENT:

CEQA Responsibilities - The Harbor Department is the CEQA lead agency for the Project. As such, the Board is responsible for reviewing and considering the EIR and, at its discretion, certifying that the Final EIR has been completed in accordance with CEQA, the State CEQA Guidelines, and the Los Angeles City CEQA Guidelines; has been presented to the Board for review and the Board considered the information contained in the Final EIR prior to approving the Project, and reflects the independent judgment and analysis of the Harbor Department. Certification of the EIR must precede the Project approval. Project approval requires that the Board review and consider the EIR; adopt the FOF (Transmittal 2) on the significant environmental effects of the Project and the feasibility of mitigation measures and Project alternatives; adopt a SOC (included in Transmittal 2); and adopt a MMRP (Transmittal 3).

Scope and Content of Environmental Document - The Draft EIR, dated December 2011, incorporates, as appropriate; information received on the NOP for the Project, assesses environmental impacts of the Project, and coequally analyzes six Project alternatives and mitigation measures. The Final EIR clarifies and amplifies the Draft EIR, incorporates insignificant modifications and corrections, contains responses to all public comments made on the Draft EIR, and contains records of the public process.

Intended Uses of the EIR - The EIR informs public agency decision-makers and the general public of the significant environmental effects of the Project, recommends mitigation measures to minimize the significant effects, and describes reasonable alternatives to the Project. This document assesses the potential impacts, including unavoidable adverse impacts and cumulative impacts, related to the Project. This EIR is also intended to support future discretionary actions of the Board and the permitting/approval process of all agencies whose discretionary approvals must be obtained for particular elements of this Project. For the Harbor Department, these actions include but are not limited to: issuance of a coastal development permit, issuing of engineering permits, and approval of property use/lease agreements.

Environmental Documentation Process and Public Involvement - The Project was subject to the required environmental documentation process that included public

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disclosure as required by regulation. In this case, however, public notification exceeded statutory requirements. The procedural steps of the process are described below:

1. Notice of Preparation (NOP). In accordance with the Los Angeles City CEQA Guidelines, Article VI, Section 1.5 and the State CEQA Guidelines, Section 15082 the responsible agencies, participating City agencies, and other concerned parties were consulted through a NOP released in July 2009. A total of 21 comment letters were received from various agencies and the public.

Copies of the NOP were available for review online at www.portoflosangeles.org, at the Harbor Department Environmental Management Division office, and at the Los Angeles Main, San Pedro Branch and Wilmington Branch Libraries. Meeting notifications and the NOP were also provided in Spanish. The Harbor Department also provided a Spanish/English interpreter at the public meetings.

2. Draft EIR. The Draft EIR was released for public review on December 16, 2011. It was made available on the Port of Los Angeles website, at local libraries, and mailed directly to over 200 interested parties. The 60-day comment period closed on February 17, 2012. A public hearing was held on January 19, 2012 in the Board Room to present the findings of the environmental analysis and receive oral comments.

Public notices of completion stating that the Draft EIR was available for review were published in five newspapers: Los Angeles Times, Daily Breeze, Long Beach Press Telegram, Los Angeles Sentinel and La Opinion.

Copies of the Draft EIR were available for review during this period at the Harbor Department Environmental Management Division office, the Los Angeles City Main Library, San Pedro Branch Library, Wilmington Branch Library and the Long Beach Public Library Main Branch. The document was also available online at the Port of Los Angeles website (<http://www.portoflosangeles.org>). Meeting notifications and the Draft EIR Executive Project summaries were also translated to Spanish and provided in mailings and at the public meeting. A Readers Guide to summarize the Project, alternatives, and major environmental impacts and mitigation measures was also distributed.

3. Responses to Comments. As required by Public Resources Code 21092.5, all agencies, organizations, and individuals who commented on environmental issues in the Draft EIR were provided with responses to comments at least 10 days prior to the Final EIR being submitted to the Board for certification.
4. Final EIR. In accordance with the Los Angeles City CEQA Guidelines, Article I, and the State CEQA Guidelines, Section 15088, comments received on the Draft EIR

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were evaluated. The comment letters and responses to comments, along with minor modifications to the Draft EIR are presented in the Final EIR. The Final EIR was completed in May 2012.

