

**AGENDA OF THE REGULAR MEETING OF THE  
LOS ANGELES BOARD OF HARBOR COMMISSIONERS 1  
THURSDAY, FEBRUARY 5, 2009, AT 6:00 P.M.  
PORT OF LOS ANGELES ADMINISTRATION BUILDING  
425 S. PALOS VERDES STREET  
SAN PEDRO, CA 90731**

**BOARD OF HARBOR COMMISSIONERS  
President S. David Freeman  
Vice President Jerilyn López Mendoza  
Commissioner Kaylynn L. Kim  
Commissioner Douglas P. Krause  
Commissioner Joseph R. Radisich**

**A. OPENING STATEMENT – AN OPPORTUNITY FOR MEMBERS  
OF THE PUBLIC TO ADDRESS THIS BOARD**

**PERSONS IN THE AUDIENCE MAY ADDRESS THIS BOARD  
IN CONNECTION WITH ANY AGENDA ITEM OR DURING  
THE PUBLIC COMMENT PERIOD.**

**AS PROVIDED BY THE BROWN ACT, THE BOARD HAS  
LIMITED EACH INDIVIDUAL'S SPEAKING TIME TO THREE  
MINUTES. ANYONE DESIRING TO SPEAK DURING THE  
PUBLIC COMMENT PERIOD IS REQUESTED TO COMPLETE  
A SPEAKER CARD AND SUBMIT IT TO THE COMMISSION  
SECRETARY, VIA THE SERGEANT AT ARMS, PRIOR TO THE  
START OF THE MEETING.**

Commission actions, except actions which are subject to appeal or review by the Council pursuant to other provisions of the Charter, ordinance or other applicable law, are not final until the expiration of the next five meeting days of the City Council during which the Council has convened in regular session. If the Council asserts jurisdiction during this five meeting day period the Council has 21 calendar days thereafter in which to act on the matter.

Please note that this agenda is subject to revision in accordance with the Brown Act. In the event the agenda is revised prior to the meeting, Port staff will endeavor to post the revised agenda on the Port's web site (<http://www.portoflosangeles.org>). Updated agendas also will be available in hard copy at the meeting. Live Board meetings can also be heard at: (213) 621-City (Metro), (818) 904-9450 (Valley), (310) 471-City (Westside) and (310) 547-City (Harbor).

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services, and activities.

Sign language interpreters, assistive listening devices, and translation services may be provided. To ensure availability, 72-hour advance notice is required. Contact the Commission office at (310) 732-3444.

Interpretes de señas, sistemas auditivos y servicios de traducciones están disponibles. Para asegurar disponibilidad, se requiere solicitarlos con 72 horas de anticipación. Para hacer la solicitud, llame a la oficina de la Comisión al (310) 732-3444.

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- B. COMMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS**
  
- C. REPORT OF THE EXECUTIVE DIRECTOR**
  
- D. REPORTS OF COMMISSIONERS**
  
- E. BOARD COMMITTEE REPORTS**
  
- F. APPROVAL OF MINUTES  
Minutes of the Board meetings of March 24, 2008, June 5, 2008, June 19, 2008, December 4, 2008, December 18, 2008, and January 8, 2009 for approval.**
  
- G. REPORTS OF THE EXECUTIVE DIRECTOR**

**Consent Items (1-12)**

**Environmental Management**

- 1. Re: RESOLUTION NO. \_\_\_\_\_ - PROPOSED THIRD AMENDMENT TO AGREEMENT NO. 2467 WITH ENVIRON INTERNATIONAL CORPORATION**  
***SUMMARY: Environ International Corporation is currently under contract with the Port of Los Angeles for the preparation of the Environmental Impact Report (EIR) for the Southern California International Gateway (SCIG) Project. The SCIG Project is a***

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**1. (Continued)**

*near-dock intermodal rail facility proposed by Burlington Northern and Santa Fe Railroad (BNSF) that would be located on Port property bordered by the Dominguez Channel, Terminal Island Freeway, Pacific Coast Highway and Sepulveda Blvd. Staff recommends an 18-month extension to Agreement No. 2467 to complete the EIR and any follow on work necessary after project approval, and recommends adding \$200,000 to the contract to allow for anticipated and unanticipated changes in scope. This Amendment would extend the contract term to October 27, 2010 and a total contract amount of \$3.5 million. The cost to prepare the EIR is being cost shared with BNSF. Port estimated share of the Amendment is \$100,000.*

