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INFORMATIONAL UPDATE ON THE PORT OF LOS ANGELES' MANAGEMENT OF ITS PUBLIC TRUST LANDS AND RESOURCES

INTRODUCTION:

The California State Lands Commission oversees the management of sovereign Public Trust lands and assets by legislative grantees who manage these lands in trust on behalf of the State. (Public Resources Code section 6301; *State of California ex rel. State Lands Commission v. County of Orange* (1982) 134 Cal.App.3d 20, 23).

The City of Los Angeles, acting by and through the Port of Los Angeles (Port), is a trustee of sovereign tide and submerged lands granted by the Legislature under Chapter 656, Statutes of 1911 and Chapter 651, Statutes of 1929, and as amended. The Port, located in San Pedro Bay, 25 miles south of downtown Los Angeles, is the busiest container port in the United States. The Port encompasses 7,500 acres of land and water along 43 miles of waterfront. It features 27 passenger and cargo terminals, including automobile, breakbulk, container, dry and liquid bulk, multi-use, and warehouse facilities that handle billions of dollars' worth of cargo annually. The Port includes the World Cruise Center, Ports O' Call Village, Vincent Thomas Bridge, Fanfare Fountains and Water Features, the historic Angels Gate Lighthouse, and open green space at 22nd Street and Wilmington Waterfront Parks. The Port is also home to two historic World War II U.S. ships open to the public: the Battleship USS *Iowa* and the cargo ship SS *Lane Victory*.

The Port is directed by a five-member Board of Harbor Commissioners who are appointed by the Mayor and approved by the Los Angeles City Council. The Port derives its revenue from shipping and other services and is considered a landlord port, leasing property to tenants. The lands and waters the Board of Harbor Commissioners control are known as the Harbor District.

The purpose of this staff report is to summarize the Port's trustee responsibilities and to provide an update about the Port's efforts to reduce air pollution from port-related sources, improve air quality at the Port and for neighboring communities, improve water quality, improve sea-level rise preparedness, redevelop portions of the waterfront for visitor-serving uses, and comply with Marine Oil Terminal Engineering and Maintenance Standards.

STATE LANDS COMMISSION JURISDICTION AND AUTHORITY:

The California Legislature is vested with the authority to enact laws involving the State's sovereign Public Trust lands. Since 1851, the Legislature has periodically transferred portions of the State's Public Trust lands to over 80 local governmental entities for management purposes, including California's five major ports.

These granted lands are held in trust for the people of California and must be used for Public Trust purposes, including water-related commerce, navigation and fishing. The granting language conveys the State's legal title to the sovereign lands subject to certain terms and conditions and subject to the common law Public Trust Doctrine. The local government is a trustee for the lands and of any revenue generated from the lands. Public Trust revenues are subject to the same restrictions as the lands themselves. Thus, any use of trust lands or revenues generated from these lands for non-trust or purely local purposes is a violation of the trustee's fiduciary duty to the trust and its beneficiaries. The trust is held for the benefit of the statewide public.

The Commission represents the statewide public interest to ensure that local trustees operate their trust grants in conformance with the California Constitution, granting statutes, and the Public Trust Doctrine. Any residual interest in the State as to the granted lands is vested in the Commission. Public Resources Code section 6301 provides, among other things, "[a]ll jurisdiction and authority remaining in the State as to tidelands and submerged lands as to which grants have been or may be made is vested in the commission." This oversight has ranged from working cooperatively to assist local trustees on issues involving proper trust land use and trust expenditures, to judicial confrontations involving billions of dollars of trust assets, e.g., serving as a*micus curiae* in *Mallon v. City of Long Beach* (1955) 44 Cal.2d 199, 211 and as plaintiff in *State of California ex rel. State Lands Commission v. County of Orange* (1982) 134 Cal.App.3d 20.

In 2016, the Commission adopted its 2016-2020 Strategic Plan, identifying ports and harbor districts as essential partners for driving economic growth and

managing coastal resources. The Strategic Plan identified several key actions that relate to ports and harbor districts, including working with various partners to ensure port policies and programs are consistent with Executive Order B-32-15, including the Freight Mobility Plan, the Sustainable Freight Pathways to Zero and Near-Zero-Emissions and the California Energy Commission's Integrated Energy Policy Report, and working with grantees to ensure that Public Trust land and revenue uses are consistent with the Public Trust.