Findings and Conclusions - The Final EIR, FOF and SOC, transmitted herewith, identify major findings and conclusions, including a discussion of areas of environmental concern, alternatives, feasible mitigation measures, and unavoidable impacts. The discussion below summarizes the proposed Findings included in Transmittal 2 for the Board's consideration.

1. Areas of Environmental Concern. Through the public environmental process the following areas of environmental concern were identified. These potential impacts and others were assessed in the Final EIR. The impacts associated with the Project are discussed in detail, by resource area, in the Final EIR. Prior to mitigation, the following environmental resource areas would be significant: Air Quality, Health Risk, Greenhouse Gases, Biological Resources, Ground Transportation, and Noise. After mitigation is applied, unavoidable Project impacts to Air Quality and Biological Resources remain. After mitigation, the Project would also result in significant cumulative impacts to Aesthetics, Air Quality, Health Risk, Global Climate Change, Biological Resources, and Noise.
2. Alternatives. A total of 23 alternatives were considered during preparation of this EIR, which included alternative terminal configurations, alternative uses, and alternative locations for the terminal and various Project components. Of these, six Project alternatives (in addition to the Project) were considered in detail. These alternatives included:
 - a) Alternative 1: No Project Alternative. Under the No Project Alternative, the existing APL Terminal would continue to operate as an approximately 291-acre container terminal. Based on the throughput projections, Alternative 1 would handle approximately 2,153,000 TEUs by 2027, which would result in 286 annual ship calls at Berths 302-305. Under Alternative 1, no further Harbor Department action or federal action would occur. The Harbor Department would not construct and develop additional backlands, wharves, or terminal improvements. No new cranes would be added, no gate or backland improvements would occur, and no new infrastructure for AMP or automation would be provided. This alternative would not include any dredging, new wharf construction, or new cranes. The No Project Alternative would not include development of any additional backlands because the existing terminal is berth-constrained and additional backlands would not improve its efficiency. While the No Project Alternative would eliminate the Project impacts due to the absence of construction or operations, it would not fulfill all of the Project objectives.

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Under the CEQA analysis, Alternative 1 – No Project Alternative is the environmentally superior alternative because it would not involve any new construction, and growth in operations would be greatly reduced under Alternative 1 as compared to the Project and Alternatives 3 through 6. Pursuant to the CEQA Guidelines, if the No Project Alternative is deemed to be environmentally superior, then the lead agency must identify an alternative other than the No Project Alternative as environmentally superior. Alternative 2 ranked first in terms of the least overall environmental impact when compared to the CEQA baseline because it would result in the least impact when compared to all alternatives other than Alternative 1. Therefore, in accordance with CEQA, Alternative 2 is deemed to be Environmentally Superior.

- b) Alternative 2: No Federal Action. Alternative 2 includes only the activities and impacts likely to occur absent further U.S. Army Corps of Engineers (USACE) federal approval but could include improvements that require a local action. Specifically, this alternative includes only the following construction activities: the conversion of a portion of the dry container storage unit area to storage for an additional 200-unit reefer area and associated electrical infrastructure; and installation of utility infrastructure at various areas in the backlands (e.g., relocation of light pole and electrical line extensions to accommodate the converted reefer areas). Based on throughput projections, the No Federal Action Alternative would handle up to approximately 2,153,000 TEUs by 2027, which would result in 286 annual ship calls at Berths 302-305. The No Federal Action Alternative would result in fewer environmental impacts than the Project in 2027 because its operational capacity and construction activity would be lower. However, it would not meet the Project objectives to expand and optimize cargo-handling capacity and terminal operations to accommodate increased throughput demand expected at the Port by APL in the long-term future.
- c) Alternative 3: Reduced Project: Four New Cranes Alternative. Under Alternative 3, four new cranes would be added to the existing wharf along Berths 302-305, along with improvements to create the additional 200-unit reefer area and associated electrical infrastructure, and installation of utility infrastructure at various areas in the backlands. Under Alternative 3, the total terminal size would remain at approximately 291 acres, which would be less than the Project. Aside from the above improvements, this alternative would not include the addition or improvement of backland facilities, the construction of a new wharf, or the relocation and improvement of various gates and entrance lanes. Based on the throughput projections, Alternative 3 would be less than the Project, with an expected throughput of approximately 2,583,000 TEUs by 2027. This would result in 338 annual ship calls at Berths 302-305, up to 2,306,460 annual truck trips, and up to 2,544 annual one-way rail trip movements. Alternative 3 would result in fewer environmental impacts than the Project because this Alternative's