**Recommendation:** Board resolve that (1) Amendment No. 3 to Agreement No. 2467 with Environ to extend the contract term by 18 months from April 27, 2009 to October 27, 2010, and to increase the contract amount by \$200,000 to a total not-to-exceed amount of \$3.5 million be approved; (2) the Board Secretary be directed to transmit the Amendment to the City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles; (3) the Executive Director and the Board Secretary be directed to execute and attest to said Amendment for and on behalf of the Board; and (4) Resolution No. \_\_\_\_\_ approving Amendment No. 3 to Agreement No. 2467 be adopted.

**2. Re: RESOLUTION NO. \_\_\_\_\_ - CHINA SHIPPING PORT  
COMMUNITY AESTHETIC MITIGATION PROGRAM –  
OCEAN WATER RESOURCE CENTER**

***SUMMARY:*** *The Port's Community Aesthetic Mitigation Program was established in 2003 to implement aesthetic mitigation projects in the communities of San Pedro and Wilmington. The program funding process and requirements were established in the China Shipping Settlement Agreement, the Amended Stipulated Judgment (ASJ), between the City of Los Angeles and the Natural Resources Defense Council. The Harbor Department solicited projects for the Wilmington Community in January 2007, and in accordance with the ASJ, projects were received and evaluated. This resulted in the Port Community Advisory Committee (PCAC) approving PCAC motion number 77 which recommended five aesthetic mitigation projects in December 2007. One of these projects is the Ocean Water Resource Center*

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**2. (Continued)**

*for \$3.7 million. This is the last of the five recommended projects requiring Los Angeles Board of Harbor Commission (Board) consideration. Staff has reviewed the proposal in light of long term costs, the need for the facility, and location. Staff recommends that the Board not fund the Ocean Water Resource Center project. The applicant may reapply for funding under a new solicitation that is being distributed for additional projects in Wilmington.*

**Recommendation:** Board resolve that (1) the Ocean Water Resource Center proposed project be considered and denied for the reasons set forth in the following Board report discussion; and (2) the Board find that this action fully responds to PCAC motion number 77 which was approved by the PCAC in December 2007; and (3) Resolution No. \_\_\_\_\_ to consider and deny the Ocean Water Resource Center Project be adopted.

**3. Re: RESOLUTION NO. \_\_\_\_\_ - CHINA SHIPPING  
PORT COMMUNITY AESTHETIC MITIGATION  
PROGRAM – ALAMEDA STREET/HARRY BRIDGES  
BOULEVARD LANDSCAPE BUFFER PROJECT**

***SUMMARY: The Port's Community Aesthetic Mitigation Program was established in 2003 to implement aesthetic mitigation projects in the communities of San Pedro and Wilmington. The program funding process and requirements were established in the China Shipping Settlement Agreement and the Amended Stipulated Judgment (ASJ) between the City of Los Angeles and the Natural Resources Defense Council. The Harbor Department solicited projects for the Wilmington Community in January 2007, and in accordance with the ASJ, projects were received and evaluated. This resulted in the Port Community Advisory Committee (PCAC) recommending five aesthetic mitigation projects in December 2007. Two of the projects (Banning Museum Transportation Exhibit and the Wilmington YMCA Aquatic Center) have already been approved by the Board of Harbor Commissioners (Board). Staff requests approval of funding for the Alameda Street/Harry Bridges Boulevard Landscape Buffer in an amount not-to-exceed \$1,814,041. The project will be constructed by the applicant, the Community Redevelopment Agency (CRA). Staff recommendations on the remaining two aesthetic mitigation projects recommended by***

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**3. (Continued)**

*the PCAC (Wilmington Boathouse and Ocean Water Resource Center) will be brought to the Board under separate actions in February 2009.*