Recognized Public Trust Uses

Public Trust land uses are generally limited to water-dependent or related uses that promote fisheries, commercial navigation, environmental preservation, water-related recreation, and public access. Public Trust uses may include ports, marinas, docks and wharves, buoys, hunting, commercial and sport fishing, bathing, swimming, public access amenities and boating. Public Trust lands may also be kept in their natural state or restored and enhanced for habitat, wildlife refuges, scientific study, or open space. Ancillary or incidental uses, which are uses that directly promote trust uses, are directly supportive and necessary for trust uses, or are uses that support the public's enjoyment of trust lands, are also permitted. Examples include facilities to serve waterfront visitors, such as hotels, restaurants, shops, parking lots, and restrooms. Other examples are commercial facilities that must be located on or directly adjacent to the water, such as warehouses, container cargo storage, and facilities for the development, production and distribution of mineral resources. Uses that are generally not permitted on Public Trust lands are those that are not water related or dependent and do not serve a statewide public purpose, such as residential, non-maritime related commercial and office uses, or municipal uses.

AIR QUALITY IN SOUTHERN CALIFORNIA:

Cargo movement at California ports by ships, trucks, trains, and other heavy-duty vehicles creates air pollution and contributes to air pollution in the Southern California region. Under the federal Clean Air Act, the U.S. Environmental Protection Agency establishes National Ambient Air Quality Standards for each air pollutant. The California Air Resources Board (CARB) is the state agency with primary jurisdiction over air quality in California. CARB's mission is to promote and protect public health, welfare and ecological resources through the effective and efficient reduction of air pollutants while recognizing and considering the effects on the state economy.

CARB's duties are to establish health-based air quality standards, set and enforce emission standards for motor vehicles, fuels, and consumer products,

conduct research, monitor air quality, identify and set control measures for toxic air contaminants, and oversee and assist local air quality districts that regulate non-vehicular sources of air pollution. The South Coast Air Quality Management District is responsible for clean air planning in the South Coast Air Basin; an area that includes the Port. While air quality has improved in recent years, the area still exceeds federal public health standards for ozone and particulate matter and has some of the worst air pollution in the nation. Additionally, CARB has designated diesel particulate matter (DPM) from diesel-fueled engines as an air contaminant and estimates that approximately 70 percent of potential cancer risk is attributable to DPM in the South Coast Air Basin.

Reducing harmful pollutants from cargo movement at California ports is a state priority and is necessary to comply with the Clean Air Act. Additionally, California has established aggressive targets for reducing greenhouse gas emissions to address impacts from climate change. In 2015, Governor Brown issued Executive Order B-32-15, which requires the State to develop an integrated sustainable freight action plan by July 2016 that establishes clear targets to improve freight efficiency, transition to zero-emission technologies, and increase the competitiveness of California's freight system. The California State Transportation Agency, California Environmental Protection Agency, California Natural Resources Agency, California Air Resources Board, California Department of Transportation, California Energy Commission, and Governor's Office of Business and Economic Development developed a working partnership in an effort to develop an integrated freight action plan by July 2016. The draft plan was released in May 2016 and the comment period ended July 6, 2016. The final plan, released on July 29, 2016, reflects new input provided by stakeholders including industry, labor, regional and local government, and community and environmental groups.

The fulcrum of the integrated freight action plan is state collaboration with industry and environmental and community leaders to refine the actions necessary to achieve a sustainable freight transport system. The action plan includes a long term 2050 vision and guiding principles for California's future freight transport system along with these targets for 2030: Improve freight system efficiency 25 percent by 2030; deploy over 100,000 zero-emission vehicles/equipment and maximize near-zero by 2020; and foster future economic growth within the freight and goods movement industry. If the plan's vision comes to fruition, port operations should create less air pollution and greenhouse gas emissions at ports should decrease.

San Pedro Bay Clean Air Action Plan

The overarching plan to improve air quality in San Pedro Bay is the Clean Air Action Plan. The plan, adopted by the Ports of Los Angeles and Long Beach in 2006, was jointly developed by the ports and reflects input from the South Coast Air Quality Management District. The plan sets emission reduction goals for five years and will be updated and revised periodically. The plan focuses on establishing standards and goals, implementation strategies, control measures, and a technology advancement program, including a goal to establish standards for San Pedro Bay, project specific standards, and source specific performance standards. The source specific performance standards address trucks, ocean-going vessels, and cargo handling equipment, harbor craft, and railroad. The plan's strategy for implementation is anchored on lease requirements and mitigation measures identified through California Environmental Quality Act (CEQA) review.

One of the key goals in the plan is replacing or upgrading the heavy-duty diesel trucks that move containers through both ports and Southern California. Another goal is developing alternate fuel infrastructure for cleaner trucks. To address ocean-going vessels, the plan identifies strategies such as reducing vessel speed and providing shore-side power. The plan includes a technology advancement program to evaluate, demonstrate and incorporate new technology to achieve clean air action goals, including green container transport systems and emerging technology testing.