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operational capacity would be lower and its construction activity would be less. The reduced environmental impacts would include fewer aesthetic impacts (16 cranes compared to 24 for the Project), fewer air quality impacts (less operational emissions), fewer biological or water resource impacts (no wharf construction), fewer ground traffic impacts (fewer truck trips), and fewer noise impacts (related to fewer truck trips). However, this alternative would not meet the Project objectives to increase container berthing capacity, develop the Berth 306 backlands, or improve terminal access and circulation.

- d) Alternative 4: Reduced Project: No New Wharf. Under Alternative 4, the total acreage of backlands under this alternative would be 302 acres, which is less than the Project. Based on the throughput projections, the TEU throughput would be less than the Project, with an expected throughput of approximately 2,783,000 TEUs by 2027. This would result in 338 annual ship calls at Berths 302-305, up to 2,485,050 annual truck trips, and up to 2,563 annual one-way rail trip movements. Under this alternative, EMS would add six cranes to the existing terminal and develop the 41-acre fill area adjacent to the EMS terminal as container yard backlands. EMS would, however, relinquish the 30 acres of backlands currently under a space assignment agreement. EMS would not add the nine acres of land behind Berth 301 or the two acres at the main gate to its permit. Configuration of all other landside terminal components (i.e., Main Gate improvements) would be identical to the Project. Because no new wharf would be constructed at Berth 306, the 41-acre backland would be operated using traditional methods and not transition to use of automated devices. Alternative 4 would result in fewer environmental impacts than the Project because its operational capacity and level of construction activity would be less. These reduced environmental impacts include fewer aesthetic impacts (18 cranes compared to 24 for the Project), fewer air quality impacts (less operational emissions), fewer biological or water resource impacts (no wharf construction), fewer ground traffic impacts (fewer truck trips), and fewer noise impacts (related to fewer truck trips). However, this alternative would not meet the Project objective to increase container berthing capacity.
- e) Alternative 5: Reduced Project: No Space Assignment Alternative. Under Alternative 5, the gross terminal acreage of backlands under this alternative would be 317 acres, which is 30 acres less than the Project. All other Project elements are consistent with the Project. Cargo throughput would be the same as the Project, with approximately 3,206,000 TEUs expected by 2027. This would result in 390 annual ship calls at Berths 302-305 in 2027, up to 3,003,157 annual truck trips, and up to 2,953 annual one-way rail trip movements. Alternative 5 would result in similar environmental impacts to the Project because its operational capacity would be the same.

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- f) Alternative 6: Project with Expanded On-Dock Rail Yard Alternative. Alternative 6 would be the same as the Project; however, the Harbor Department would redevelop and expand the existing on-dock rail yard. The current on-dock rail yard can accommodate up to 64 five-platform double-track railcars (equivalent to nearly three full trains) and consists of eight sets of double tracks. Maximum throughput capacity through the on-dock facility is estimated to be approximately 1.04 million TEUs per year. The expansion of the on-dock facility under Alternative 6 would involve the addition of a ninth set of double tracks, and expand the facility's throughput capacity to approximately 1.14 million TEUs per year. Under this alternative, approximately 10 acres of backlands would be removed from container storage for the rail yard expansion. Under Alternative 6, the total gross terminal acreage would be 347 acres. Under Alternative 6, TEU throughput would be the same as the Project, with an expected throughput of approximately 3,206,000 TEUs by 2027. This would result in 390 annual ship calls. Alternative 6 would result in similar environmental impacts to the Project because its operational capacity would be the same. However, the marginally lower (less than one percent) air quality emissions projected to occur under Alternative 6 in 2025 due to slightly fewer truck trips do not justify the capital expenditure required to expand the on-dock yard and displace 10 acres of backlands.
3. Environmentally Superior Alternative. CEQA requires identification of the Environmentally Superior Alternative. The Environmentally Superior Alternative was determined based on a ranking system that assigned numerical scores comparing the impacts under each resource area for each alternative with the Project. The scoring system ranged from -2 if impacts are considered to be substantially reduced when compared to the Project, to +2 if impacts are considered to be substantially increased when compared with the Project. Tables 6-2 and 6-3 in Chapter 6 of the Draft Environmental Impact Statement (EIS)/EIR present the scoring system and rankings for each alternative under CEQA.

