



Executive Director's

Report to the
Board of Harbor Commissioners

DATE: FEBRUARY 28, 2013

FROM: ENVIRONMENTAL MANAGEMENT

**SUBJECT: RESOLUTION NO. _____ - FINAL ENVIRONMENTAL
IMPACT REPORT FOR THE SOUTHERN CALIFORNIA
INTERNATIONAL GATEWAY (SCIG) PROJECT (ADP NO. 041027-199;
SCH NO. 2005091116)**

SUMMARY:

Staff recommends that the Board of Harbor Commissioners (Board) certify the Final Environmental Impact Report (EIR) for the Southern California International Gateway (SCIG) Project in accordance with the California Environmental Quality Act (CEQA), and approve the SCIG Project (Project). The Project includes constructing and operating a new near-dock intermodal railyard that would transfer containerized cargo between trucks and railcars approximately four miles to the north of the Ports of Los Angeles and Long Beach (Ports), primarily on the City of Los Angeles Harbor Department (Harbor Department) land, and also on adjacent private property in the cities of Los Angeles, Carson, and Long Beach.

Prior to approving the Project, the Board will need to consider and certify the Final 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 aesthetics, air quality, cultural resources, greenhouse gas (GHG) emissions, land use, noise, 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 environmental impacts.

Construction of the Project is estimated to create 1,500 direct and indirect construction-related jobs per year for the three-year construction period. Operation of the Project would generate up to 1,096 jobs at full capacity by 2035.

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RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Certify that the Final Environmental Impact Report for the Southern California International Gateway Project (a) has been completed in compliance with the California Environmental Quality Act (Public Resources Code §21000 et seq., with the State California Environmental Quality Act Guidelines (14 Cal. Code Regs. §15000 et. seq.), and the City of Los Angeles 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 Aesthetics, Air Quality, Biological Resources, Cultural Resources, Greenhouse Gas Emissions, Land Use, Noise, Utilities and Public Services, Water 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 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 Aesthetics, Air Quality, Cultural Resources, Greenhouse Gas Emissions, Land Use, Noise, and Cumulative Impacts 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 and Recirculated Draft Environmental Impact Report for public review but before

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certification merely clarifies, amplifies, or makes insignificant modifications in an adequate Environmental Impact Report and recirculation is not necessary;

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. 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 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;
9. Approve the Project identified in the Environmental Impact Report including all feasible mitigation measures, lease measures, and project conditions with consideration of the Findings of Fact and Statement of Overriding Considerations, and the Mitigation Monitoring and Reporting Program;
10. Direct the Real Estate Division to incorporate by reference the Environmental Impact Report, mitigation measures, lease measures, project conditions, and Mitigation Monitoring and Reporting Program into any and all lease agreements or assignments encompassed in the approved Project;
11. 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
12. Adopt Resolution No. _____.

DISCUSSION:

Project Background and Context - The Harbor Department's Intermodal Rail Policy adopted in Resolution 6297 on August 11, 2004 calls for on-dock and near-dock intermodal facilities for shippers, carriers, terminal operators, and Class I Railroads. In addition, in a Resolution adopted February 9, 2005, the Harbor Department found that there would be a strategic benefit to having competitively balanced, near-dock intermodal container transfer facilities, ensuring access for both of the Class I Railroads that serve the Ports. Through a public process involving solicitation of expressions of interest, the Harbor Department selected the Burlington Northern Santa Fe (BNSF)

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Railway to propose a near-dock rail intermodal facility. BNSF submitted an Application for Discretionary Project (ADP) to the Harbor Department to initiate the environmental review process for the SCIG Project. BNSF has made a business decision to construct an intermodal rail facility near the Ports because the company has identified the need for such a facility in order to increase the efficiency and competitiveness of its rail-based goods movement business, to reduce truck traffic on regional roadways, and to provide intermodal rail facilities consistent with regional planning priorities such as the California Environmental Protection Agency's (including California Air Resources Board and California Business and Transportation Agency) 2007 Goods Movement Action Plan and the Southern California Association of Governments (SCAG) 2008 Regional Transportation Plan Goods Movement Report and the 2012 Regional Transportation Plan.

