

DATE:

MAY 9, 2012

FROM:

**ENVIRONMENTAL MANAGEMENT** 

SUBJECT: RESOLUTION NO.

- FINAL ENVIRONMENTAL

IMPACT REPORT FOR THE USS IOWA PROJECT (LAHD ADP NO.

110321-038; SCH NO. 2011081097)

# **SUMMARY:**

Staff recommends that the Board of Harbor Commissioners (Board) certify the Final Environmental Impact Report (EIR) for the USS Iowa Project (Project) in accordance with the California Environmental Quality Act (CEQA), and approve the Project. The Project includes the transport of the USS Iowa from the San Francisco Bay to the Port of Los Angeles (Port) and year-round mooring of the battleship at Berth 87 in the North Harbor area of the Port. Phase 1 includes the use of an existing parking lot and placement of temporary structures for operations and maintenance. Phase 2 includes the removal of all temporary structures to be replaced by a permanent Visitors Center when funding is available. Phase 2 is anticipated to occur within six to eight years after the completion of Phase 1.

In approving the Project, the Board will need to 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. The Project would result in significant impacts related to air quality, greenhouse gases (GHGs), traffic and circulation, and cumulative impacts. Even with implementation of mitigation measures, lease measures, and standard conditions of approval, temporary significant and unavoidable air quality impacts will remain during transport of the USS Iowa from San Francisco Bay to Berth 87.

The Project is anticipated to result in the addition of 30-40 construction jobs over a period of six to nine months and up to 22 permanent jobs for ongoing operations and maintenance.

#### **RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Certify that the Final Environmental Impact Report for the Project (a) has been completed in compliance with the California Environmental Quality Act, with the State California Environmental Quality Act Guidelines, and the Los Angeles City DATE: MAY 9, 2011 PAGE 2 OF 12

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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. Find that, in accordance with the information contained in the Final Environmental Impact Report, the Project will have significant environmental effects on Air Quality, Greenhouse Gases, Traffic and Circulation, and Cumulative Impacts, as defined by Public Resources Code sections 21068, 21080, 21082.2, and 21083 and the State of California Environment Quality Act Guidelines, Sections 15064, 15064.4, 15064.5, and 15382;
- 3. Find that, in accordance with the provisions of the State of California Environment 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;
- 4. Find that, in accordance with the provisions of the State of California Environment Quality Act Guidelines Section 15091(a)(3), specific economic, legal, social, technological, or other considerations, make infeasible certain mitigation measures and project alternatives identified in the Final Environmental Impact Report. Impacts to Air Quality (during transport only) remain significant and unavoidable even after all feasible mitigation is adopted;
- Find that all information added to the Final Environmental Impact Report after public notice of the availability of the Draft Environmental Impact Report for public review but before certification merely clarifies, amplifies, or makes insignificant modifications in an adequate Environmental Impact Report and recirculation is not necessary;
- 6. Find that, in accordance with Public Resources Code Section 21081(b) and State of California Environment 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;
- 7. Adopt the Mitigation Monitoring and Reporting Program transmitted herewith as required by Public Resources Code, Section 21081.6. The Mitigation Monitoring and Reporting Program is designed to ensure compliance with the mitigation measures adopted to mitigate or avoid significant effects on the environment, pursuant to the responsibilities of the Los Angeles Harbor Department, as lead agency, to monitor and verify Project compliance with those mitigation measures and conditions of the Project approval;

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8. Approve the Project identified in the Environmental Impact Report including all feasible mitigation measures, with consideration of the Findings of Fact and Statement of Overriding Considerations, and the Mitigation Monitoring and Reporting Program;

- 9. Direct the Real Estate Division to incorporate by reference the EIR, mitigation measures and Mitigation Monitoring and Reporting Program into any and all lease agreements or assignments encompassed in the approved Project;
- 10. Authorize the Environmental Management Division to file the Notice of Determination for the Project with the Los Angeles County Clerk, the Los Angeles City Clerk, and the State Secretary of Resources; and

11. Adopt Resolution No	11.	Adopt	Resolution	No.			
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## **DISCUSSION:**

<u>Project Background</u> - One of the goals of the San Pedro Waterfront Project is to develop the San Pedro Waterfront area for increased public access and additional visitor serving activities and to provide connections between the waterfront area and the San Pedro Community.