Alternative 2. No Federal Action is the environmentally superior alternative because it would result in the least impact on the majority of the resource areas (Air Quality, Greenhouse Gases, Biological Resources, Cultural Resources, Geology, Ground Transportation, Groundwater and Soils, Noise, Public Services and Utilities) when compared to all other alternatives. It would involve only small amounts of new construction and limit the future operational capacity of the terminal. However, Alternative 2 would not meet any of the Project objectives.

For the reasons discussed in the attached FOF, staff recommends that the Board: 1) find Alternatives 1 through 6 do not meet Project objectives and/or do not result in reduction or avoidance of environmental effects relative to the Project; and 2) approve the Project as described in the Final EIR. The Project best meets all Project objectives.

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4. Proposed Mitigation Measures. In accordance with the provisions of the Los Angeles City CEQA Guidelines, Article I, the State CEQA Guidelines Section 15091, and the information contained in the EIR for the Project, changes or alterations have been required in, or incorporated into, the Project which substantially lessen or avoid significant adverse environmental impacts identified in the EIR. Certain mitigation measures were modified/strengthened between the production of the Draft EIR and the Final EIR. Incorporation of additional mitigation measures would be infeasible as a result of specific economic, legal, social, technological or other considerations set forth in the FOF. Below is a list identifying the mitigation measures included in the Final EIR. The list also includes lease measures and standard conditions of approval that are included here for tracking and reporting purposes. These measures are described in detail in the MMRP (Transmittal 3).

Air Quality, Meteorology, and Greenhouse Gases

- **MM AQ-1:** Harbor Craft Used During Construction
- **MM AQ-2:** Cargo Ships
- **MM AQ-3:** Fleet Modernization for On-Road Trucks
- **MM AQ-4:** Fleet Modernization for Construction Equipment
- **MM AQ-5:** Best Management Practices
- **MM AQ-6:** Additional Fugitive Dust Controls
- **MM AQ-7:** General Mitigation Measure
- **MM AQ-8:** Special Precautions Near Sensitive Sites
- **MM AQ-9:** Alternative Maritime Power (AMP)
- **MM AQ-10:** Vessel Speed Reduction Program
- **MM AQ-11:** Cleaner Ocean-Going Vessels (OGV) Engines
- **MM AQ-12:** OGV Engine Emissions Reduction Technology Improvements
- **MM AQ-13:** Yard Tractors at Berths 302-306 Terminal
- **MM AQ-14:** Yard Equipment at Berths 302-306 Rail Yard
- **MM AQ-15:** Yard Equipment at Berths 302-306 Terminal
- **MM AQ-16:** Truck Idling Reduction Measure
- **MM AQ-17:** Compact Fluorescent Light Bulbs
- **MM AQ-18:** Energy Audit
- **MM AQ-19:** Recycling
- **MM AQ-20:** Tree Planting
- **LM AQ-1:** Periodic Review of New Technology and Regulations
- **LM AQ-2:** Substitution of New Technology

Biology

- **MM BIO-1:** Conduct Nesting Bird Surveys
- **SC BIO-1:** Avoid Marine Mammals
- **SC BIO-2:** National Marine Fisheries Service Notification Prior To Construction

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Cultural Resources

- **SC CR-1:** Stop Work In Areas Encountering Prehistoric and/or Archaeological Resources

Geology

- **LM GEO-1:** Emergency Response Planning Lease Requirement

Ground Transportation

- **MM TRANS-1:** Navy Way and Reeves Avenue

Groundwater and Soils

- **LM GW-1:** Site Remediation
- **LM GW-2:** Contamination Contingency Plan

Noise

- **MM NOI-1:** Noise Reduction During Pile Driving
- **MM NOI-2:** Erect Temporary Noise Attenuation Barriers Adjacent to Pile Driving Equipment, Where Necessary and Feasible

Public Service and Utilities

- **SC PS-1:** Recycling of Construction Material
- **SC PS-2:** Use of Materials with Recycled Content

5. **Unavoidable Significant Adverse Impacts.** Significant impacts of the Project that could not be reduced below a level of significance are described in the FOF with findings for each impact. The following significant impacts could not be mitigated to a level of insignificance:

Air Quality.