Project Objectives - The primary objective and fundamental purpose of the Project is to provide an additional near-dock intermodal rail facility serving the San Pedro Bay ports marine terminals that would meet current and anticipated containerized cargo demands, provide shippers with comparable intermodal options, incorporate advanced environmental controls, and help convert existing and future truck transport into rail transport, thereby providing air quality and transportation benefits.

The following specific CEQA objectives of the Project would accomplish the primary objective and fundamental purpose:

1. Provide an additional near-dock intermodal rail facility that would:
 - a) Help meet the demands of current and anticipated containerized cargo from the various San Pedro Bay port marine terminals, and
 - b) Combine common destination cargo "blocks" and/or unit trains collected from different San Pedro Bay port marine terminals to build trains for specific destinations throughout the country.
2. Reduce truck miles traveled associated with moving containerized cargo by providing a near-dock intermodal facility that would:
 - a) Increase use of the Alameda Corridor for the efficient and environmentally sound transportation of cargo between the San Pedro Bay Ports and destinations both inland and out of the region, and
 - b) Maximize the direct transfer of cargo from port to rail with minimal surface transportation, congestion and delay.

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3. Provide shippers carriers, and terminal operators with comparable options for Class 1 railroad near-dock intermodal rail facilities.
4. Construct a near-dock intermodal rail facility that is sized and configured to provide maximum intermodal capacity for the transfer of marine containers between truck and rail in the most efficient manner.
5. Provide infrastructure improvements consistent with the California Goods Movement Action Plan.

Project Description - The Project involves constructing and operating an intermodal railyard located approximately four miles to the north of the Ports, primarily on the Harbor Department's land in the City of Los Angeles but also on adjacent private property in the cities of Los Angeles, Carson, and Long Beach. The Project would occupy approximately 107 acres of Harbor Department property, 10 acres owned jointly by the Harbor Department and the Port of Long Beach, and approximately 68 acres of non-Harbor Department property, for a combined total of approximately 185 acres. The Project area is currently occupied by port-related businesses under existing and expired leases to holdover tenants. The Project would therefore result in the termination or non-renewal of these leases and in some tenants moving to nearby alternate sites. Other non-Harbor Department land would require property acquisition by BNSF.

The Project site is located near the Wilmington community to the west, the City of Carson to the west and north, and the City of Long Beach to the east, in a primarily industrial area bounded generally by Sepulveda Boulevard to the north, Pacific Coast Highway (PCH) to the south, the Dominguez Channel to the west, and the Terminal Island Freeway to the east. The existing site is characterized by heavy industry, goods handling facilities and port-related commercial uses consisting of warehousing operations, trucking, cargo operations, transloading, container and truck maintenance, servicing and storage, and rail service. To the east, across the Terminal Island Freeway within the West Long Beach area, is predominantly a single-family residential area with two high schools, a middle school, two elementary schools, two child care centers, a supportive housing complex (Century Villages at Cabrillo), a small medical center, commercial businesses, and several warehousing and light industrial facilities.

The EIR analyzed construction of the Project occurring over an approximate 36-month period from 2013 to 2015, with the last phase limited to the erection of cranes in 2015. It is estimated that the Project would handle approximately 570,800 Twenty-Foot Equivalent Units (TEUs) in its first year of operation in 2016 and increase to its maximum capacity of 2.8 million TEUs, as proposed by BNSF as the Project applicant, by 2035. The Project would generate approximately 93 operational jobs starting in 2016 and 450 jobs by full build-out. BNSF would operate SCIG under a proposed new, 50-year lease with the Harbor Department.

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Major elements of the Project as analyzed in the EIR include:

- Property acquisition, relocation and/or tenancy termination of existing businesses, with some of the existing site occupants moving to alternate sites;
- Demolition of existing structures and construction of some tenant/business facilities on nearby alternate sites;
- Construction of lead rail tracks, including widening the Dominguez Channel rail bridge to connect the railyard to the Alameda Corridor and reconstructing the Sepulveda Boulevard rail bridge and the PCH overpass to accommodate Project operations;
- Construction and operation of an intermodal railyard consisting of loading and storage tracks for trains, electric-powered rail-mounted cranes incorporating regenerative braking technology, container loading and storage areas, a locomotive service area, administrative and yard equipment maintenance facilities, lighting, paved roadways, and a truck gate complex; and
- The use of drayage trucks that meet San Pedro Bay Ports Clean Air Action Plan (CAAP) requirements that would only use designated truck routes between SCIG and the Ports and would be monitored by Global Positioning System (GPS) through requirements established in contracts for dray services.

