

China Shipping Settlement



Faster Freight – Cleaner Air Conference 2006

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China Shipping Background

- In 2001, the Port of Los Angeles granted a permit and lease to China Shipping to construct a massive 134 to 174 acre container terminal complex in San Pedro.
- No site-specific environmental review was prepared as required under the California Environmental Quality Act (“CEQA”), and no measures were adopted to protect the environment or nearby residents from the project’s significant impacts.

West Basin Berths 97-109



*Pictures Provided From POLA Public Scoping Meeting Presentation on July 10, 2003.

Phase 1 from 2003 EIR



Phase II



Phase III



Why We Sued the Port of LA

- *There would have been devastating air pollution, human health, and other impacts that were not studied or mitigated*
 - *Over one million “TEUs”* (or, twenty-foot equivalent units) projected to pour into and out of this project site every year, resulting in:
 - *Over one hundred additional vessel calls,*
 - *Over one million diesel truck trips,*
 - and a marked increase in the use of diesel-powered tug boats and highly-polluting yard tractors.
- *Port was not responsive to community needs*
 - Community received virtually no notice of the project or the Port’s approval.
 - Community concerns were ignored. We had no other choice.

The Lawsuit

- NRDC, along with the Coalition for Clean Air and two Community Groups, sued POLA in 2001 over its failure to comply with CEQA.
- In 2002, after a year and a half of litigation, the court of appeal issued an injunction immediately stopping all construction and operation of the terminal until the Port complies with the law.

China Shipping Settlement Cleaner Yard Equipment

- All Yard tractors run on cleaner, alternative fuels
- All other yard equipment will have diesel oxidation catalysts (DOCs) and use emulsified diesel fuel
- Switching from diesel to alternative fuels, such as natural gas, can reduce smog-forming NOx by more than 60% and toxic PM emissions by 30%.



China Shipping Settlement Truck Replacement Program

- Port will pay \$10 million to Gateway Cities to fund replacement of old, dirty diesel trucks



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- Port will also spend \$40 million on additional air quality measures and aesthetic mitigation in San Pedro and Wilmington.



China Shipping Settlement Low-Profile Cranes

- The Port and China Shipping agreed to use low-profile cranes at one of the berths, which are about half the height of regular gantry cranes.



Benefits of the Settlement

The settlement helped to prove:

- It is feasible to implement stringent green measures, such as cold ironing, at commercial container terminals;
- Ports can require shipping companies to adopt green measures through their leases and contracts (China Shipping agreed by contract to implement these measures);
- In addition, when cities often have the power to approve new terminal projects (as in this case), they too can require green measures as part of the “deal.”

Benefits of the Settlement

- The port was able to move forward with the terminal.
- China Shipping is happy with the new, clean technologies, including cold ironing.
- The community was able to ensure the terminal will be green.
- The Port still will prepare an EIR for the project, which will likely result in additional measures that will offset all remaining impacts.

Lessons Learned

- Since the settlement resulted from a contentious litigation, areas of dispute still remain. For example:
 - The Port has indicated an unwillingness to use low-profile cranes.
 - The State Lands Commission has opposed the use of port funds to build parks in the communities, off of port lands.
- As a result, it has been difficult for the community to realize the full benefits of the settlement.

Lessons Learned

- The Port spent millions of dollars on attorney fees and court costs, as well as damages to China Shipping for delaying its use of the terminal.
- This money would have been better spent on measures to protect the community.

What is the Better Approach?

- Require stringent mitigation measures in every new and renegotiated lease.
- An Example of this is the reuse project at Berths 206-209 at Port of Los Angeles.



What is the Better Approach?

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FOR IMMEDIATE RELEASE

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PORT OF LOS ANGELES HARBOR COMMISSIONERS CERTIFY ENVIRONMENTAL IMPACT REPORT WITH LANDMARK ENVIRONMENTAL MEASURES

*Cleaner-Burning Ship Fuel and Other Requirements for Proposed
Container Terminal Lease with P&O Nedlloyd Will Set a New
Industry Benchmark in "Green" Initiatives*



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After 5:00 p.m.:
310/732-8500

SAN PEDRO, Calif. – The Los Angeles Harbor Commission Wednesday evening approved an Environmental Impact Report (EIR) that will outline the most environmentally stringent lease agreement ever executed between a

- Although even more measures are needed for this terminal, POLA seems to be moving in the correct direction.

What is the Better Approach?

- In addition to requiring measures through leases, the port must determine what measures will be required for each new and expansion project as part of a CEQA Process *that ensures the full participation of the public.*
- This means ensuring that the public has many opportunities for public comment, and, more importantly, that *public comment is taken seriously and incorporated into the final project.*



- If the Port does this right, it will be able to expand, while *reducing* health risks and other impacts to neighboring communities.
- It will also benefit from good relations with its neighbors, instead of the contentious relations that have plagued the port for years.

