



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

Board of Harbor Commissioners

DATE: MARCH 6, 2018

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - ADOPTION OF THE FINAL INITIAL STUDY/MITIGATED NEGATIVE DECLARATION AND APPROVAL OF THE BERTH 240 TRANSPORTATION VESSELS MANUFACTURING FACILITY PROJECT (LOS ANGELES HARBOR DEPARTMENT APPLICATION FOR PORT PERMIT NO. 170117-008; STATE CLEARINGHOUSE NO. 2017121023)

SUMMARY:

Staff requests that the Board of Harbor Commissioners (Board) adopt the Final Initial Study/Mitigated Negative Declaration (IS/MND) for the proposed Berth 240 Transportation Vessels Manufacturing Facility Project (Project) along with comments and responses to comments, and approve the proposed Project as described in the Final IS/MND.

The proposed Project involves the issuance of a 10-year Lease (with up to two 10-year lease extension/renewal options) for the construction and operation of a facility to manufacture large commercial transportation vessels at Berth 240 off Seaside Avenue on Terminal Island. The approximately 18-acre proposed Project site includes portions of the former Southwest Marine site. The site is entirely disturbed with abandoned industrial buildings, unused compacted dirt area, and paved areas.

Operation would involve research and development of transportation vessels and would likely include general manufacturing procedures such as welding, composite curing, cleaning, painting, and assembly operations. The majority of operations would take place inside the facility, with exterior operations limited to transit of vehicles, forklift traffic, and mobilization of manufactured products onto a barge at the dockside for testing and delivery. Finished vessels would need to be transported via water due to their size; thus there is the need to locate the facility immediately adjacent to the water. In addition, the lease would accommodate recovery operations undertaken by Space Exploration Technologies to bring to shore vehicles returning from space that are retrieved by an autonomous drone ship offshore.

DATE: MARCH 6, 2018

PAGE 2 OF 7

SUBJECT: BERTH 240 TRANSPORTATION VESSELS MANUFACTURING FACILITY PROJECT

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that, pursuant to the State California Environmental Quality Act Guidelines Section 15074, the Final Initial Study/Mitigated Negative Declaration for the Berth 240 Transportation Vessels Manufacturing Facility Project (a) has been completed in compliance with the State California Environmental Quality Act Guidelines and the Los Angeles City California Environmental Quality Act Guidelines; (b) was presented to the Board for review and was reviewed and considered by the Board prior to approving the proposed Project; and (c) reflects the independent judgment and analysis of the City of Los Angeles Harbor Department as the Lead Agency;
2. Find that, based on the whole record before it, including, (a) the information contained in this report; and (b) the Final Initial Study/Mitigated Negative Declaration for the Berth 240 Transportation Vessels Manufacturing Facility Project, the proposed Project would not have a significant effect on the environment pursuant to Public Resources Code (PRC) Section 21080 and State California Environmental Quality Guidelines Section 15070;
3. Find that all information added to the Final Initial Study/Mitigated Negative Declaration after the public review period, but before adoption, merely clarifies, amplifies, or makes insignificant modifications, and that recirculation is not necessary;
4. Adopt the Mitigation Monitoring and Reporting Program contained in the Final Initial Study/Mitigated Negative Declaration as required by Public Resources Code Section 21081.6 and State California Environmental Quality Act Guidelines Section 15074. 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 and other applicable entities, to monitor and verify project compliance with those mitigation measures and conditions of project approval;
5. Adopt the Final Initial Study/Mitigated Negative Declaration for the Berth 240 Transportation Vessels Manufacturing Facility Project;
6. Direct the Cargo and Industrial Real Estate Division to incorporate by reference the Final Initial Study/Mitigated Negative Declaration, mitigation measures, lease measures, and the Mitigation Monitoring Reporting Program contained in the Final Initial Study/Mitigated Negative Declaration into any and all permits, lease agreements, or assignments encompassed in the approved Project;

DATE: MARCH 6, 2018

PAGE 3 OF 7

SUBJECT: BERTH 240 TRANSPORTATION VESSELS MANUFACTURING FACILITY PROJECT

7. Authorize the Environmental Management Division to file the Notice of Determination for the Berth 240 Transportation Vessels Manufacturing Facility Project with the Los Angeles City and County Clerks; and
8. Adopt Resolution No. _____.

