



STOCKTON PORT DISTRICT

Board of Port Commissioners

April 15, 2019

Pursuant to notice duly given, the regular meeting of the Board of Commissioners of the Stockton Port District was held on April 15, 2019, in Room 18 of the Port of Stockton Administration Building located at 2201 West Washington Street in Stockton, California.

COMMISSIONERS PRESENT: R. Jay Allen
*Elizabeth (Liz) Blanchard,
Gary Christopherson
Michael Patrick Duffy, Vice Chairman
Stephen Griffen, Chairman
Victor Mow

COMMISSIONERS ABSENT: None

COMMISSIONERS EXCUSED: None

OTHERS PRESENT: Richard Aschieris, Port Director
Steve Escobar, Deputy Port Director
Jason Katindoy, Director of Maritime Operations
Michelle Bowling, Interim Director of Finance
Sylvester Aguilar, Port Real Estate & Properties
Development Manager
Jason Cashman, Environmental & Regulatory
Affairs Manager
Debbie Calli, Properties Manager
Ricardo Navarro, Superintendent
Steven A. Herum, Port Counsel
Kathryn Oehlschlager, Attorney
Katie Chamberlin, Consultant
Lena DeSantis, Consultant
Lora Granovsky, Consultant
Melanie Rodriguez, Secretary to the Board

* Commissioner Blanchard arrived at 3:40 p.m. during agenda item #5.

A quorum being present, the meeting was called to order by Chairman Stephen Griffen at 3:30 p.m. Chairman Stephen Griffen presided and Melanie Rodriguez, Secretary to the Board, acted as Secretary for the meeting.

CONSENT CALENDAR

In compliance with Port Policy Statement #003, the Consent Calendar items of business, having been provided to each member of the Board prior to this meeting, the Commissioners present acted upon all Consent Calendar items of business under one vote.

Commissioner Mow moved, to adopt the following resolution:

MINUTES OF APRIL 1, 2019 MEETING

Resolution #8123: RESOLVED, that the minutes of the regular meeting of the Board of Commissioners of the Stockton Port District held on the 1st day of April 2019, as the same are endorsed on Page No. 031 to Page No. 035, inclusive, of Minutes Book No. 61, be and they are hereby approved.

Resolution #8123 was passed by the following vote:

COMMISSIONERS IN FAVOR:	Allen, Christopherson, Duffy, Griffen, Mow
COMMISSIONERS AGAINST:	None
COMMISSIONERS ABSTAINING:	None
COMMISSIONERS ABSENT:	None
COMMISSIONERS EXCUSED:	Blanchard

CONSIDERATION OF ITEMS REMOVED FROM THE CONSENT CALENDAR

Chairman Griffen acknowledged there were no items removed from the Consent Calendar.

POSSIBLE CONSIDERATION AND APPROVAL OF A CATEGORICAL EXEMPTION 15061(b)(3) PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA); AUTHORIZATION FOR PORT STAFF TO FILE A NOTICE OF EXEMPTION RELATED THERETO; AND AUTHORIZATION FOR THE PORT DIRECTOR TO SIGN THE PG&E TRANSMISSION FACILITIES AGREEMENT ON BEHALF OF THE PORT AND APPROVE THE PAYMENT OF UP TO \$588,906 TO PG&E FOR THE STOCKTON TAP-LINE RECONDUCTORING PROJECT

Port Deputy Director Escobar provided an executive summary of this agenda item. Mr. Escobar's presentation included the following:

Background:

- The Port was made aware of deficiencies with PG&E's electric service network serving the Port's West Complex in the early part of 2018
- Port staff briefed the Board on this issue in March 2018
- The Port was under the assumption that it had a 20 megawatt (MW) service capacity, in reality it had a 8.5/9 MW service capacity
- PG&E originally estimated the necessary network upgrades would be completed by the end of 2021, then revised the completion schedule to the early – middle part of 2020
- PG&E is currently estimating completion of the network upgrades by the middle of 2019

Project Summary:

- As part of the on-going PG&E network upgrades, PG&E needs to reconductor the 60 kilovolt (kV) Tap Line that serves the Port's substation
- The 60 kV Tap Line is the Port's interconnection to PG&E's 60 kV service network and therefore the costs for the improvements are the Port's responsibility
- PG&E is requesting that the Port execute a Transmission Facilities Agreement (TFA) and pay the associated costs of the improvements before PG&E will begin work on the line segment

Estimated Costs:

- \$240,000 for the Tap-Line (estimated cost for materials and labor, subject to adjustment once construction is completed)
- \$57,600 for PG&E's Income Tax Component of Contribution
- \$155,405 for Cost of Ownership (PG&E's one-time charge or \$912 per month in perpetuity)
- \$453,005 Total (estimated up-front payment to PG&E)
- \$588,906 Total with contingency (\$135,901 contingency*)

*PG&E can take up to a year to provide the actual costs of construction

The capital improvement cost of \$453,005 would be covered by the Port's unrestricted cash. During construction, PG&E has a contractual obligation to inform the Port if the costs are projected to be more than twenty-five percent (25%) of the original estimate. Once the final figure is known, the Port will either receive a bill or a credit for the difference.

PG&E is planning to have all the line upgrades completed by the end of June 2019. PG&E is planning on shutting down power during one of the last weekends in June to perform the final cutover for service. Port Tenants have already received a preliminary notice of the planned outage. Once PG&E confirms that the completion of work is on schedule, staff will send a confirmation notice of the planned outage to the Port Tenants.

The Board is asked to consider and approve a categorical exemption 15061(b)(3) pursuant to the California Environmental Quality Act (CEQA); authorization for Port staff to file a Notice of Exemption related thereto; and authorize the Port Director to sign the PG&E Transmission Facilities Agreement (TFA) on behalf of the Port and approve the payment of up to \$588,906 to PG&E for the Stockton Tap-Line Reconductoring Project.

Chairman Griffen acknowledged Mr. Kevin McDonnell from the International Longshore and Warehouse Union (ILWU) Local 34 Ship Clerks Association. Mr. McDonnell requested that the Longshoremen receive notice of the planned power outage.

Commissioner Christopherson moved, to adopt the following resolution:

Resolution #8124: RESOLVED, that pursuant to Port staff review of, and belief that the Stockton Tap-Line Reconductoring Project is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15061(b)(3) the Stockton Port District Board of Commissioners hereby adopts a CEQA Categorical Exemption for the Stockton Tap-Line Reconductoring Project and authorizes the filing of a Notice of Exemption related thereto with San Joaquin County; and

RESOLVED FURTHER, by the Board of Commissioners of the Stockton Port District that the Port Director is hereby authorized, empowered and directed to sign the PG&E Transmission Facilities Agreement (TFA) on behalf of the Port and approve the payment of up to \$588,906.00 to PG&E for the Stockton Tap-Line Reconductoring Project; and

RESOLVED FURTHER, that the Port Director is authorized, empowered and directed to ensure that the provisions of this resolution are appropriately effected.

Resolution #8124 was passed by the following vote:

COMMISSIONERS IN FAVOR:	Allen, Blanchard, Christopherson, Duffy, Griffen, Mow
COMMISSIONERS AGAINST:	None
COMMISSIONERS ABSTAINING:	None
COMMISSIONERS ABSENT:	None
COMMISSIONERS EXCUSED:	None

COMMITTEE REPORTS

Ad Hoc Committee

On April 8, 2109 an Ad Hoc Committee comprised of Vice Chairman Duffy and Commissioner Mow met with Port Director Aschieris and staff to discuss the Request for Proposals that the Port received related to the Port's Strategic Plan.

PORT DIRECTOR'S COMMENTS

Port Director Aschieris provided an executive summary of recent Port activities.

- The Navy Drive Bridge Project is approximately ninety-five percent (95%) complete and the Navy Drive Widening Project is complete except for the lights at the signal on Navy Drive and Washington Street. The Dock 12/13 Rehabilitation Project is approximately sixty percent (60%) complete. The Fyffe Avenue Grade Separation Project design phase is thirty percent (30%) complete.
- Current calendar year-to-date shipping reflects 75 ships. Shipping activity for the same period in 2018 reported 81 ships. Since the last Commission meeting, 11 ships have called at the Port.
- Current calendar year-to-date tonnage totaled 1,440,225 metric tons. Tonnage for the same period in 2018 totaled 1,327,443 metric tons. Since the last Commission meeting, 281,422 metric tons of fertilizer from Belgium, Malaysia, Norway, Estonia and Trinidad, cement/slag from China, steel from Japan, dry bulk to Japan and miscellaneous dry bulk have been handled.