**Recommendation: Board resolve that (1) the Alameda Street/Harry Bridges Boulevard Landscape Buffer project is compliant under China Shipping Settlement requirements; (2) funding be allocated from the Community Aesthetic Mitigation Fund (Account 21952, Center 7000, Program 000) for the Alameda Street/Harry Bridges Boulevard Landscape Buffer project in an amount not-to-exceed \$1,814,041; (3) the Agreement be approved substantially, as attached, between the Harbor Department and the CRA for the CRA to administer funds to implement the Alameda Street/Harry Bridges Boulevard Landscape Buffer project for a term of two years in an amount not-to-exceed \$1,814,041; (4) the Executive Director and Board Secretary be authorized to execute and attest to said Agreement, for and on behalf of the Board; (5) the Board Secretary be instructed to transmit the Board Letter and Agreement to the CRA Board for approval at which time the CRA will forward the Agreement to City Council for action and (6) Resolution No. \_\_\_\_\_ be adopted approving and allocating funding for the Alameda Street/Harry Bridges Boulevard Landscape Buffer project in an amount not-to-exceed \$1,814,041.**

**4. Re: RESOLUTION NO. \_\_\_\_\_ - CHINA SHIPPING PORT  
COMMUNITY AESTHETIC MITIGATION PROGRAM  
WILMINGTON BOATHOUSE**

***SUMMARY: The Port's Community Aesthetic Mitigation Program was established in 2003 to implement aesthetic mitigation projects in the communities of San Pedro and Wilmington. The program funding process and requirements were established in the China Shipping Settlement Agreement and the Amended Stipulated Judgment (ASJ) between the City of Los Angeles and the Natural Resources Defense Council. The Port solicited projects for the Wilmington Community in January 2007, and in accordance with the ASJ, projects were received and evaluated. This resulted in the Port Community Advisory Committee (PCAC) recommending five aesthetic mitigation projects in December 2007. One of these projects is the Wilmington Boathouse,***

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**4. (Continued)**

*submitted by the Southern California Boathouse Foundation. The PCAC has requested that this operation be combined with the Wilmington Youth Sailing Center project. The project applicants have not accepted joint facility operations and the Wilmington Boathouse applicant recently rescinded their application. Therefore, staff recommends that this project be denied. The applicant may reapply for funding under a new solicitation that is being distributed for additional projects in Wilmington.*

**Recommendation:** Board resolve that (1) the recommendation of the Wilmington Boathouse project be considered and denied; and (2) adopt Resolution No. \_\_\_\_\_ denying the Wilmington Boathouse project.

**Real Estate**

**5. Re: ORDER NO. \_\_\_\_\_ - PROPOSED EASEMENT DEED  
BETWEEN THE CITY OF LOS ANGELES HARBOR  
DEPARTMENT AND THE LOS ANGELES COUNTY FLOOD  
CONTROL DISTRICT – DOMINGUEZ GAP BARRIER  
PROJECT**

***SUMMARY: On December 12, 2001, the City of Los Angeles, Harbor Department (Harbor Department) and the Los Angeles County Flood Control District (LACFCD) entered into a Memorandum of Understanding (MOU) for the execution of an Easement Deed, granting perpetual, non-exclusive easements on City of Los Angeles owned property. The Easement is for the construction, operation, and maintenance of sub-surface groundwater observation wells, recharging wells, and related pipelines to act as barriers to saltwater intrusions, as part of the previously constructed Dominguez Gap Barrier Project. The MOU was approved by the Board under Agreement No. 2192, Order No. 6744, and City Council Ordinance No. 174668. The Easement Deed contains a total of 12 parcels, of which four parcels (142WA, 142WL, 142WL.1 and 155WL) are part of the MOU. Eight parcels (142IE, 142IE.1, 142IE.2, 142IE.3, 155IE, 155IE.1, and 156IE, 155WA), which are for access rights and a permanent water supply line easement, were not specified in the MOU. For this reason, this Easement Deed is being resubmitted for approval by the Board of Harbor Commissioners.***

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**5. (Continued)**

*All 12 parcels in the Easement Deed are covered in the appraisal report dated April 30, 2001, which was used to negotiate and implement a compensation payment plan.*

**RECOMMENDATION:** Board resolve that (1) the Easement Deed with LACFCD be approved; (2) the Board Secretary be authorized and directed to transmit the Order and Ordinance to the City Council for its approval, pursuant to Section 385 of the City Charter; (3) the Executive Director and Board Secretary be authorized to execute the Easement Deed upon approval by City Council; and (4) Order No. \_\_\_\_\_ be adopted.