In 2010, the plan was updated to include a progress update and set new, aggressive goals for the ports to meet. An important element of the update was to add San Pedro Bay standards for reducing port related emissions. The new standards set goals of reducing oxides of nitrogen (NOx) by 22 percent, oxides of sulfur (SOx) by 93 percent and DPM by 72 percent by 2014, and by 2023, reduce NOx by 59 percent, SOx by 92 percent and DPM by 77 percent. Additionally, the ports developed a health risk reduction standard that seeks to lower potential cancer risk associated with diesel particulate by 85 percent by 2020.

In October 2015, the ports of Los Angeles and Long Beach convened a public workshop to discuss the future of the plan. Further action is in abeyance until the State Implementation Plan is submitted to the U.S. Environmental Protection Agency describing how regions not meeting air quality standards will meet the standards. The next Clean Air Action Plan update is expected to proceed in the fall of 2016 or in early 2017.

Port of Los Angeles Clean Air Initiatives

In conjunction with the Clean Air Action Plan, the Port works collaboratively with CARB and South Coast Air Management District to pursue specific clean air initiatives including but not limited to the following:

Air Quality Monitoring Program

The Port has a network of four air monitoring stations that measure ambient air pollution levels in the vicinity of the Port. The stations measure ozone, sulfur dioxide, nitrogen dioxide, carbon monoxide, fine and coarse particulate matter, polycyclic aromatic hydrocarbons and ultrafine particles. The real-time data is available on the Clean Air Action Plan website.

Alternative Maritime Power

Alternative maritime power provides shore-side electrical power to docked vessels, reducing the need to run diesel engines. In 2004, the China Shipping Container Line at the Port became the first container terminal in the world to use alternative maritime power. Currently, the Port has 24 berths with alternative maritime power capabilities.

Clean Trucks Program

The Clean Trucks Program is a central element of the Clean Air Action Plan. The program is intended to phase out older, dirtier trucks. The program bans trucks manufactured before 1989 from hauling cargo to and from terminals and provides financial incentives to purchase clean trucks. The program began in 2008, and when it was fully implemented in 2012, port truck emissions were reduced by more than 80 percent. A central element of the program, the concession program, established a contractual relationship between the Port and licensed motor carriers. Concessionaires are responsible for operating trucks that meet a series of increasingly stringent emissions standards, compliance with vehicle safety and maintenance standards, and safety training for drivers. When available, concessionaires can apply for grants or funding to assist them in putting clean trucks into drayage service. The Port has concession agreements with almost 900 licensed motor carriers.

Zero Emissions Technology: Green Omni Terminal Demonstration Project

In May 2016, Pasha Stevedoring and Terminals L.P. and the Port launched the Green Omni Terminal Demonstration Project; a full-scale, real-time demonstration of zero and near-zero emission technologies at a working marine terminal. At full build-out, Pasha is expected to be the world's first marine terminal able to generate all its energy from renewable sources. The project is funded in part by a $14.5 million grant from CARB for reducing greenhouse gases and other pollutants. As part of the project, Pasha plans to integrate a fleet of new and retrofitted zero-emission electric vehicles and cargo-handling equipment into its terminal operations and demonstrate the latest generation of advanced technology for capturing ship emissions from vessels unable to plug into shore power at berth.

Marina Engine Exchange Program

The Marina Engine Exchange Program is designed to replace old, highly polluting outboard motors with CARB certified 3-Star rated or all-electric motors. The Port sponsors 75 percent of the cost of the motor replacement, including the costs of new motor, replacement labor, and recycling of the old motor. The purpose of this program is to improve air and water quality in the San Pedro Bay.

Alameda Corridor Project

The Alameda Corridor project was developed to reduce air emissions and more efficiently transport cargo from the ports of Los Angeles and Long Beach to the nation. The Alameda Corridor is located in Southern Los Angeles County. The Alameda Corridor is a series of bridges, underpasses, overpasses and street improvements that separate freight trains from street traffic and passenger trains. The centerpiece is the Mid-Corridor Trench, which carries freight trains in an open trench that is 10 miles long, 33 feet deep and 50 feet wide between State Route 91 in Carson and 25th Street in Los Angeles. The Alameda Corridor was financed and is operated by the Alameda Transportation Authority, which is a joint powers authority the cities of Long Beach and Los Angeles formed.