- ***Construction Emissions:*** While the mitigation measures presented in the Final EIR reduce emissions, emissions would still exceed South Coast Air Quality Management District (SCAQMD) emissions for criteria pollutants (Volatile Organic Carbons (VOC) Carbon Monoxide (CO), Nitrogen Oxide (NO_x), Suspended Particulate Matter less than 10 microns (PM₁₀), and Suspended Particulate Matter less than 2.5 microns (PM_{2.5}) during construction. Mitigation measures AQ-1 through AQ-8 represent feasible means to reduce air pollution impacts from proposed construction sources. Increased Nitrogen Dioxide (NO₂) also results in significant and unavoidable impacts from construction emissions related to the mitigated Project.

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- *Operational Emissions:* Mitigated air quality impacts associated with Project operations would remain significant and unavoidable for VOC emissions in 2025 and 2027. Operational emissions also exceed the state and federal 1-hour and state annual NO₂ standard, and impacts remain significant and unavoidable even after mitigation.
- *Health Risk:* The Project does not exceed the significance threshold of 10 in a million for incremental residential cancer risk for any residences on land. The peak residential impact of approximately 23 in a million for the mitigated Project occurs at live-a-boards (for people who live on boats) docked in industrial areas near Anchorage Road and in Fish Harbor on Terminal Island. The Project CEQA cancer risk increment for workers is 11 in a million. The mitigated Project results in significant acute non-cancer impacts under CEQA for occupational receptors, and these impacts would remain significant and unavoidable. Construction-related emissions are the main driver of acute health risk impacts.

Biological Resources. Operation of the Project has the potential to introduce invasive exotic species into the Harbor from ballast water and vessel hulls.

6. Overriding Considerations. Pursuant to Public Resources Code Section 21081(b), no public agency shall approve or carry out a project for which an EIR has been certified which identifies one or more significant environmental effects that would occur if the project is approved or carried out unless the agency makes the specific findings discussed above with respect to each significant impact and finds that specific overriding economic, legal, social, technological, or other benefits of the project outweigh the significant effects of the project. The Statement of Overriding Considerations must identify the substantial adverse environmental impacts that cannot be mitigated or avoided; make recommendations, if any, by the lead agency that the project or alternatives be approved as proposed; and the reasons why, if in the opinion of the decision-making body, the project warrants approval despite such consequences or recommendations.

The draft FOF and SOC recommended by staff is transmitted for Board consideration and adoption (Transmittal 2). Staff, in recommending the Project for approval, has identified specific environmental, economic, legal, social, technological and other Project benefits. In summary, the Project provides the following benefits:

- Fulfills the Harbor Department Legal Mandates and Objectives. The Project would fulfill the Harbor Department's Tidelands Trust to promote and develop commerce, navigation and fisheries, and other uses of statewide interest and benefit including industrial, and transportation uses. The California Coastal Act identifies the Port as an essential element of the national maritime industry and obligates the Harbor Department to modernize and construct necessary facilities

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to accommodate deep-draft vessels and to accommodate the demands of foreign and domestic waterborne commerce and other traditional and water dependent and related facilities in order to preclude the necessity for developing new ports elsewhere in the state. Further the California Coastal Act provides that the Harbor Department should give highest priority to the use of existing land space within harbors for port purposes, including, but not limited to navigational facilities, shipping industries and necessary support and access facilities. The Project would also meet the Harbor Department's strategic green growth objective by maximizing the efficiency and the capacity of facilities while applying mitigation measures that adhere to and/or exceed the San Pedro Bay Clean Air Action Plan (CAAP) requirements and raise environmental standards. The newly adopted 2012-2015 strategic plan also calls for developing more and higher quality jobs. The Project provides significant high quality operational and construction employment while still providing for long-term air quality improvements as provided below.