A complete description of the Project can be found in the Final EIR (Transmittal 1).

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 September 2011, and the Recirculated Draft EIR, dated September 2012, incorporate, as appropriate, information received on the 2005 Notice of Preparation (NOP) for the

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Project, assess environmental impacts of the Project, and analyze alternatives and mitigation measures to reduce or avoid significant environmental effects. The Final EIR clarifies and amplifies the Draft EIR and Recirculated Draft EIR, incorporates insignificant modifications and corrections, contains responses to all public comments made on the non-recirculated portions of the Draft EIR and the Recirculated 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 a reasonable range of 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 engineering permits and approval of property use/lease agreement.

Environmental Documentation Process and Public Involvement - The Project was subject to the required environmental documentation process that included public disclosure as required by CEQA. 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 October 2005. Two public scoping meetings were held in West Long Beach and Wilmington, respectively. A total of 35 individuals commented at the meetings and 48 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; at the City of Long Beach Main and Bret Hart Neighborhood Libraries; and at the City of Carson Library. Meeting notifications and the NOP were also provided in Spanish. The Harbor Department also provided a Spanish/English interpreter at the two public scoping meetings.

2. Draft EIR. The Draft EIR was released for public review and comment on September 23, 2011 for a 90-day comment period ending on December 22, 2011, which was extended to February 1, 2012. Two public hearings were held, one in West Long Beach on November 10, 2011 and the other in Wilmington on November 16, 2011,

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to present the findings of the environmental analysis and receive oral comments. A total of 329 oral comments were received at the two public hearings and 143 comment letters were received from various agencies and the public.

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, on the Port of Los Angeles website, and at local libraries listed above. It was mailed directly to over 200 interested parties. Meeting notifications and the Draft EIR Notice of Availability were translated in Spanish and a Spanish/English interpreter was provided at the two public hearings.

3. Recirculated Draft EIR. The Recirculated Draft EIR was released for public review and comment on September 27, 2012 for a 45-day comment period ending on November 13, 2012. One public hearing was held in Wilmington on October 18, 2012, to present the findings of the environmental analysis and receive oral comments. A total of 165 oral comments and 784 written comments were received from various agencies and the public.

Public notices of completion stating that the Recirculated 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 Recirculated Draft EIR were available for review during this period at the Harbor Department Environmental Management Division office, on the Port of Los Angeles website, and at local libraries listed above. It was mailed directly to over 200 interested parties and to every agency, person, or organization that submitted comments on the prior Draft EIR. Meeting notifications and the Recirculated Draft EIR Notice of Availability were translated in Spanish and a Spanish/English interpreter was provided at the public hearing.

4. Responses to Comments. As required by Public Resources Code Section 21092.5, all agencies, organizations, and individuals who commented on environmental issues in the non-recirculated portions of the Draft EIR and on the Recirculated Draft EIR were provided with responses to comments at least 10 days prior to the Final EIR being submitted to the Board for certification. Pursuant to CEQA Guidelines 15088.5(f)(2), because the Draft EIR was substantially revised and superseded by the Recirculated Draft EIR, comments submitted on the original Draft EIR are no longer applicable and the Harbor Department is not required to respond to them. The Harbor Department responded to all comments received on the non-recirculated

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sections of the Draft EIR, as well as all comments received on the Recirculated Draft EIR. In addition some commenters attached or referenced their original Draft EIR comments, stating or implying they were still relevant to the Recirculated Draft EIR. In those cases, the Harbor Department responded to the attached or referenced Draft EIR comments.

5. 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 and Recirculated Draft EIR were evaluated. The comment letters and responses to comments, along with minor modifications to the Draft EIR and Recirculated Draft EIR are presented in the Final EIR. The Final EIR was completed in March 2013.