WATER QUALITY:

The Port, together with the Port of Long Beach, expanded its water quality programs in 2009 by developing a coordinated Water Resources Action Plan. The action plan was adopted by both ports in 2009 and is intended to support the attainment of full beneficial uses of harbor waters and sediments by addressing the impacts of past, present, and future port operations, and to prevent port operations from degrading existing water and sediment quality.

The ports developed the action plan with guidance and participation from the California Environmental Protection Agency, the Los Angeles Regional Water Quality Control Board, and the Action Plan advisory committee—a public stakeholder group composed of regulatory agencies, non-governmental organizations, and community representatives. The Action Plan identified 14 control measures intended to fulfill each ports' water resources mission and a technology advancement program to evaluate and demonstrate new technologies that may enhance the protection and improvement of water and sediment quality in the harbor complex. Four types of sources are addressed in the Action Plan through existing and proposed control measures, including land use discharges, on-water discharges, sediments, and watershed discharges.

The ports have issued three progress reports on the Action Plan. The reports focus on the individual control measure and include a summary and status update for each port. Milestones for each control measure were noted, including the current status of each control measure and future plans.

Water and sediment quality in San Pedro Bay has improved over the last few decades through increased monitoring, more aggressive regulation by state and federal agencies, better pollution source control and dredging that has removed accumulated contaminants in harbor sediment. The Port continues to face challenges from contaminants that remain in port sediments, flow into the harbor from port land, and flow from upstream sources in the watershed, well beyond the ports' boundaries.

PORT MITIGATION:

Port operations affect the environment and communities surrounding their operations. While ports have a positive effect on the surrounding communities through high-paying jobs, local tax revenue and economic growth, they have environmental and health impacts through increased air pollution, noise, water pollution, and traffic congestion. Commission staff strongly supports efforts by ports to mitigate their environmental and health impacts.

CEQA requires ports to mitigate the significant impacts of their proposed projects on the environment. When ports located on granted Public Trust lands are required to mitigate for impacts associated with a specific project, the mitigation is generally appropriate whether it occurs on or off port property. The Public Trust Doctrine limits how and where ports can spend their Public Trust revenues. This limitation is important when spending revenue off of port property for community mitigation projects.

Ports located on granted lands may implement discretionary mitigation that is not CEQA-mandated, such as offsetting impacts from general port operations or impacts that have accumulated for years, under certain conditions. Those conditions are: 1) that port operations are directly responsible for the impacts being mitigated; 2) there is a nexus between the direct impacts and the proposed mitigation; 3) the proposed mitigation is proportional to the impacts; and 4) the mitigation is consistent with the Public Trust Doctrine and the ports' overall management responsibilities for the granted Public Trust lands. Layered in with these requirements, any non-CEQA-mandated mitigation would require a CEQA like analysis. (CEQA guidelines for mitigation requirements, California Code of Regulations title 14, section 15126.4(a) (4).)

Direct impacts are impacts from land over which the port has control and impacts from port-related sources originating from or destined for the port. The port cannot use Public Trust revenues to mitigate impacts associated with third-party operations on non-port property, such as container storage yards or warehouses. These uses may cause negative impacts on the community, but these impacts cannot be directly attributed to the port. Activities by third parties on property not under control of the port is the responsibility of local, state and federal governments with applicable jurisdiction.

China Shipping (Berths 97-109) (West Basin Container Terminal)

In 2001, the Port entered into an agreement with China Shipping Holding Company to construct and lease a three-phase container terminal. Subsequently, the Natural Resources Defense Council, the Coalition for Clean Air, and other community groups filed a lawsuit alleging that the Port failed to prepare an adequate Environmental Impact Report.

In 2003, the Los Angeles County Superior Court approved a settlement between the Port and petitioners, enabling the Port to proceed with the China Shipping expansion project; subject to certain restrictions. The stipulated judgment provided for the establishment of a Port Advisory Committee as an advisory

panel to the Board of Harbor Commissioners and for a general mitigation payment of $10 million to the Gateway Cities Program (involving port-related diesel powered on-road trucks), $20 million to air quality mitigation (reduction of air quality impacts from Port operations affecting San Pedro and Wilmington), and $20 million to community aesthetic mitigation (reduction of aesthetic impacts from Port facilities and operations). An amendment to the stipulated judgment increased the mitigation payment to approximately $75 million.

Although the Commission was not a party to the settlement, through an agreement with the Port, Commission staff was involved in monitoring and commented on the process of selecting projects to receive funding from the community aesthetic mitigation fund. Commission staff has not been involved in the Gateway Cities Program or the air quality mitigation fund portion of the settlement.