DISCUSSION:

Project Background/Context – WW Marine Composites, LLC (Applicant) has identified the vacant site at Berth 240 as suitable for a new industrial manufacturing facility to design, develop, and manufacture prototypes and first-generation models of specialized commercial transportation vessels. The vessels, once complete, would be too large for reasonable delivery by road and thus must be taken via barge, necessitating that the facility be located adjacent to the water.

The proposed Project site has been inactive since 2006 except for temporary filming uses. The site is disturbed consisting of abandoned industrial buildings, an unused compacted dirt area, and an unused wharf. Approximately one third (four acres) of the proposed Project site is paved, and the remainder consists of dirt with minimal ruderal vegetation. The site is currently located on a Department of Toxic Substance Control (DTSC) cleanup site (Remedial Action Order No. HAS-RAO 08/09-056). Remediation of contaminated soils was completed as outlined in the 2016 Remedial Action Plan (RAP) in November 2017 and is pending approval from the DTSC and the United States Environmental Protection Agency (USEPA). Construction of the manufacturing facility and development of the site, including parking and wharf repair, would be implemented under an agency-approved Soil Management Plan being developed by Harbor Department. Prior to the issuance of a permit by the Harbor Department, the DTSC and the USEPA will be informed of the proposed Project activities. Additionally, in accordance with the future institutional controls as noted in the 2016 RAP, a permit from the Harbor Department will be required for the proposed site excavations and will require specific soil handling procedures.

Project Objectives – The objective of the proposed Project is to improve terminal facilities to accommodate the development and manufacture of specialized large commercial transportation vessels and optimize the use of existing land at the terminal to accommodate direct transportation of products via water in a manner consistent with Harbor Department's tidelands trust obligations.

Project Description – The proposed Project consists of constructing a facility to develop and manufacture prototypes and first-generation transportation vessels. The proposed Project also includes repairs to the existing wharf at Berth 240 off South Seaside Avenue on Terminal Island. The approximately 18-acre site is located along the Harbor's main channel and includes portions of the former Southwest Marine shipyard that is currently

DATE: MARCH 6, 2018

PAGE 4 OF 7

SUBJECT: BERTH 240 TRANSPORTATION VESSELS MANUFACTURING FACILITY PROJECT

vacant. This facility is intended to be a state-of-the-art industrial manufacturing facility serving to develop prototypes of new technologies needed to advance the specialized deployment of transportation vessels and develop the manufacturing processes prior to implementing production on a larger scale.

Operation would likely include general manufacturing procedures such as welding, composite curing, cleaning, painting, and assembly operations. The majority of operations would take place inside the facility, with exterior operations limited to transit of vehicles, forklift traffic, and mobilization of manufactured products onto a barge at the dockside for testing and delivery. Finished vessels would need to be transported via water due to their size; thus there is the need to locate the facility immediately adjacent to the water. In addition, the lease would accommodate existing recovery operations to bring to shore vehicles returning from space that are retrieved by an autonomous drone ship offshore.

ENVIRONMENTAL ASSESSMENT:

California Environmental Quality Act (CEQA) Documentation and Public Involvement - The Harbor Department as the CEQA Lead Agency has prepared an IS/MND for the proposed Project in compliance with the State California Environmental Quality Act Guidelines and the Los Angeles City CEQA Guidelines which contains the following: a description of the proposed Project and location, an initial study checklist, an analysis of potential impacts, mitigation measures and proposed findings.

The Draft IS/MND, dated December 2017, was circulated for public review and comment for a period of 30 days beginning on December 8, 2017 and ended on January 8, 2018. In accordance with State CEQA Guidelines §15072, a Notice of Intent (NOI) to adopt the IS/MND was issued on December 8, 2017. Approximately 110 notices were mailed to agencies, stakeholders, neighbors and other interested parties. The notice and accompanying Draft IS/MND was filed with the Los Angeles City and County Clerks and was made available for public review on the Port of Los Angeles website at: <http://www.portoflosangeles.org>; at the City of Los Angeles Harbor Department Environmental Management Division at 222 West 6th Street, San Pedro, CA 90731; at the Los Angeles City Library, San Pedro Branch at 931 S. Gaffey Street, San Pedro, CA 90731; and at the Los Angeles City Library, Wilmington Branch at 1300 North Avalon, Wilmington, CA 90744. Pursuant to State CEQA Guidelines § 15073, the Draft IS/MND was submitted to the State Clearinghouse for review by State agencies. A public hearing was not conducted during the public review period for the Draft IS/MND and is not required pursuant to State CEQA Guidelines §15202.