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 environmental review 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: Health Risk, Biological Resources, Cultural Resources, Utilities and Public Services, and Water Resources. After mitigation is applied, significant and unavoidable Project impacts to Aesthetics, Air Quality, Cultural Resources, Greenhouse Gases, Land Use, Noise, and Cumulative Impacts would remain. The Project would also result in disproportionate environmental effects on minority and low-income populations as a result of the significant and unavoidable impacts discussed above.
2. Alternatives. A total of 14 alternatives were considered during preparation of this EIR, which included alternative sites within and outside of the Ports, different layouts of the SCIG facility, and different access to the SCIG facility. In addition, concepts suggested in public comments during the preparation of this EIR that, although do not constitute alternatives to building a near-dock railyard, were also discussed in detail in the EIR. Of the 14 alternatives, two alternatives were carried forward for further analysis. These alternatives included:
 - a) No Project Alternative. Under the No Project Alternative, the Harbor Department would not issue any permits or discretionary approvals associated with the Project, the Project would not be built, and existing uses and operations at the Project site would remain but would experience some growth in the future. Forecasted increases in cargo volumes at the Ports would still occur. As such,

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BNSF has represented that, in the No Project Alternative, the additional intermodal cargo (direct intermodal, transloaded, and domestic) would be handled at the Hobart/Commerce Railyard, east of downtown Los Angeles approximately 24 miles north of the Ports. BNSF has already undertaken physical modifications and operational changes that expanded the capacity of the Hobart/Commerce Railyard. BNSF would implement additional physical changes to the Hobart/Commerce Railyard that would increase capacity to handle approximately 3 million lifts (5.4 million TEUs) per year by 2035, which is approximately 1 million more lifts than its existing capacity. BNSF represents that those changes could be implemented without any discretionary permits. Accordingly, the No Project Alternative assumes that drayage trucks would continue to operate between the marine terminals and the Hobart/Commerce Railyard, resulting in approximately 3,751 additional one-way truck trips per day on Interstate 710 (I-710) in 2035. While the No Project Alternative would avoid some of the Project impacts due to the absence of construction or operations, it would not fulfill any of the Project objectives.

- b) Reduced Project Alternative. Under this alternative, the SCIG facility and replacement facilities on the alternate business sites described in the Project would be constructed, but SCIG's activity level or throughput would be limited by a lease condition. While a reduced project alternative would normally be considered to have a smaller footprint, thereby requiring less construction, in this case BNSF has represented that the physical and operational requirements of modern intermodal rail operations dictate a minimum size for a near-dock or off-dock facility. Accordingly, all physical features of the Reduced Project Alternative would be the same as the Project, including the construction schedule. At full operation, the Reduced Project Alternative would handle approximately 1.85 million TEUs per year (instead of the 2.8 million TEU associated with the Project), and would reach capacity in 2035. Because of the reduced cargo capacity, the remaining cargo not handled by the SCIG facility under the Reduced Project Alternative would continue to be handled at the Hobart/Commerce Railyard or other railyards such as the Union Pacific Intermodal Container Transfer Facility (ICTF) based on forecasted projections of intermodal demand and market share of that demand handled by the two Class I Railroads.

The Reduced Project Alternative would result in the same environmental impacts as the Project, though less severe due to this alternative's lower operational capacity. The environmental impacts that would be less severe include air quality impacts (less operational emissions), GHG impacts (less operational emissions), and land use impacts (fewer air quality impacts but noise impacts would likely be identical under peak conditions). Although this alternative would meet most of the Project objectives, it would not provide a near-dock intermodal rail facility that is

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sized and configured to provide maximum intermodal capacity for the transfer of marine containers between truck and rail in the most efficient manner.

3. Environmentally Superior Alternative. CEQA requires identification of the Environmentally Superior Alternative. The Environmentally Superior Alternative was determined based on the number of significant and unavoidable environmental impacts and a ranking system that assigned numerical scores comparing the unavoidable impacts under each resource area for each alternative with the Project. The scoring system ranged from 1 to 3 based on the severity of the impact with 3 being the most severe when compared with the Project. Chapter 5 of the Recirculated Draft EIR presents the scoring system and rankings for the Project and alternatives.