**6. Re: RESOLUTION NO. \_\_\_\_\_ - PROPOSED FIRST AMENDMENT TO REVOCABLE PERMIT NO. 95-49 BETWEEN SHELL OIL COMPANY, THE CITY OF LOS ANGELES, HARBOR DEPARTMENT, AND THE PORT OF LONG BEACH - LAHD #70010**

***SUMMARY:*** *The proposed action requests approval of a First Amendment to Revocable Permit No. 95-49 (Permit) with Shell Oil Company (Shell). The Permit grants Shell the right to construct, maintain and operate an underground pipeline for the transportation of gasoline along a portion of the City of Los Angeles, Harbor Department's (Harbor Department) and the Port of Long Beach's (POLB) jointly-owned right-of-way (ROW), totaling approximately 33,214 square feet of subsurface area in the City of Los Angeles, as depicted on the attached map.*

***As part of the Alameda Corridor Transportation Authority's West Thenard Rail Improvement Project, the premises of the Permit had to be modified to accommodate the construction of an additional railroad track connection. The construction of the rail improvement, along the Alameda Corridor's south end, required the exchange of parcels between the Alameda Corridor Transportation Authority (ACTA), the Harbor Department, the POLB, and Konoike-Pacific California, Inc. (K-PAC). As a result of the property exchange, portions of the Permit premises were affected. In addition, a certain portion of the pipeline was relocated. The proposed First Amendment would modify the description of the Permit premises to reflect the current condition of the property.***

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**6. (Continued)**

**Recommendation:** Board resolve that (1) approve the proposed First Amendment to Revocable Permit No. 95-49 with Shell to allow modifications to the Permit premises; (2) authorize the Executive Director to execute and the Board Secretary to attest to the First Amendment; and (3) adopt Resolution No. \_\_\_\_\_.

**7. Re: ORDER NOS. \_\_\_\_\_ THROUGH \_\_\_\_\_ - PROPOSED ACCEPTANCE OF GRANT DEEDS FROM THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY TO THE LOS ANGELES HARBOR DEPARTMENT AND THE PORT OF LONG BEACH - LAHD #70048**

***SUMMARY: The proposed action requests approval of seven grant deeds between the City of Los Angeles, Harbor Department (Harbor Department), the Port of Long Beach (POLB) and the Alameda Corridor Transportation Authority (ACTA). ACTA is conveying to the Harbor Department and POLB joint ownership of certain parcels located in the City of Huntington Park, City of Los Angeles, City of Lynwood, and City of Vernon under seven grant deeds, as depicted on the attached aerial site maps. These adjacent parcels were acquired by ACTA to accommodate construction of the Alameda Corridor on railroad property jointly owned by the Harbor Department and POLB. As required by the Use Permit between the Harbor Department, POLB, and ACTA, all ACTA owned property required for operating the Alameda Corridor must be conveyed to the Harbor Department and POLB. The following parcels, which are located along the Alameda Corridor, are being conveyed to the Harbor Department and POLB under seven grant deeds: (1) City of Huntington Park: MC-625 and MC-745; (2) City of Angeles: MC-607-1, MC-609-2; (3) City of Los Angeles: NE-017-2, NEOG-040-2, NE-042-2, NE-042, NE-120, NE-127-1, NE124-1, NE-128; (4) City of Los Angeles: SE-372, SE-383, SE-397; (5) City of Vernon: MC-614, MC-614-4, MC-648, MC-648-1; (6) City of Vernon: MC-612, MC-680, MC-746, MC-617, MC-623; and (7) City of Lynwood: MC-721***

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**7. (Continued)**

**Recommendation: Board resolve that (1) the acceptance of the seven grant deeds be approved and authorized by and between ACTA, the Harbor Department, acting by and through its Board of Harbor Commissioners, and the POLB, acting by and through its Board of Harbor Commissioners; (2) the Executive Director be authorized to execute the Certificates of Acceptance; and (3) Order Nos. \_\_\_\_\_ approving the grant deeds and Order No. \_\_\_\_\_ authorizing the execution of the Certificates of Acceptance be adopted.**