The U.S. Department of the Navy (Navy) provided notice on May 24, 2010, of the availability of the USS Iowa for donation as a museum and/or memorial and required that ship donation applications be received by November 24, 2010.

Subsequently, the Pacific Battleship Center (PBC) in its application to the Navy proposed to permanently berth the USS Iowa, the last available battleship, at the Port, to serve as a historic naval ship museum and community asset that would attract a significant amount of visitors (approximately 400,000 per annum); thereby helping the viability of other waterfront and downtown San Pedro attractions.

Berth 87 was recommended by staff to the Board for potential permanent mooring of the USS Iowa on November 4, 2010. The Board officially passed the resolution supporting Berth 87 in concept and subject to all environmental analysis and compliance with CEQA and the National Environmental Policy Act (NEPA) requirements, for the USS Iowa on November 18, 2010.

Other Approvals and Requirements - Key approvals and requirements by other agencies and entities with jurisdiction by law are described below.

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<u>Navy Approval</u> - Prior to the release of the ship to the PBC, the following three actions were required and have been completed in sequential order.

- 1. As required by the Navy in order to complete the NEPA Categorical Exclusion, the applicant obtained an EPA Region 9 PCB Compliance Agreement. The study identified potential contaminated locations whose surfaces have a high potential for public contact such as handrails, gunwales, gun turrets, bulkheads, etc. and specified the collection of a sufficient number of surface wipe samples representing each type of contact surface. Public access is prohibited to any location onboard the IOWA that does not meet the EPA remediation criteria.
- 2. Since the ship donation is a discretionary action, the Navy must comply with the requirements of NEPA as a federal lead agency. The Navy has determined the action qualifies for a Categorical Exclusion (CE) under NEPA. The CE has been completed.
- 3. Upon compliance with NEPA, the Navy Donation Agreement has been issued. Signed by both parties, the ship has officially transferred (April 30, 2012) to PBC and is legally capable of being towed from the San Francisco Bay.

US Army Corp of Engineers - The U.S. Army Corps of Engineers (USACE) will need to modify the existing permit to the Harbor Department relative to the San Pedro Waterfront (SPW) Plan (Plan) as a result of the USS Iowa not being originally considered in the Plan. In order to issue a change in the permit, the USACE will need a request for the change from the Harbor Department and an environmental analysis comparing the effects of the changed Plan. Once the USACE receives the request to modify the permit and the supporting environmental report, they will process the request and reissue the Plan permit and the Section 10 permit for the USS Iowa. The permit modification would not preclude the future construction of the North Harbor Cut in the location of Berth 87 as originally approved in the permit and Plan.

<u>City of Los Angeles Fire Department</u> - Once the USS Iowa reaches Berth 87, the vessel will be designated as a 'Permanently Moored Craft' for purposes of Coast Guard inspection and certification. At the time of permanent mooring, the USS Iowa's transition to land-based safety standards and oversight dock operations will be the responsibility of the Los Angeles Fire Department.

<u>Project Objectives</u> - The primary CEQA objectives of the Project are to:

- 1. Transport the USS lowa to the Port and place her at Berth 87 for year-round mooring; and
- 2. Prepare and fit the battleship as a tourist attraction, offering an interactive public experience that honors the historic contributions of the USS lowa and her crews.

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The history and technology of the battleship will provide the basis for educational programs, teaching lessons in history, battleship design, mathematics, physics, science, leadership, team building, character development, and community service.

Project Description - The Project includes the transport of the USS Iowa from San Francisco Bay to the selected hull cleaning location off the coast of Los Angeles, and into the Port by tugboat; year-round mooring of the battleship at Berth 87 in the North Harbor area of the Port; use of an existing parking lot in a shared arrangement with other Port attractions; placement of temporary structures to include the delivery and set up of a prefabricated 480 sq. ft. single-story ticket booth/office, a prefabricated 480 sq. ft. single-story restroom facility, and two prefabricated entry platforms to accommodate access and egress from the USS Iowa during Phase I; construction of an approximately two-story 33,800 sq. ft. footprint landside Visitor Center (Education Center, Museum, Ticketing, Restrooms, Gift Shop, Offices) during Phase 2; and ongoing operations and maintenance. Phase 2 includes the removal of all temporary structures to be replaced by the permanent Visitors Center when funding is available. Phase 2 is anticipated to occur within six to eight years after the completion of Phase 1. A complete description of the Project can be found in the Final EIR (Transmittal 1). Operations were conservatively analyzed for a 30 year horizon, but the actual duration would be determined through the lease agreement.