The Reduced Project Alternative was identified as the Environmentally Superior Alternative because it would result in impacts that are less severe when compared to the Project and the No Project Alternative in the resource areas related to Aesthetics, Air Quality, Greenhouse Gases, Cultural Resources, Land Use, Noise, and Cumulative Impacts. The Reduced Project Alternative, by definition, has less activity than the proposed Project because this alternative's operational capacity would be lower. However, the Reduced Project Alternative would not meet all of the Project objectives. Furthermore, the Reduced Project Alternative would not allow BNSF enough cargo throughput to make such an investment economically justifiable based on the returns it would generate. Therefore, BNSF has advised that it would not build the Reduced Project Alternative at this time.

For the reasons discussed above and in the attached FOF, staff recommends that the Board: (1) find the alternatives do not meet all 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.

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 in the form of feasible mitigation which substantially lessen or avoid significant adverse environmental impacts identified in the EIR. Certain mitigation measures were modified/strengthened based on public comments received on the Draft EIR and the Recirculated Draft EIR. Incorporation of additional mitigation measures beyond those identified in the Final EIR would be infeasible as a result of specific economic, legal, social, technological or other considerations set forth in the FOF. A summary list of mitigation measures is included below. All of the mitigation measures are described in detail in the MMRP (Transmittal 3).

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Air Quality

- MM AQ-1: Fleet Modernization for Off-Road Equipment
- MM AQ-2: Fleet Modernization for On-Road Trucks
- MM AQ-3: Additional Fugitive Dust Control
- MM AQ-4: Best Management Practices
- MM AQ-5: General Mitigation Measure
- MM AQ-6: Special Precautions near Sensitive Sites
- MM AQ-7: On-Site Sweeping at SCIG Facility
- MM AQ-8: Low-Emission Drayage Trucks
- MM AQ-9: Periodic Review of New Technology and Regulations
- MM AQ-10: Substitution of New Technology

Biological Resources

- MM BIO-1a: Migratory Non-Game Native Bird Species
- MM BIO-1b: Bat Roosting Habitat

Aesthetics and Cultural Resources

- MM CR-1: Archaeological or Ethnographic Resources
- MM CR-2: Sepulveda Boulevard Bridge - Documentation and Interpretive Display
- MM CR-3: Sepulveda Boulevard Bridge - Structure Salvaging Plan
- MM CR-4: Paleontological Resource

Greenhouse Gases

- MM GHG-1: Idling Restriction and Electrification for Construction Equipment
- MM GHG-2: Solar Panels
- MM GHG-3: Recycling
- MM GHG-4: Tree Planting
- MM GHG-5: Water Conservation
- MM GHG-6: Energy Efficient Light Bulbs
- MM GHG-7: Energy Audit
- MM GHG-8: Solar Canopy on Parking Area
- MM GHG-9: Alternate Fuel Service Trucks
- MM GHG-10: Carbon Offsets

Noise

- MM NOI-1: Construction of 12-Foot Sound Wall on East Side of Terminal Island Freeway
- MM NOI-2: Construction Noise Measures

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- MM NOI-3: Construction of 24-Foot Sound Wall on West Side of Terminal Island Freeway

Utilities and Public Services

- MM PS-1: Recycling of Construction Materials
- MM PS-2: Materials with Recycled Content
- MM PS-3: Solid Waste Management

Water Resources

- MM WR-1: Dominguez Channel Railroad Bridge

5. Proposed Lease Measures. Lease measures, identified as "LM", related to site remediation and contamination contingency plan requirements would be required in lease agreements issued by the Harbor Department. The lease measures are consistent with the Harbor Department leasing requirements and are described in detail in the MMRP and are included there for tracking and reporting purposes (Transmittal 3).
6. Proposed Project Conditions. Project conditions, identified as "PC", subject to approval by the Board are being recommended by staff for inclusion in the lease between the Harbor Department and BNSF for the SCIG facility. These Project conditions are not presented as CEQA mitigation measures because they do not meet certain feasibility criteria or are not required to reduce an identified impact under CEQA, but staff nevertheless recommends them as requirements because they are very important and because they advance important Harbor Department environmental goals and objectives. All of the project conditions are described in more detail in the MMRP and are included there for tracking and reporting purposes (Transmittal 3).