**Homeland Security**

**8. Re: RESOLUTION NO. \_\_\_\_\_ - PROPOSED  
MEMORANDUMS OF UNDERSTANDING (MOUs)  
BETWEEN THE PORT OF LOS ANGELES AND  
TENANTS/OPERATOR FOR THE USE OF PORT  
SECURITY GRANT PROGRAM (PSGP) FUNDS FOR  
IMPLEMENTATION OF THE TRANSPORTATION  
WORKER IDENTIFICATION CREDENTIAL FIELD TEST  
PROGRAM (PSGP 2006-GB-T6- 0100)**

***SUMMARY: The Port of Los Angeles (Port) is seeking to enter into Memorandums of Understanding (MOUs) with three of its tenants to participate in the implementation of the Transportation Worker Identification Credential (TWIC) Field Test. The MOUs are required in order to memorialize the understanding between the Port and the Tenant/Operator with respect to transferring Port Security Grant Program (PSGP) funds from the Port to the Tenants/Operator.***

***The Field Test is being conducted in conjunction with the Transportation Security Administration (TSA) to test the performance of the TWIC card reader systems and to observe the impact of the TWIC program on marine terminal operations. The data obtained by the Field Test will be used by TSA to aid in the development of future TWIC rulemakings.***

***The three Port terminals participating in the Field Test are American President Line (APL), Vopak, and World Cruise Center. These terminals will procure and install TWIC compatible access control hardware and software using funds awarded to the Port***

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**8. (Continued)**

*by the U.S. Department of Homeland Security in September 2006. The terminals will submit invoices to the Port and the Port will reimburse them from the money previously allocated through Round Six of the Grant Program. The Grant will be fully reimbursed for all costs incurred through the Field Test.*

**Recommendation:** Board resolve that (1) the proposed Memorandums of Understanding between the Port of Los Angeles and the three Tenants/Operator be approved; (2) the Executive Director and the Board Secretary be authorized to execute and to attest to, the proposed MOUs; and (3) the proposed expenditures be authorized up to the maximum grant award amount.

**9. Re: RESOLUTION NO. \_\_\_\_\_ - TERMINATION OF  
AGREEMENT NO. 2587 WITH PACIFIC MARITIME  
FREIGHT, INC. FOR THE DEPLOYMENT OF  
WATERBORNE PERIMETER SECURITY BARRIER**

***SUMMARY: The Homeland Security Division is requesting that Agreement No. 2587 between the City of Los Angeles Harbor Department (Port) and Pacific Maritime Freight, Inc. (Contractor) be terminated pursuant to Item VIII (Termination Provision) of the Agreement, which states the Board of Harbor Commissioners has the right to terminate and cancel all or any part of the Agreement for any reason upon giving the Contractor ten (10) days advance, written notice. This action will save the Port approximately \$300,000 over the remaining two year contract term.***

***On December 4, 2007, the Port entered into a three year Agreement with the Contractor for as-needed services to deploy, monitor, maintain, and retrieve waterborne perimeter security barriers. The barriers, which are owned by the Port, would be deployed to protect high consequence vessels, facilities, and critical port infrastructure during heightened security levels. They would also be deployed as part of security exercises.***

***In order to reduce operating costs, it was determined by the Director of Homeland Security and the Acting Director of Construction and Maintenance (C&M) that C&M staff can***

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**9. (Continued)**

*perform both the monthly maintenance/inspection duties as well as the services required for actual barrier deployment during an exercise or actual emergency. Pending Board approval, the City Council review period, and the required 10 day advance written notice to the Contractor, it is anticipated that the final monthly maintenance/inspection fee will be paid in February 2009.*

**Recommendation:** Board resolve that (1) the Executive Director be authorized to execute, and transmit to the Contractor a written notice of termination of Agreement No. 2587 on behalf of the Board; and (2) Resolution No. \_\_\_\_\_ be adopted.