Under the amended stipulated judgment, any air quality or aesthetic mitigation funds that were not committed to specific projects within five years could be transferred to a mutually agreed upon independent air quality mitigation program to administer the funds. Approximately $9 million of air quality funds were not spent in time so $4 million will be allocated to the Southern California Air Quality Management District to fund their trolley truck demonstration project and $5.2 million will be allocated to the Harbor Community Benefit Foundation for projects that reduce port-related emissions.

In September 2015, the Port began preparing a Supplemental Environmental Impact Report for the China Shipping Project to review and possibly revise certain mitigation measures that were analyzed in the 2008 Final Environmental Impact Statement/Final Environmental Impact Report. The Supplemental Environmental Impact Report will analyze the continued operation of the China Shipping Container Terminal under new or modified mitigation measures. The notice of preparation was released in September 2015 and the scoping meeting was held in October 2015.

Recently, the Port has initiated an audit of mitigation measures that were adopted when the Port certified the Environmental Impact Reports for the China Shipping and TraPac container terminal projects. According to the Port, 41 of the 52 mitigation measures required at the China Shipping terminal are complete, resulting in a 79 percent compliance rate. The Port has not completed all of the measures it agreed to implement to reduce impacts relating to air pollution, noise, and traffic. There are six measures relating to air quality that the Port has failed to complete, including enforcing alternative maritime power requirements,

enforcing vessel speed reduction, and converting certain yard equipment to meet higher air quality standards. The outstanding traffic mitigation measures are for the Port to provide four additional streets around the project area. Relating to the noise requirements, the Port is required to install noise walls, if feasible, or otherwise soundproof the impacted noise-sensitive structures.

TraPac Container Terminal (Berths 136-147): Harbor Community Benefit Foundation

In 2007, the Los Angeles Board of Harbor Commissions certified an Environmental Impact Report to expand the TraPac terminal. Community groups and non-governmental organizations (referred to as the TraPac Appellants) challenged the Environmental Impact report and appealed its approval to the Los Angeles City Council. In exchange for withdrawing their appeal and allowing the TraPac terminal expansion project to proceed, the TraPac Appellants and the Port entered into a Memorandum of Understanding (MOU).

The MOU required the Port perform certain mitigation. The Port has completed 49 of the 52 mitigation measures required at the TraPac terminal, resulting in a 94 percent compliance rate. The Port has not completed all of the measures relating to air pollution and traffic impacts. The two outstanding air quality mitigation measures are enforcing the requirement relating to alternative maritime power and upgrading certain yard equipment. The outstanding traffic mitigation measure is to provide an additional lane on an existing street in the project area.

In addition to requirements to mitigate specific project related impacts identified in the Environmental Impact Report, the MOU required the creation of a Community Mitigation Fund for non-project related migration for port impacts. The Community Mitigation Fund was established in October 2008 and funded with approximately $16 million of Port trust funds. The MOU required the Port to place a deed restriction on the Wilmington buffer property, which are lands acquired by the Port with trust revenues and therefore an asset of the trust, to ensure the property remains as public open space in perpetuity.

Commission staff expressed significant concerns with the MOU and its implementation as its relates to the Wilmington buffer dedication, the funding of the Community Mitigation Fund, and the creation of a third party nonprofit organization to manage the fund. The Wilmington buffer dedication was concerning because trustees lack the authority or power to dedicate land to a specific use in perpetuity, even if the use is trust consistent. Additionally, the

MOU inadequately describes the relationship between the funding amounts and the mitigation needs or nexus associated with port specific impacts. Finally, Commission staff was concerned that a third-party managing the Fund may mean that the Port was unlawfully delegating its fiduciary duties and powers as a trustee for the state of California.

The MOU requires the Community Mitigation Fund to be administered by the Harbor Community Benefit Foundation; a third-party, nonprofit organization. The Foundation was incorporated and had its first Board of Director's meeting in 2011. The MOU also provides for the Port to fund a study to analyze off-port impacts to help identify impacts caused by Port operations and document and justify mitigation measures that mitigate these off-port impacts. This initial study was completed prior to the Foundation's creation. As required by the MOU, the Foundation is conducting a second, more expansive study to help document and justify efforts to mitigate off-port impacts. The second study is estimated to be completed in late 2016.

Over the last five years, the Port and the Foundation have awarded $3.3 million for local projects. Despite concerns with the MOU, Commission staff offered assistance to the Port in its implementation of the MOU to facilitate consistency with the Public Trust Doctrine, the California Constitution and the Port's fiduciary duties as a state trustee. Commission staff continue to offer assistance to the Foundation as it identifies mitigation projects to fund. Ultimately, the Board of Harbor Commissioners must approve any mitigation projects before Port trust funds can be spent. While Commission staff does not have the authority to approve or deny a project, Commission staff may advise the Foundation and the Port whether proposed funding project is consistent with the Public Trust Doctrine and the Port's statutory trust grants.