Intensive Landscaping on West Side of Terminal Island Freeway (PC AES-1).

- PC AES-1 would require BNSF to, by all means feasible and in good faith, work with the City of Long Beach to obtain long-term access (for a period of at least 50 years) to the land required to construct an area of intensive landscaping on the west side of the Terminal Island Freeway between PCH and Sepulveda Boulevard, including removing existing City of Long Beach tenant leases and clearing away existing physical barriers on that land. If successful, BNSF would construct the intensive landscaping, simultaneously, or as nearly as so as practicable, with construction of the SCIG facility during the time period of 2013-2015. The intensive landscaping shall contain native plant tree species, with an established irrigation system and a long-term maintenance plan that would be the responsibility of BNSF. The final landscaping design plan would be reviewed and

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approved by the Harbor Department, the City of Long Beach, and other entities if necessary.

Compliance with Terminal Lighting Design Guidelines (PC AES-2).

- PC AES-2 requires that all proposed lighting installed at the Project shall be in compliance with the applicable requirements of Harbor Department's Terminal Lighting Design Guidelines.

Zero Emission Technologies Demonstration Program (PC AQ-11).

- PC AQ-11 would require BNSF to work with the Harbor Department to advance zero emission technologies, consistent with the Harbor Department's 2012-2017 Strategic Plan objectives for the advancement of technology and sustainability. The program includes, among other things, match funding from BNSF to the CAAP Technology Advancement Program (TAP) in an amount equal to that provided by the Harbor Department up to a maximum of \$3 million to support testing and demonstration of zero emission technologies applicable to the SCIG facility. Staff would develop a zero emissions technology drayage truck action plan for submission to the Ports of Los Angeles and Long Beach Boards of Harbor Commissioners by the end of 2014 to guide zero emission drayage truck testing and demonstration projects starting in 2015. The action plan would also include recommended technical and commercial criteria for Board approval that would serve as the guide for Board determination as to when the zero emission drayage trucks would be ready for commercial deployment and use in connection with the SCIG facility. The criteria would be developed by staff in consultation with an industry stakeholder advisory committee and BNSF. Staff would provide progress reports to the Boards at two-year intervals thereafter on the results of testing and demonstration. Based on these reports, the Boards would determine when the zero emission drayage trucks are technically and commercially feasible for deployment and use in connection with the SCIG facility. As part of this determination, the Boards would set an expeditious phase-in for this equipment based on the technical and commercial feasibility criteria. The testing and demonstrations would be performed at an appropriate railyard until such time that SCIG is built, and thereafter at the SCIG facility once it is constructed. The long-term goal is that all drayage trucks servicing the SCIG facility shall be 100% zero emissions by the end of 2020.

San Pedro Bay Ports CAAP Measure RL-3 (PC AQ-12).

- CAAP measure RL-3 establishes the goal that the Class I locomotive fleet associated with new and redeveloped near-dock railyards use 15-minute idle restrictors, use ultra low sulfur diesel or alternative fuels, and meet a minimum

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performance requirement of an emissions equivalent of at least 50% Tier 4 line-haul locomotives and 40% Tier 3 line-haul locomotives when operating on port properties by 2023. Implementation of the RL-3 goal for locomotives calling at the SCIG facility while on port properties would be based on the commercial availability of operationally proven Tier 4 locomotives in 2015 and any adjustment in that date will require equivalent adjustment in the goal achievement date. The RL-3 goal may also be achieved by BNSF's reduction in air emissions anywhere in the South Coast Air Basin equivalent to the RL-3 goal for locomotives calling at SCIG while on port properties through any other alternative means.

7. 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:

Aesthetics.

- Construction of the Project would have a significant aesthetic impact related to the demolition of the historic Sepulveda Boulevard railroad bridge. Mitigation measures CR-2 and CR-3 would ensure that historic elements of the existing railroad bridge would be maintained to the greatest extent feasible but would not reduce this impact to less than significant. The impact would remain significant and unavoidable.