- Implements the CAAP. Project-specific standards and lease measures implemented through CEQA are one of several mechanisms for meeting CAAP requirements.
- Provides New Jobs During Life of the Project. Operation of the Project will create approximately 7,993 direct and indirect long-term jobs by 2027. Annual pay for direct, indirect and induced jobs is estimated to exceed \$50,000 per job/per year. Annual tax revenues contributed by all workers would be \$137.6 million by 2027.
- Provides New Construction Jobs. Project construction would generate approximately 3,370 direct and indirect jobs. Aggregate wages during the two year construction period for direct and indirect jobs would be about \$144.5 million (2009 dollars), which averages approximately \$43,000 per job per year. The Project would provide tax revenues. Annual tax revenues contributed from construction would reach approximately \$21.7 million. Annual tax revenues contributed from operation would reach approximately \$137.6 million.
- Accommodates Increased Throughput Efficiently. The Project would allow the terminal to implement efficiency measures such as new efficient cranes, deeper berths and longer wharves, and new truck gates that will allow the terminal to achieve its maximum capacity.

In summary, the Project will allow the Harbor Department to meet its legal mandates to accommodate growing international commerce, while reducing Port air emissions, and provide jobs to the local economy. The Board hereby finds that the benefits of the Project described above outweigh the significant and unavoidable environmental effects of the Project, which are therefore considered acceptable.

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7. Areas of Controversy. In making their determinations, it is important for the Board to be informed as to the areas of controversy associated with the Project. The areas of controversy have been identified through oral and written comments received on the Project during public meetings and stakeholder meetings. The list below provides the areas of concern identified that staff believes remain controversial.

- Air Emissions Reductions Related to Automated Operations. An estimate of cargo handling equipment emissions in 2027 with and without automated backland operations at Berth 306 is presented in the air quality appendix of the Draft EIS/EIR. The calculations indicate that criteria pollutants and DPM emissions generated by the automated backlands would be less than those generated by traditional operations. The United States Environmental Protection Agency (USEPA) has recommended that the Project should require automation at Berth 306 as a lease measure to further reduce air quality impacts.

Harbor Department staff has received information from the terminal operator EMS that states the decision to implement automated operations will be based on market conditions, acreage, capital availability, technical feasibility, and economic feasibility. EMS requires the flexibility to weigh all of these variables in order to make a decision to implement the option to automate based on business need and ability. EMS estimates the capital cost of automation will be hundreds of millions of dollars (recent reports on the OOCL automated terminal in the Port of Long Beach indicate the capital costs for that terminal to be approximately \$1 billion). By contrast, traditional yard operations would require no new equipment in the short-term, with the exception of the new shore-side cranes, which would be required to support either an automated or traditional operation. Recent volatility in liner profitability and container throughput makes it impossible for EMS to commit to a capital expenditure of this magnitude in the near term. In 2011, APL's earnings before interest and taxes totaled negative \$466 million. Therefore requiring automation as a lease measure to reduce air emissions is not economically feasible. In addition, because of the capital intensive nature of automated terminal operations, it has been the policy of the Board to support tenant efforts toward automation but not require it as a mitigation strategy.

- Zero Emissions Drayage Trucks. Comments on the Draft EIS/EIR received from the USEPA and SCAQMD suggest that the Harbor Department should provide a schedule for phasing in the use of zero emission drayage trucks by the APL terminal. Specifically, SCAQMD would like to see the use of zero-emissions technology to transport all containers between the APL terminal and the near-dock rail yards by 2020. An initiative in the Harbor Department's recently adopted 2012-2017 Strategic Plan specifically addresses this objective. As discussed in the Harbor Department's zero-emissions strategy, a port-wide approach to

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implementing zero emissions drayage trucks will be needed once the technology is found to be technically, operationally, and economically feasible.