The Foundation is working with the Port and TraPac Appellants to renew the MOU for an additional 5 years, which would extend the agreement to May 2021, and to secure additional funding. The Foundation is also contemplating developing other funding sources to serve the community in broader ways.

SEA-LEVEL RISE PREPAREDNESS AND ADAPTATION AT THE PORT:

In addition to its greenhouse gas emissions reduction and mitigation programs, the Port is preparing for sea-level rise and other associated impacts of climate change, such as increasingly frequent and stronger winter storm and tidal events, and accelerating coastal erosion. By 2100, Southern California could experience approximately 3 to 5 ½ feet of sea-level rise compared to average sea levels in the year 2000 (NRC, 2012). Though there is considerable uncertainty associated

with the magnitude and rate of sea-level rise and associated impacts, these environmental changes have the potential to disrupt and alter the Port's operations and degrade its infrastructure. The Port's vulnerable assets include 43 miles of waterfront land, over twenty large steel and concrete container and cargo ship terminals, nearly 80 crane foundations for loading and unloading, transportation hubs for trucks and trains, and container storage facilities. The Port recognizes that climate change impacts pose safety, environmental quality, and financial risks that may be minimized through preparation and adaptation.

The Port and the California Energy Commission partnered in 2012 to study various sea-level rise scenarios in relation to large capital infrastructure investment to better understand its vulnerability and future planning options. A robust decision-making process model that identified cost-benefit investment thresholds of hard armoring adaptation strategies was applied to four different representative terminals. The model found that hard armoring at the next upgrade would only benefit the lowest elevation terminal of those investigated, the Alameda and Harry Bridges Crossing, situated 6.13 feet above mean sea-level. To inform future decisions in response to sea-level rise and coastal climate change impacts, this model could be expanded to include a greater variety of infrastructure types as well as adaptation strategies for consideration.

Additionally, the Port is required to submit a sea-level rise assessment for its granted Public Trust lands to the Commission by 2019 (AB 691, Muratuschi, Chapter 592, Statutes of 2013). In the Draft Environmental Impact Report for the 2013 Master Plan Update, the Los Angeles Harbor District identified that flooding and inundation from sea-level rise are a concern. The Port should adequately characterize its comprehensive vulnerability and risk from sea-level rise, assess and propose appropriate adaptation measures, and disclose the estimated economic impacts of sea-level rise in the sea-level rise assessment required under AB 691.

WATERFRONT REDEVELOPMENT:

The Port of Los Angeles waterfront consists of a series of developments and community enhancement projects traversing more than 400 acres of existing port property in the harbor communities of San Pedro and Wilmington. This area has changed dramatically over the last decade. Listed below is a snapshot of recent and current waterfront projects.

Wilmington Waterfront Promenade

Characterized as creating a "window on the waterfront" for the Wilmington community, this project includes a waterfront promenade, pedestrian plaza, parking lot, realignment of Water Street adjacent to the railroad tracks and parking northwest of Banning's Landing Community Center. Project improvements to the 8-acre site will include landscaping, irrigation, signage, lighting, as well as site furnishings such as public seating, bike racks and public drinking fountains. Construction is expected to begin in 2018 at a total project cost of $52.7 million, paid by the Port of Los Angeles.

Ports O' Call Village/San Pedro Public Market

Originally built in 1963, Ports O' Call Village was a popular regional destination for many years. With 150,000 square feet of under-used property, the 30-acre parcel could expand to 300,000 square feet of commercial, retail, and restaurant space, with an additional 75,000-square foot conference center. The final build-out size of the redevelopment site will depend on market demand and recommendations from the master developer. Plans for the proposed San Pedro Public Market include 16 acres of restaurants, shopping, fresh markets, office space and a waterfront promenade with ample outdoor space and an open-air amphitheater for live entertainment. The Board of Harbor Commissioners and the City Council recently approved a 50-year lease for the new San Pedro Public Market on the site of the current Ports O' Call Village. Construction is expected to begin in 2017 at a partial project cost of $90 million, paid by the developer, LA Waterfront Alliance (The Ratkovich Company and Jerico Development). If approved by the Los Angeles Harbor Commission, San Pedro Public Market is projected to open in 2020.