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) thresholds for the following criteria pollutants during construction: 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}). Mitigation measures AQ-1 through AQ-6 represent feasible means to reduce air pollution impacts from proposed construction sources. Offsite ambient air pollutant concentrations for Nitrogen Dioxide (NO₂) would also exceed the SCAQMD threshold and result in a significant and unavoidable impact during construction.
- *Operational Emissions:* Operation of the Project would exceed one or more of the SCAQMD ambient thresholds for NO₂, PM₁₀, and PM_{2.5}. Mitigation measure AQ-7 would reduce emissions, but air quality impacts associated with Project operations would remain significant and unavoidable.

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Cultural Resources. Construction of the Project would result in the demolition of the historic Sepulveda Boulevard railroad bridge. Mitigation measures CR-2 and CR-3 would ensure that historic elements of the existing railroad bridge would be maintained to the greatest extent feasible but would not reduce this impact to less than significant. The impact would remain significant and unavoidable.

Greenhouse Gas Emissions and Climate Change. Significant impacts would occur during construction and operation of the Project related to combustion of fossil fuels and electricity usage. Mitigation measures GHG-1 through GHG-10 would reduce GHG emissions, but impacts would remain significant and unavoidable.

Land Use. The Project would cause significant air quality and noise impacts. Therefore, secondary impacts on land use would be considered significant. Mitigation measures AQ-1 through AQ-10 and NOI-1 through NOI-3 would reduce air pollutant emissions and noise impacts, but some would remain significant and unavoidable after mitigation.

Noise. The Project would have a significant impact on sensitive receptors in West Long Beach related to nighttime operational noise when "high activity" operations (haul trucks, yard tractors, container loading and unloading, train building, and servicing activities) coincide with extremely low nighttime ambient noise levels. The nighttime noise increases assume that sensitive receptors would be located outside at the time when maximum possible operations coincide with the low background noise. This condition is not expected to occur on a daily basis and for more than one hour in any given 24-hour period. Nevertheless, mitigation measures NOI-1 and NOI-3 requiring the construction of permanent sound walls would reduce operational noise impacts, but the impact would remain significant and unavoidable.

Cumulative Impacts. The Project was analyzed in conjunction with other related projects in the area for its potential to contribute to significant cumulative impacts. The proposed Project would result in cumulatively considerable contributions to significant cumulative impacts related to aesthetics, air quality, biological resources, cultural resources, GHG emissions, land use, noise, traffic, and utilities and public services. After mitigation, the cumulative impacts related to aesthetics, air quality, cultural resources, GHG emissions, land use, noise, and utilities and public services would remain significant and unavoidable.

8. 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

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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 Port legal mandates and objectives.** The Project would fulfill the Harbor Department's intent to promote increased use of rail and near-dock facilities, which would help meet the demands of current and anticipated containerized cargo from the San Pedro Bay ports and provide space to collect and combine cargo units bound for common destinations to be transported by rail. Rail is an environmentally sound and efficient mode of transportation that can reduce truck miles traveled on roads associated with cargo transport, thereby reducing congestion, delay, and air pollutant emissions. The Project would service shipper carriers and terminal operators. Its near-dock location is configured to handle projected growth in containerized cargo throughput and to make efficient use of truck and rail transport.
- **Removes truck trips on I-710.** Removes approximately 95 percent of intermodal drayage truck trips per year off the I-170 Freeway that would have traveled 24 miles from the marine terminals to the BNSF Hobart/Commerce Yard in downtown Los Angeles, thereby reducing truck emissions and congestion.
- **Increases use of Alameda Corridor.** The trains utilizing the SCIG facility would increase the use of the Alameda Corridor for the efficient and environmentally sound methods of transporting cargo between the San Pedro Bay Ports and destinations both inland and out of the region.
- **Implements the CAAP.** The Project incorporates many environmental features consistent with the CAAP, and additional mitigation measures and project conditions have been identified through the CEQA findings of the EIR that meet CAAP requirements and objectives.
- **Provides new jobs during the life of the project.** Operation of the Project will create approximately 1,096 direct and indirect long-term jobs by 2046. Annual pay for direct, indirect and induced jobs is estimated to exceed \$73,500 per

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job/per year. Annual tax revenues contributed by all workers would be \$14.6 million by 2046.