Board 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; was 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 Final EIR must precede the Project approval. Project approval requires that the Board review and consider the Final EIR; adopt the Findings of Facts (FOF) on the significant environmental effects of the Project and the feasibility of mitigation measures and project alternatives; adopt the Statement of Overriding Considerations (SOC); and adopt the Mitigation Monitoring and Reporting Program (MMRP).

<u>Scope and Content of Environmental Document</u> - The Draft EIR, dated January 2012, incorporates, as appropriate, information received on the Notice of Preparation (NOP) for the Project, assesses environmental impacts of the Project, and examines Project alternatives and possible mitigation measures. The Final EIR clarifies and amplifies the Draft EIR, incorporates insignificant modifications and corrections, contains responses to all public comments made on the Draft EIR, and contains records of the public process.

Intended Uses of the Final EIR - The Final EIR informs public agency decision-makers and the general public of the significant environmental effects of the Project,

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

<u>Environmental Documentation Process and Public Involvement</u> - The Project was subject to the required environmental documentation process that included public disclosure as required by regulation. In this case, however, public notification exceeded statutory requirements. Drafts of this EIR were prepared by the applicant employing a consultant pursuant to an Environmental Analysis Preparation and Handling Agreement under CEQA Guidelines Section 15083(d) (3). All drafts were thoroughly reviewed and analyzed by the Port, and the final product reflects the independent judgment of the Port. The procedural steps of the process are described below:

1. Notice of Preparation - 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 on August 29. 2011. A total of seven comment letters were received from various agencies and the public.

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

2. <u>Draft EIR</u> - The Draft EIR was released for public review on January 23, 2012. It was made available on the Port website, at local libraries, and mailed directly to over 700 interested parties. The 45-day comment period closed on March 7, 2012. A public hearing was held on February 8, 2012 in the Harbor Department Board Room to present the findings of the environmental analysis and receive oral comments.

Public notices of completion stating that the Draft EIR was available for review were published in five newspapers: Los Angeles Times, Daily Breeze, Long Beach Press Telegram, Los Angeles Sentinel and La Opinion. Postcards in English and Spanish noticing the document and the public meeting were also sent to all San Pedro addresses within a 5-mile Project radius.

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Copies of the Draft EIR were available for review during this period at the Environmental Management Division office, the Los Angeles City Main Library, San Pedro Branch Library, Wilmington Branch Library and the Long Beach Public Library Main Branch. The document was also available online at the Port's web site (<a href="www.portoflosangeles.org">www.portoflosangeles.org</a>). Meeting notifications and the Draft EIR Executive Summary were also translated to Spanish and provided in mailings and at the public meeting.

- 3. <u>Responses to Comments</u> As required by Public Resources Code 21092.5, all agencies, organizations, and individuals who commented on environmental issues in the Draft EIR were provided with responses to comments at least 10 days prior to the Final EIR being submitted to the Board for certification.
- 4. <u>Final EIR</u> In accordance with the Los Angeles City CEQA Guidelines, Article I, and the State CEQA Guidelines, Section 15088, comments received on the Draft EIR were evaluated. The comment letters and responses to comments are presented in the Final EIR. The Final EIR was completed in April 2012.

<u>Findings and Conclusions</u> - The Final EIR and 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. <u>Areas of Environmental Concern</u> Through the public environmental process the following areas of environmental concern were identified. These potential impacts and others were assessed in the Final EIR. The impacts associated with the Project are discussed in detail, by resource area, in the Final EIR. Significant environmental impacts were identified in the areas of Air Quality, Greenhouse Gases, Traffic and Circulation, and Cumulative Impacts. After environmental analysis and, in some cases, application of mitigation, Air Quality impacts would remain significant and unavoidable (during transport only) if the Project is approved.
- 2. <u>Alternatives</u> Three alternatives were considered in detail for this Project:
  - a. <u>Alternative 1 Southern Pacific Slip</u>: This alternative would place the USS lowa into the Southern Pacific (SP) Slip, an existing boat slip in the south part of the harbor between Berths 72 and 74 that is home to an active commercial fishing fleet. Placing the USS lowa at this location would displace a portion of the commercial fishing fleet, reduce fishing operations and hinder dockside work.