The Downtown Harbor Project

The downtown harbor project uncovered 1.2 acres of existing waterfront between Fire Station 112 and the Los Angeles Maritime Museum. Previously a parking lot, the space has been revitalized with a new harbor inlet for recreational vessels to dock free of charge for up to four hours. Surrounding the inlet is a modern town square and pedestrian promenade that features trees and landscaping, decorative lighting, a picnic area, and an overlook pier. The North Promenade extension near the Battleship USS *Iowa* Museum is a landscaped area that includes park benches with a waterside view. Entrance is on Harbor Boulevard, just north of Downtown Harbor at 5th Street. Construction was completed in June 2014 at a total project cost of $47.4 million, funded by the Port.

Outer Harbor

Berths 45-49 at the Port is an outer harbor cruise ship dock and event site with a concrete wharf and on-site parking. The 12-acre location was covered in paved asphalt, with added electrical, water and sewer connections. Featuring 360-degree views of Cabrillo Beach and San Pedro Bay, it is an outdoor venue for concerts, festivals, and sporting events. Past public events held at the outer harbor include Cirque du Soleil TOTEM, Red Bull Global Rallycross, and Port Nationals Kustoms & Bobbers Show. The SS Lane Victory Merchant Marine Museum and Memorial, open to the public year-round, is docked at Berth 49. Construction was completed in 2014 at a total project cost of $198,000, funded by the Port.

Wilmington Marina Parkway

The Wilmington Marina Parkway includes 3 acres of landscaped promenade along Anchorage and Shore roads, just west of the Terminal Island Freeway SR-103, in Wilmington. Amenities include landscaping and irrigation, with more than 200 trees and 2,500 shrubs planted along 2,000 feet of a paved, meandering path. The Parkway includes picnic tables, park benches, trash/recycle receptacles with built in solar-powered trash compactors, and pet stations. Construction was completed in February 2014, at a total project cost of $1.2 million, paid by the Port of Los Angeles through mitigation funding.

Crafted at the Port of Los Angeles

Crafted at the Port of Los Angeles opened in 2012 and transformed two 1940s-era warehouses into a large-scale permanent craft marketplace. The marketplace hosts a community of local artists, handmade goods, gourmet concessions, and live music and entertainment. The indoor venue contains 140,000 square feet between both warehouses, with 500 vendor stalls, a large outdoor courtyard, and a craft brewery.

Cabrillo Way Marina and Wilmington Waterfront Park

The Port has received project achievement awards from the Southern California Chapter of the Construction Management Association of America for two of its major waterfront development projects: Cabrillo Way Marina in San Pedro and Wilmington Waterfront Park in Wilmington.

Cabrillo Way Marina is a 700-slip marina traversing 87 acres of land and water in the West Channel/Cabrillo Beach Recreational Complex, which is located south of 22nd and Miner streets. The project updated a decades-old marina facility and added a mile of public waterfront promenade. Construction of the marina began in 2009 and was completed in December 2011; it is the largest Los Angeles waterfront and non-terminal construction project at the Port.

Wilmington Waterfront Park, constructed on adjacent Port property that was vacant, is intended as a buffer between Port operations and adjacent residences. The Park's 16-foot high slope along the south border is a noise barrier and provides elevated views of the Port from a new Promenade. The Park is a 30-acre landscaped area with gentle slopes, lawns, trees, bike paths, walkways, benches, water features, pedestrian bridges, restrooms, elevated observation points, a public events plaza, children's playground, barbeques, and a picnic grove.

MARINE OIL TERMINAL ENGINEERING AND MAINTENANCE STANDARDS (MOTEMS) COMPLIANCE AT THE PORT:

Seven marine oil terminals (MOTs) operate at the Port including MOTs operated by ExxonMobil, Phillips 66, Vopak, Valero, NuStar, Shell and Kinder Morgan. MOTs are regulated by the Commission pursuant to the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act of 1990 and must comply with Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS). MOTEMS comprises Chapter 31F of the California Building Code, which establishes minimum engineering, inspection and maintenance criteria for MOTs to prevent oil spills and protect public health, safety and the environment.

MOTEMS requires MOTs to perform periodic audits and inspections (both above and below the waterline), involving structural, seismic, geotechnical, mooring, berthing, fire protection, piping/pipeline, mechanical, electrical and corrosion evaluations, to assess structural and non-structural systems integrity and confirm MOTs continued "fitness-for-purpose." Berthing and mooring systems must be adequate for all vessels calling at each berth, hazards must be mitigated, and modern seismic standards must be satisfied. MOTEMS audits include field work and engineering analyses.