- **Provides new construction jobs.** Project construction would generate approximately 1,500 direct and indirect jobs per year for the three-year construction period. Aggregate wages during the three-year construction period for direct and secondary jobs would be approximately \$39.4 million annually (2010 dollars), which averages approximately \$46,600 per job per year. Annual tax revenues contributed by all workers for the peak construction activity year would reach approximately \$11.2 million.
- **The Project would provide tax revenues.** Annual tax revenues contributed from construction would reach \$31.4 million over the three-year construction period. Annual tax revenues contributed from operation would reach \$14.6 million at full capacity by 2035.
- **The Project Helps Achieve California and Regional Goods Movement Planning Goals.** The California Environmental Protection Agency and California's Business Transportation and Housing Agency (which includes Caltrans) has recommended the SCIG Project as a preliminary candidate in the 2007 Goods Movement Action Plan which states "The completion of the Union Pacific Intermodal Container Transfer Facility (ICTF) and the proposed Southern California International Gateway (SCIG) BNSF Railyard are two infrastructure projects that would help to move container traffic from truck to rail." The Southern California Association of Governments (SCAG) has identified the SCIG Project as potentially playing a key role in addressing the growth of high-density truck traffic in its 2008 Regional Transportation Plan Goods Movement Report and in the 2012-2035 Regional Transportation Plan (RTP). In addition, SCAG's public comment letter on the Draft EIR for the Project dated November 13, 2012 states: The adopted 2012-2035 RTP/SCS includes the proposed project as a component of the comprehensive goods movement system."

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.

9. 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 through the environmental review process. The discussion below provides a general overview of the areas of concern identified that staff believes remain

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controversial. Specific details on issues raised by commenters and the responses to those comments are included in the Final EIR.

Areas of known controversy include: impacts of Port activities on air quality, public health, and traffic; the public's desire that cargo enter and leave the Ports via on-dock railyards to the maximum extent practicable; the impacts of railroad facilities and operations on neighboring communities, including light and glare, noise, air emissions, and traffic congestion; the desire to find and implement alternatives to diesel truck and train transport of cargo, including zero emission container movement systems; the assumptions regarding movement of cargo in the proposed Project and alternatives, and in the larger context of the transportation network in Southern California (including analyzing Hobart/Commerce Railyard, the ICTF and the I-710 Freeway); hazards associated with truck and rail operations and transport of cargo; the disposition of existing businesses and job loss; and the feasibility of mitigation measures.

10. 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 project conditions.
11. 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 alternatives, the mitigation measures would be incorporated into all design specifications and construction contracts by the Applicant and incorporated into any and all lease agreements by the Harbor Department (Recommendation 10).
12. 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, 222 W. 6th Street, San Pedro, California 90731.
13. 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

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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 1,500 direct and indirect construction-related jobs per year for the three-year construction period and up to 1,096 long-term jobs related to operations.

FINANCIAL IMPACT:

Certification of the Final EIR and approval of the SCIG Project does not require the Harbor Department to fund any improvements but does require an approximate 107-acre land commitment. To date, the total cost to prepare the EIR is \$8.1 million. BNSF is responsible for reimbursing a portion of the consultant charges that total \$7 million. As of January 2013, BNSF has reimbursed the Harbor Department \$2.6 million. The potential relocation of the ACTA maintenance facility is estimated to cost \$7.2 million. The Harbor Department's expected rate of return for the SCIG Project ranges from 9.8% to 10.5%. Subsequent to Project completion estimated in 2015, ongoing operating and maintenance costs associated with the Project will be fully borne by BNSF during the term of the proposed Permit. Further financial details on the development of the SCIG Project will be brought before the Board in a separate action recommending approval of any proposed Permit.

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CITY ATTORNEY:

The City Attorney's office has reviewed 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: WR (initials)

CA Approval: MR (initials)



CHRISTOPHER CANNON
Director of Environmental Management



MICHAEL R. CHRISTENSEN
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APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

AUTHOR: LISA OCHSNER
BOARD MEETING: 03/07/13

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