Parking lots are adjacent to both sides of the SP Slip. The parking area to the north is used by visitors of the Ports O' Call Waterfront and Village dining and shopping areas. Several existing uses would need to be shut down and little to

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no structures would be demolished or reused. The construction of a permanent landside structure would be possible, however, space is limited and some of the existing parking area may need to be repurposed.

- b. Alternative 2 Reduced Wharf Alternative: Berths 45-47 is a 15-acre site located in the Outer Harbor of the Port on the peninsula between the East Channel and West Channel. This site is a former liquid bulk berth and has a terminal control building that is not usable in addition to an 800 foot long concrete wharf structure. The existing Berths 45-47 are used on occasion by visiting cruise ships and other large vessels, such as the visiting U.S. Navy vessels on Armed Forces Day. This alternative would prevent cruise ships from loading and unloading at this site. In addition, this site is not located near any freeways and would result in significant impacts to traffic from visitors accessing the site. The site would require grading and asphalt paving for the necessary parking spaces. The site has two small existing structures that would be demolished for the new landside Visitor Center, unless they are reused.
- c. Alternative 3 No Project Alternative: This alternative is required for consideration under CEQA. Under this alternative, Berth 87 would continue to be operated as it is presently and as described/certified in the SPW EIR/Environmental Impact Statement (EIS) which includes development of the North Harbor Cut as a reasonable foreseeable action. While the No Project Alternative would eliminate the Project impacts due to the absence of construction or operations, it would not fulfill any of the Project objectives.
- 3. Environmentally Superior Alternative CEQA requires identification of the Environmentally Superior Alternative. The Environmentally Superior Alternative was determined based on a ranking system that assigned numerical scores comparing the impacts under each resource area for each alternative with the CEQA baseline. The scoring system ranged from -3 if impacts are considered to be substantially reduced when compared to the CEQA baseline, to +3 if impacts are considered to be substantially increased when compared with the CEQA baseline. Tables 6.0-2 and 6.0-3 of the Draft EIR present the scoring system and rankings for each alternative under CEQA.

Alternative 3 is the Environmentally Superior Alternative because it is the No Project Alternative. Pursuant to the CEQA Guidelines, if the No Project Alternative is deemed to be environmentally superior, then the lead agency must identify an alternative other than the No Project Alternative as environmentally superior. Alternatives 1 and 2 ranked first and second in terms of the least overall environmental impact when compared to the CEQA Baseline. These alternatives would result in the least impacts on aesthetic resources when compared to the other alternatives.

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For the reasons discussed in the attached FOF, staff recommends that the Board find Alternatives 1 through 3 infeasible and approve the Project as described in the Final EIR. The Project best meets all objectives, and with mitigation, reduces air emissions and transportation impacts to less than significant.

- 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 Final EIR for the Project, changes or alterations have been required in, or incorporated into, the Project which substantially lessen or avoid significant adverse environmental impacts identified in the Final EIR. Certain mitigation measures were modified/strengthened between the production of the Draft EIR and the Final EIR. All feasible mitigation measures are specified in the MMRP (Transmittal 3). Incorporation of additional mitigation measures would be infeasible as a result of specific economic, legal, social, technological or other considerations set forth in the FOF.
- 5. <u>Unavoidable Significant Adverse Impacts</u> Significant adverse 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:
  - a. <u>Air Quality</u> The Project would result in significant (temporary) air quality impacts during transport of the USS lowa from the San Francisco Bay to Berth 87. Even after implementation of all feasible air quality mitigation measures, impacts would remain significant and unavoidable. Emissions would exceed thresholds of four of the six air districts (See Table 3.2-8 Transport emissions in the Draft EIR) the ship would pass through during transport.