The MOTs located at the Port have completed two cycles of MOTEMS audits that identified a large number of operational and seismic deficiencies, which were rated for their severity. Therefore, as an interim measure, Commission staff imposed terminal operating restrictions to ensure that noncompliant MOTs could still operate safely. Typical operating restrictions include monitoring of vessel

berthing velocity, tug-assisted berthing, lowering of operating wind speeds, vessel size limitations, and load and marine hardware restrictions. Although all MOTs located at the Port are currently noncompliant with MOTEMS, they are operating safely within the restricted terminal operating limits specifically established to account for their reduced capacity.

Nevertheless, the overall condition of MOTs located at the Port is a concern. Currently, no MOT located at the Port is compliant with MOTEMS seismic standards; thus presenting a significant risk to operations in the event of a seismic event. An oil spill from a large earthquake has the potential to close the Port, or portions thereof, with serious consequences for the region's refining capacity and severe economic impact to the region.

Recognizing that fixing aging infrastructure requires time and a multi-million dollar effort, the MOTEMS regulations were purposely designed to give considerable compliance flexibility to account for delays due to annual budget funding, lease agreements, environmental, permitting and other regulatory hurdles. To keep MOTs functioning during repairs and to maintain fuel supplies to local markets, MOTEMS does not place firm dates for completing rehabilitation, but relies on a schedule, mutually agreed upon by the port/operator and the Commission.

Commission staff regularly interacts with Port executives and MOTs management. During the most recent meeting between Port and Commission staff in May 2016, the Port expressed renewed commitment to fully execute the necessary MOTEMS upgrades at the MOTs. The Port indicated its intention to have executed term sheets for lease renewals at all seven MOTs as soon as possible. It is staff's understanding that four of the seven MOTs have executed lease renewal term sheets. Two are close to being fully executed. According to Port staff, there remains one MOT, Nustar, who is unresponsive. In addition, the Port has begun the CEQA process for two MOTs (Valero and Shell). Conceptual designs were completed for all MOTs and detailed designs are in progress.

OTHER PERTINENT INFORMATION:

1. In 2014, the Commission held two public hearings to consider and review information regarding an existing revocable permit issued by the Port of Los Angeles to Rancho LPG Holdings LLC for the use of a railroad spur located on lands granted to the Port. (October 14, 2014, Calendar Item 109) (June 14, 2014, Calendar Item 91)The Commission and the Port have no jurisdiction over the facility located adjacent to Port property. The Commission has broad discretion and authority to review activities of local trustees; however, it has limited authority to stop an action or decision by

a grantee. Staff reviewed the railroad spur for consistency with the Port's granting statute and the common law Public Trust Doctrine. Staff concluded that the Port did not violate its statutory trust grant or the Public Trust Doctrine by issuing a revocable permit to Rancho LPG for the use of a railroad spur. The Commission directed staff to continue to work with the Port on any issues involving the Rancho LPG revocable permit. Commission staff contacted numerous regulatory agencies with jurisdiction over Rancho LPG to confirm that compliance with various environmental and safety laws. Staff reported back to the Commission regarding Rancho LPG's liability insurance, corporate structure and the U.S. EPA investigation and continues to work with the Port when any new issues arise.

2. In 2008, the Commission held a hearing on the relationship between mitigation of port operational impacts and the Public Trust Doctrine (October 16, 2008, Calendar Item 60).

3. This informational report to the Commission is consistent with Strategy 1.2 of the Commission's Strategic Plan to provide that the current and future management of ungranted sovereign lands and resources and granted lands, including through strategic partnerships with trustee ports and harbor districts, are consistent with evolving Public Trust principles and values, particularly amid challenges relating to climate change, sea-level rise, public access and complex land-use planning and marine freight transportation systems.

4. The California Legislature has established a Senate Select Committee on Ports and Goods Movement. The Select Committee Chair is Senator Ricardo Lara; its jurisdiction includes conducting informational hearings, research, and oversight. The Select Committee issued a report in 2016 entitled *Keeping California Ports Competitive 2016 Report*. The Legislature also established an Assembly Select Committee on California Ports. Assemblymember Patrick O'Donnell is the Chair. The Select Committee held a joint hearing with the Assembly Transportation Committee on June 20, 2016, that focused on creating a sustainable freight strategy for California. The select committee's jurisdiction includes conducting informational hearings, research, and oversight.

5. The Port and its operations are regulated by numerous local, regional, state and federal agencies, including but not limited to the following:

Federal:
- U.S. Environmental Protection Agency
- U.S. Army Corps of Engineers

State:
- California Air Resources Board
- California Environmental Protection Agency
- California State Lands Commission
- California Department of Toxic Substances

Regional:
- South Coast Air Quality Management District
- Los Angeles Regional Water Quality Control Board

Local:
- City of Los Angeles