**10. Re: RESOLUTION NO. \_\_\_\_\_ - CANCELLATION OF CONTRACT NO. 39380 WITH DULY RESEARCH INC., FOR THE PURCHASE OF A MOBILE LINEAR ACCELERATOR X-RAY SCANNING UNIT, BID NO. F-537**

***SUMMARY: The Homeland Security Division is requesting the cancellation of a contract with DULY Research Inc. of Rancho Palos Verdes, California a representative of Nuctech Inc. of Beijing, China, for the purchase of a mobile scanning unit in the amount of \$2,434,001. The Port Police intended to use the Mobile Scanning Unit to examine vehicles entering the World Cruise Center. The system is an x-ray type unit capable of scanning large commercial vehicles for the identification of potentially harmful materials and devices. Cancellation of the purchase contract is recommended because after delivery of the mobile scanning unit to the Port of Los Angeles (Port) on July 8, 2008, field tests and other research revealed that the manufacturer and vendor failed to meet the requirements of the purchase contract.***

***After Board approval on September 20, 2007, the Harbor Department entered into a contract with DULY Research on October 24, 2007, for the purchase of a Mobile Linear Accelerator X-ray Scanning Unit (Mobile Scanning Unit) in the amount of \$1,880,000. The procurement contract was awarded based on the original specifications and the bid submitted by***

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**10. (Continued)**

***DULY Research. Shortly thereafter, Nuctech provided several "add-on" options available for the vehicle, which were reviewed by the Homeland Security Division and the Port Police. Based on the vehicle's mission requirements, several of these options were selected to improve the overall performance of the Mobile Scanning Unit. A purchase order change was approved by the Board on April 17, 2008, bringing the total purchase price of the Mobile Scanning Unit to \$2,434,001.***

***Following the arrival of the Mobile Scanning Unit to the Port in July 2008, examination and testing by the Port Police revealed various deficiencies, as described herein, which have not been, or are impossible of being, cured by the vendor. In addition, the Mobile Scanning Unit does not, as further discussed herein, comply with the specifications and bid documents.***

***The Port Police will evaluate current technologies to determine how best to reprogram these funds.***

**Recommendation: Resolve that (1) the Board find DULY Research Inc. in default pursuant to the terms of Bid F-537; (2) the Executive Director be authorized to execute and transmit to DULY Research Inc., a written notice of termination of Contract No. 39380 on behalf of the Board; and (3) Resolution No. \_\_\_\_\_ be adopted.**

**Marketing Division**

- 11. Re: RESOLUTION NO. \_\_\_\_\_ - APPROVAL OF FOREIGN-TRADE ZONE DEVELOPER AGREEMENT BETWEEN THE CITY OF LOS ANGELES, TEJON INDUSTRIAL CORPORATION AND ROCKEFELLER GROUP DEVELOPMENT CORPORATION, FTZ 202 SITE 23**

***SUMMARY: The Los Angeles Harbor Department (Harbor Department), as the Foreign-Trade Zone (FTZ) grantee, establishes the Developer Agreement with FTZ Developers in order to oversee their FTZ developments. In February 2008, the FTZ Board approved to modify FTZ 202 Site 23, Tejon Industrial Complex in Lebec, California by 177 acres. Tejon Industrial Corporation and Rockefeller Group Development Corporation (Tejon and Rockefeller Group) have requested a Developer Agreement with the Harbor Department. The Harbor Department***

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**11. (Continued)**

*is required by the FTZ Board to have a Developer Agreement with land owners. The proposed FTZ Developer Agreement is for a five-year term with three five-year renewal options.*

**Recommendation:** Board resolve that (1) the subject FTZ Developer Agreement between the City of Los Angeles and Tejon Industrial Corporation and Rockefeller Group Development Corporation be approved; (2) the Board Secretary be authorized and directed to transmit the proposed FTZ Developer Agreement to the City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles; (3) upon approval by City Council, authorize the Executive Director and the Board Secretary to execute and to attest to the proposed FTZ Developer Agreement; and (4) Resolution No. \_\_\_\_\_ be adopted.

**Planning and Research**

**12. Re: RESOLUTION NO. \_\_\_\_\_ - FOR THE APPROVAL OF  
CHANGES TO THE MEMBERSHIP OF THE PORT OF  
LOS ANGELES COMMUNITY ADVISORY COMMITTEE**

***SUMMARY: As required by the Port of Los Angeles Community Advisory Committee (PCAC) By-laws, the Board of Harbor Commissioners (Board) is being asked to approve changes in the PCAC membership for the San Pedro Chamber of Commerce.***

**Recommendation:** Board resolve that (1) Steve Kleinjan, be approved as the San Pedro Chamber of Commerce alternate member; and (2) Resolution No. \_\_\_\_\_ be adopted.