- Impacts to Essential Fish Habitat (EFH). The National Marine Fisheries Service (NMFS) has determined that the Project would adversely affect EFH for various federally managed fish species within Coastal Pelagic Species and Pacific Coast Groundfish Federal Management Plans due to the significant modification of estuarine-marine shorelines. Specifically, the NMFS believes the Project will permanently reduce the habitat quality of 2.7 acres of shoreline beneath the proposed Berth 306 due to impacts from shading. NMFS has requested compensatory mitigation to offset reductions in habitat quality.

The USACE is the federal lead agency for the Project that is responsible for consultation with NMFS under the Magnuson-Stevens Fishery Conservation and Management Act (MSA). The USACE has determined that further compensatory mitigation for marine biological resources/EFH is not warranted because potential impacts to EFH would be localized and less than significant. In addition, the USACE acknowledges that when the Harbor Department completed the Pier 300 41-acre fill at Berth 306 in 2005, the Harbor Department committed 71.5 acres of NMFS-approved Bolsa Chica Mitigation Bank credits to compensate for marine habitat impacts at and near Berth 306 and established eelgrass habitat in the Pier 300/Seaplane Lagoon area. In accordance with NEPA and CEQA, in this action the Harbor Department identified long-term use of the APL Terminal, including Berth 306, as a maritime industrial terminal supporting shipping and terminal operations consistent with the provisions of the Port of Los Angeles Tidelands Trust and the California Coastal Act.

8. EIR Certification and Project Approval. In light of these findings and conclusions, staff recommends certification of the Final EIR as being prepared in accordance with CEQA and implementing guidelines, and recommends approval of the Project and all feasible mitigation measures, lease measures, and standard Project conditions.
9. Implementation of Mitigation. When making the CEQA findings required by Public Resources Code Section 21081(a), a public agency shall adopt a reporting or monitoring program in accordance with Public Resources Code Section 21081.6 for changes to the Project which it has adopted or made a condition of project approval in order to mitigate or avoid significant effects on the environment. A MMRP is transmitted for Board consideration and adoption (Transmittal 3). In addition, should the Board elect to approve the Project or one of the action alternatives (Alternatives. 1-3) the mitigation measures would be incorporated into all design specifications and construction contracts by the Applicant and

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incorporated into any and all lease agreements by the Harbor Department (Recommendation 10).

10. Record of Proceedings. When making CEQA findings required by Public Resources Code Section 21081(a), a 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, California 90731.
11. Notice of Determination. In accordance with Los Angeles City CEQA Guidelines, Article I, and the State CEQA Guidelines Section 15094, a Notice of Determination will be filed with the County and City Clerks after the Project is approved. Public Resources Code Section 21167(c) provides that any action or proceeding alleging that an EIR does not comply with the provisions of CEQA shall be commenced within 30 days after filing the Notice of Determination.

ECONOMIC BENEFITS:

The Project is anticipated to result in a total of 3,370 direct and indirect construction-related jobs over a period of 24 months and by 2027 a net total of 7,993 long-term jobs related to operations.

FINANCIAL IMPACT:

Certification of the Final EIR and approval of the proposed Project would pave the way for implementation of the proposed Project. Award of the capital construction contract will be brought before the Board in a separate future action; the current estimated capital cost is approximately \$195,665,000 through 2027. Conformance to the Harbor Department's Board adopted rate-of-return policy ensures that its investments in facilities are appropriately recovered. The deposit to the Port Community Mitigation Trust Fund (PCMTF) in the amount of \$4,248,300 shall be made through a separate Board item upon construction contract approval.

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CITY ATTORNEY:

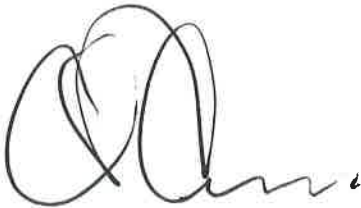
The City Attorney's office has review this Board report and concluded that it raises no legal issues at this time.

TRANSMITTALS:

1. Final Environmental Impact Report (FEIR) - Pending
2. Findings of Fact and Statement of Overriding Considerations (FOF and SOC)
3. Mitigation Monitoring and Reporting Program (MMRP)

FIS Approval: ef (initials)

CA Approval: tan (initials)



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Director of Environmental Management



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APPROVED:



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Executive Director

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BOARD MEETING: 06/7/12

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