Public Comments Received and Response to Comments – A total of two comment letters were received during the public review period of the Draft IS/MND. The comment letters were from the following entities: South Coast Air Quality Management District (SCAQMD)

DATE: MARCH 6, 2018

PAGE 5 OF 7

SUBJECT: BERTH 240 TRANSPORTATION VESSELS MANUFACTURING FACILITY PROJECT

and Native American Heritage Commission (NAHC). Copies of the comment letters and staff responses to comments are included in the Final IS/MND (Transmittal 1). One comment letter requested clarification on the air quality analysis and enforcement of lease measures and mitigation measures and the other comment addressed the lack of discussion regarding Native American consultation pursuant to PRC Section 21080.3.1.

Based on the comments received, staff responded to these comments but identified no new environmental effects that were not assessed in the Draft IS/MND and mitigated to a level of less than significant. Changes added to the Final IS/MND after the public review period merely clarify, amplify, or make minor modifications. Minor modifications were made throughout the Final IS/MND and refinements were made to the following areas: the lease measures and mitigation measures (as reflected in the MMRP), the Air Quality chapter, the tribal cultural resources chapter, Appendix A – Air Quality and GHG Calculations. An appendix (Appendix E) was added to include correspondence related to PRC Section 21080.3.1. These changes aim to clarify the analysis and address comments raised in the NAHC and SCAQMD comment letters. None of the issues raised during the comment period trigger the need to re-circulate the Final IS/MND pursuant to the requirements of State CEQA Guidelines § 15073.5.

Finding and Conclusions – The Final IS/MND includes a discussion of the proposed Project's effects on the existing environment. Significant impacts have been identified for which mitigation is feasible, and the incorporation of which would reduce the impacts to below the level of significance. Construction activities will follow the Harbor Department's *Sustainable Construction Guidelines*, which require the use of cleaner and newer technologies for reducing air emissions. Any hazardous materials encountered during construction will comply with existing regulations for handling, transport, and disposal.

Record of Proceedings – When adopting an IS/MND as required by State CEQA Guidelines §15074, the 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 West 6th Street, San Pedro, CA.

Notice of Determination – In accordance with the State CEQA Guidelines §15075, a Notice of Determination will be filed with the Los Angeles City and County Clerks and the State of California Governor's Office of Planning and Research, State Clearinghouse after the proposed Project is approved. The filing of the Notice of Determination starts a 30-day statute of limitations on court challenges to the approval under CEQA.

DATE: MARCH 6, 2018

PAGE 6 OF 7

SUBJECT: BERTH 240 TRANSPORTATION VESSELS MANUFACTURING FACILITY PROJECT

FINANCIAL IMPACT:

This Board item recognizes the completion of the Final IS/MND for the proposed Project in compliance with CEQA. The estimated cost for the preparation of the IS/MND is approximately \$52,000. The costs associated with the implementation of the proposed Project, will be the responsibility of the tenant. The full financial impact of the proposed Project will be presented in a separate Board action requesting approval of the lease with the WW Marine Composites, LLC.

CITY ATTORNEY:

Based upon the information presented to the City Attorney's Office, the Board may certify that the Final Initial Study/Mitigated Negative Declaration has been completed in compliance with CEQA.

DATE: MARCH 6, 2018

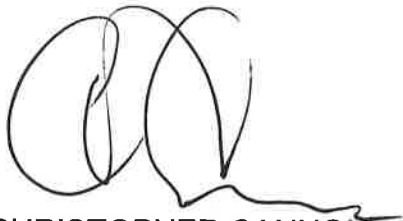
PAGE 7 OF 7

SUBJECT: BERTH 240 TRANSPORTATION VESSELS MANUFACTURING FACILITY PROJECT

TRANSMITTAL:

1. Final Initial Study/Mitigated Negative Declaration

FIS Approval: MB (initials)
CA Approval: ML (initials)



CHRISTOPHER CANNON
Director of Environmental Management



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

CC/yo
AUTHOR: ELISABETH SUH
APP NO.: 170117-008

FILE: Y:\ADMIN\BOARD REPORTS\CEQA\WW MARINE\ENV_BERTH 240 - FINAL.docx
UPDATED: 3/6/2018 2:03 PM - YO