Overriding Considerations - Pursuant to Public Resources Code section 21081(b), no public agency shall approve or carry out a project for which an EIR has been certified which identifies one or more significant environmental effects that would occur if the project is approved or carried out unless the agency makes the specific findings discussed above with respect to each significant impact and finds that specific overriding economic, legal, social, technological, or other benefits of the project outweigh the significant effects of the project. The SOC 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 give 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. Staff, in recommending the Project for approval, has identified specific

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environmental, economic, legal, social, technological and other Project benefits. In summary, the Project provides the following benefits:

- 1. <u>Temporary construction jobs during facility improvement</u> The facility improvement is anticipated to result in the addition of 30-40 jobs over a period of six to nine months.
- 2. <u>Permanent professional maintenance team will be formulated to ensure ongoing repairs are completed</u> An initial nine-man crew will be put into place to carry out the maintenance plan. An additional 13 employees are also required to support the maintenance of the battleship.
- 3. <u>Community asset</u> The battleship would attract a significant amount of visitors (approximately 400,000 per annum), thereby helping the viability of other waterfront and downtown San Pedro attractions.

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

Risk of transporting non-indigenous species to the Port: During the NOP scoping period, the California State Lands Commission (CSLC) raised concern about the potential discharge of nonindigenous species (NIS) into the Port. Many of the NIS currently established in the San Francisco Estuary may not be established in the Port, or Southern California in general, and therefore have the potential to be introduced to these areas through the actions described in the Project description, unless properly managed. In response to these comments, the Port modified the Project to either clean the hull in the San Francisco Bay or at an offshore location outside of State waters (3 nautical miles) but still within federal waters (12 nautical miles). Federal requirements, including those described in the U.S. Environmental Protection Agency Vessel General Permit will apply. In addition, the cleaning plan will include underwater video evidence that the hull and all associated areas have been cleaned properly. The video will be presented to the Harbor Department and CSLC in order to verify compliance.

<u>EIR Certification and Project Approval</u> - 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.

Implementation of Mitigation - When making the CEQA findings required by Public Resources Code Section 21081(a), a public agency shall adopt a reporting or

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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 approve the Project or one of the action alternatives (Alternatives 1-3) the mitigation measures would be incorporated into all design specifications and construction contracts by the Applicant and incorporated into any and all lease agreements by the Harbor Department (Recommendation 9).

Record of Proceedings - When making CEQA findings required by Public Resources Code Section 21081(a), a public agency shall specify the location and custodian of the documents or other material which constitute the record of proceedings upon which its decision is based. These records are in the care of the Director of Environmental Management, City of Los Angeles Harbor Department, 425 S. Palos Verdes Street, San Pedro, California 90731.

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

## **FINANCIAL IMPACT**:

The proposed permit compensation is based on all gross receipts collected, defined to include: revenues collected from the sale of tickets for all public ship tours and educational programs; public and special events; filming; food and concession sales; and sales of USS lowa souvenirs and/or memorabilia.

<u>Compensation Schedule</u> - Year One through Year Two: 2 percent of monthly gross receipts defined above, with a minimum annual guarantee of \$50,000.

Year Three through Year Five: 4 percent of monthly gross receipts defined above, with a minimum annual guarantee of \$100,000.

Year Six through Year Ten and Option Period: Following year five, the compensation rate will be adjusted to market rate for similar operations, and also be subject to annual adjustments, as per the CPI, commencing in year seven, including the option period if executed. In no instance shall compensation be set at a rate lower than the previous compensation period.

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## **ECONOMIC BENEFITS**:

Certifying the Final EIR for the Project will have no employment impact. Staff will not be able to evaluate economic benefits of the Project without information on the associated Project costs. According to the Pacific Battleship Center, the Project is anticipated to support 30-40 construction jobs and 22 full-time maintenance jobs.

## **CITY ATTORNEY**:

This resolution has been reviewed and approved as to form and legality by the Office of the City Attorney.

#### TRANSMITTALS:

1. Final Environmental Impact Report

2. Findings of Fact and Statement of Overriding Considerations

3. MMRP

FIS Approval:

CA Approval:

CHRISTOPHER CANNON

**Director of Environmental Management** 

MICHAEL R. CHRISTENSEN

Deputy Executive Director

APPROVED:

GERALDINE KNATZ, Ph.D.

**Executive Director** 

AUTHOR: KEVIN GRANT ADP No.: 911016-576 BOARD MEETING: 5/17/2012

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