

July 5, 2019

Los Angeles Board of Harbor Commissioners
Harbor Administration Building
425 S. Palos Verdes Street
San Pedro, California 90731

c/o Director of Planning and Strategy
Harbor Department
425 S. Palos Verdes Street
San Pedro, California 90731
P.O. Box 151
San Pedro, California 90733

Re: Appeal of Level I Coastal Development Permit No. 18-25

Dear President Lee and Honorable Commissioners:

APM Terminals (“APMT”) respectfully requests that the Board of Harbor Commissioners again deny the appeal of Level I Coastal Development Permit No. 18-25 and instead allow for the minor infrastructure improvements that will allow for the implementation of zero- and near zero-emissions yard handling equipment and the reduction of emissions associated with drayage hauling at APM Terminals’ Pier 400 Marine Terminal (the “Level I Permit”) to proceed.

The facts and circumstances have not changed since the Board previously ruled on the appeal on June 20, 2019. Similarly, the decision of the Board should not change. The Executive Director and the Port Staff conducted their review comprehensively and correctly and reached the conclusion that the Level 1 Permit should be issued and the appeal should be denied since the Level 1 Permit remains in conformity with the Port Master Plan and there are significant environmental benefits to be gained from the electrification of yard handling equipment.

The Level I Permit is narrow in scope—it addresses approximately \$1.5 million of minor infrastructure improvements to an existing multi-billion dollar operating marine terminal facility. These improvements will modernize the terminal with zero- and near zero-emissions yard equipment and reduce the drayage hauling idling time and miles traveled within Pier 400 thus reducing associated air emissions. These improvements will be funded entirely by APMT and no public funds will be used.

The Level 1 Permit is **not** required for the use of automated container handling equipment and the application submitted by APMT does not seek the Port’s approval for the use of automated equipment at Pier 400. APMT already has the right under applicable law, its collective bargaining agreement and its lease to use equipment like autonomous straddle carriers in its operations. Additionally, we already possess the technology and capability to deploy this equipment in our operation and it will soon arrive at Pier 400. We sought the Level 1 Permit to

ensure the equipment can operate producing zero or near zero emissions that will advance the clean air goals of the Port of Los Angeles. As we informed the Los Angeles City Council, the equipment that will soon arrive can be operated using diesel generators. Approval of the Level 1 Permit is not equivalent to approval of the use of automated straddle carriers since the use of autonomous technology will proceed regardless and therefore the Level 1 Permit must be viewed in that context.

Over the past decade, APMT and every other port tenant has introduced some type of automation or labor-saving process into their respective operations and coastal development permits have not been needed for those operational improvements. Although the appellant has raised serious and legitimate questions about the impact of automation, those questions go beyond the scope of relevance for purposes of the Level 1 Permit.

APMT hereby incorporates by reference its prior written and oral submissions to the Board made in connection with the hearing on March 21, 2019, and will not repeat each and every point from the record.

However, to address information that has been submitted by other parties, APMT does offer the following comments in advance of the hearing on July 11, 2019:

Impact to Surrounding Residential and Commercial Communities

Although APMT maintains that considerations regarding automation are not relevant for purposes of the Level 1 Permit and APMT is not seeking the Port's approval to use automated equipment, APMT does recognize the considerable interest in the effect of increased automation on the existing workforce. These concerns are addressed in a recent study entitled "Sustaining the San Pedro Bay Community Ports of Los Angeles & Long Beach highlights the benefits of APMT's plan to surrounding port, residential and commercial communities. A copy of the study is attached to this letter. The study highlights that the largest risk to the economies of the surrounding residential communities of San Pedro is the risk of further erosion of the Port of Los Angeles' market share. Although the introduction of automated equipment into yard operations at APMT may result in a reduction of work opportunities at Pier 400 over time, the study finds that:

"Any projected reduction in terminal workforce from automation will have a negligible effect on the local economy; however, continued erosion in market share will have a significant negative impact on the local, regional and state economies."

The appellant has not introduced any expert or otherwise reliable information on the effect automation may have on the San Pedro residential and commercial communities. We believe the study clearly shows that the impact of automation will be positive for the surrounding communities as compared to the effect of further eroded market share.

Completeness of APMT's application

The appellant has claimed that portions of APMT's application are incomplete and thus the Level 1 Permit should be rejected. These claims are without merit. First, the Level 1 Permit is narrow in scope and addresses only minor infrastructure improvements. The Level 1 Permit

does not grant the right to introduce automation at Pier 400 and therefore the answers on the Level 1 Permit application are limited to the minor improvements needed for electrification.

Second, even if the Board were to deem additional information helpful, this cannot be allowed to change the initial assessment of the application. The Port Master Plan specifically identifies that Board actions are subject to the Permit Streamlining Act. Section 65943 of the Permit Streamlining Act specifically states that unless the lead agency notifies the applicant that its permit application is incomplete within 30 calendar days of receiving the application, then such application is deemed complete as a matter of law.

Use of “5G Technology”

There have been a number of references and questions raised as to that portion of the application that deals with enhancements to APMT’s existing WiFi network and whether or not the zero and near-zero equipment will operate using a WiFi network or 5G cellular technology. APMT has submitted an environmental report regarding its current WiFi network. APMT has also publicly stated and affirmed that it will not be using 5G cellular technology in its operations. Further, through the information exchange process facilitated pursuant to the collective bargaining agreement, APMT has shared with the ILWU the documentation and information regarding the equipment that will be deployed at Pier 400. Through that information the appellant has first-hand knowledge that the equipment ordered for Pier400 will not be operated on a 5G cellular network.

Conclusion

As explained in detail above and in our prior submissions, the Level I Permit is entirely consistent with the Port Master Plan and the Coastal Act. APMT will continue to work with the ILWU and all local stakeholders to ensure a just and fair transition for the workforce while doing its part to keep the Port of Los Angeles as the premiere maritime gateway in the country. Therefore, we respectfully request that the Board of Harbor Commissioners deny the appeal.

Sincerely,



Peter W. Jabbour
Vice President & General Counsel
APM Terminals Pacific LLC

Encl.

cc: Eugene D. Seroka, Executive Director, Port of Los Angeles
Janna B. Sidley, General Counsel, Port of Los Angeles

James C. McKenna, President and CEO, Pacific Maritime Association
Erich P. Wise, Flynn, Delich & Wise
Wim Lagaay, Chairman, APM Terminals Pacific LLC
John Ochs, Sr. Director of Labor & Regulatory Affairs, APM Terminals Pacific LLC