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**Regular Item (13)**

**Executive Director**

**13. Re: SUMMARY OF THE AUDIT COMMITTEE OF JANUARY  
27, 2009 REGARDING BORROWING**

***SUMMARY: The Audit Committee met on January 27, 2009 and discussed borrowing and timing of debt issuance. A memo prepared for that meeting is attached for background. Based on the discussion, the audit committee has asked that we proceed with the items below:***

- 1. Staff will investigate the possibility of issuing non-AMT long term debt in order to fund Capital Improvement Projects (CIP) that are currently underway.***
- 2. Staff will investigate whether the working capital/emergency reserve of \$130 million that the Board approved in September 08 be revised in light of the current economic conditions.***

***There is still concern from the audit committee about the Board being put in a position of having to approve projects without knowing if we have the money to carry them out. Staff does not intend to put any construction projects before the Harbor Commission for approval unless staff can demonstrate that the projects can be funded, and that such projects do not limit the Harbor Department's ability to fund future projects that may be more important. A list of projects included in this year's capital budget and proposed for next year's capital budget is attached. Note, this list includes projects that will be constructed over multiple years and so the expenditures are spread out over time, however it is important, in these times, to be sure we can come up with the money to complete the project before we authorize construction. In April 2009, the Engineering Division would propose to go out to bid for projects that are part of the first phase of the China Shipping project. Getting this project underway should be a high priority because it allows China Shipping to bring existing volume back to Los Angeles. Once our commercial paper is in place, we would propose immediately drawing down approximately \$100 million to cover the China Shipping projects.***

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LOS ANGELES BOARD OF HARBOR COMMISSIONERS 15  
THURSDAY, FEBRUARY 5, 2009, AT 6:00 P.M.  
PORT OF LOS ANGELES ADMINISTRATION BUILDING  
425 S. PALOS VERDES STREET  
SAN PEDRO, CA 90731**

**13. (Continued)**

*As you look further down the list there are two other major projects that could potentially come before you in the near-term: Channel Deepening and Plain's Crude Oil Terminal. Moving forward on the Channel Deepening requires the Army Corps to finalize their EIS, so we view this timing as tentative. The Crude Oil Terminal listed on this chart is dependent on our successfully negotiating a lease with Plains All-American. This timing is also tentative. We recommend, therefore, that we proceed to secure approximately \$200 million in long term debt to replace the commercial paper for China Shipping and to cover the other two major projects we want to present to you in calendar 09. This will allow us to reserve cash which is prudent in these times.*

*While these recommendations are what we propose at this time, we believe that it is necessary to continuously monitor our financial situation.*

**H. CLOSED SESSION**

- 1. Discussion of pending litigation entitled: American Trucking Associations, Inc. v. City of Los Angeles, et al., United States District Court Case No. 08-04920-CAS, and United States Court of Appeals for the Ninth Circuit Case No. 08-56503, pursuant to subdivision (a) of Section 54956.9 of the California Government Code.**
- 2. Discussion of pending litigation entitled: Federal Maritime Commission v. City of Los Angeles, et al., Order of Investigation and Hearing, Docket No. 08-05, pursuant to subdivision (a) of Section 54956.9 of the California Government Code.**

**AGENDA OF THE REGULAR MEETING OF THE  
LOS ANGELES BOARD OF HARBOR COMMISSIONERS 16  
THURSDAY, FEBRUARY 5, 2009, AT 6:00 P.M.  
PORT OF LOS ANGELES ADMINISTRATION BUILDING  
425 S. PALOS VERDES STREET  
SAN PEDRO, CA 90731**

**H. (Continued)**

- 3. Discussion of pending litigation entitled: Federal Maritime Commission v. City of Los Angeles, et al., United States District Court Case No. 1:08-CV-01895-RJL, pursuant to subdivision (a) of Section 54956.9 of the California Government Code.**
  
- 4. Discussion with legal counsel concerning significant exposure to litigation [three (3) potential cases], pursuant to subdivision (b) (1) of Section 54956.9 of the California Government Code.**