COMMISSION COMMENTS

Chairman Griffen shared that he is glad that the Port is busy as it provides family wage jobs.

PUBLIC COMMENTS ON NON-AGENDA ITEMS

Chairman Griffen acknowledged Mr. Kevin McDonnell from the International Longshore and Warehouse Union (ILWU) Local 34 Ship Clerks Association. Mr. McDonnell shared information about the discharging of the MV Pacific Spike. He also shared that there have been three accidents on Navy Drive related to the median. Additionally, he shared that the road between the two rail crossings on West Washington Street are in need of repair.

Chairman Griffen acknowledged Mr. Eric Reyes from the International Longshore and Warehouse Union (ILWU) Local 54. Mr. Reyes shared information about Dock 10.

CLOSED SESSIONS: (A) PURSUANT TO GOVERNMENT CODE §54956.8 REAL PROPERTY TRANSACTION: RECEIVE REPORTS FROM, GIVE INSTRUCTIONS TO & CONFER WITH PORT NEGOTIATOR RICHARD ASCHIERIS REGARDING POTENTIAL REAL PROPERTY TRANSACTION RELATIVE TO 80 NORTH PORT ROAD 13, STOCKTON, CA; AND (B) PURSUANT TO GOVERNMENT CODE §54956.8 REAL PROPERTY TRANSACTION: RECEIVE REPORTS FROM, GIVE INSTRUCTIONS TO & CONFER WITH PORT NEGOTIATOR RICHARD ASCHIERIS REGARDING POTENTIAL REAL PROPERTY TRANSACTION RELATIVE TO 2404 PORT ROAD M, STOCKTON, CA

At 3:57 p.m., Chairman Griffen announced that, in accordance with the Ralph M. Brown Act, an executive sessions would be conducted by the Board of Commissioners pursuant to Government Code §54956.8. The general public and other Port staff were excused from the meeting, and the closed session commenced at 3:59 p.m. Deputy Port Director Escobar, Director of Maritime Operations Katindoy, Interim Director of Finance Bowling, Port Real Estate & Properties Development Manager Aguilar, Environmental & Regulatory Affairs Manager Cashman, Properties Manager Calli, Superintendent Navarro, Attorney Herum, Attorney Oehlschlager, Consultant Chamberlin, Consultants DeSantis and Granovsky via telephone remained for the executive session.

At 4:44 p.m., Chairman Griffen re-opened the meeting in public session. He reported that the Port Commission took no formal, reportable actions during the closed session.

CONSIDERATION AND POSSIBLE APPROVAL OF ORDINANCE #253 TO CERTIFY AND ADOPT A FINAL ENVIRONMENTAL IMPACT REPORT AND RELATED FINDINGS, STATEMENT OF OVERRIDING CONSIDERATIONS AND MITIGATION MONITORING AND REPORTING PROGRAM PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA); AUTHORIZATION TO FILE A NOTICE OF DETERMINATION RELATED THERETO IN ACCORDANCE WITH CEQA; AND, APPROVAL OF A PROPOSED LEASE AGREEMENT WITH CONTANDA TERMINAL, LLC FOR FOURTEEN YEARS WITH FIVE 5-YEAR OPTION PERIODS FOR APPROXIMATELY 4.14 ACRES AT 80 NORTH PORT ROAD 13 ON THE EAST COMPLEX

Port Deputy Director Escobar provided an executive summary of this agenda item. Mr. Escobar's presentation included the following:

Background:

- Contanda has been a Port tenant since 2008
- Contanda (formerly Westway Terminals) changed their name in 2016
- As part of Contanda's ongoing expansion efforts, the Board approved a lease renewal in December 2018 for their existing facility north of Port Road A

Project Summary:

- Contanda would construct above ground storage tanks (ASTs) on a vacant parcel of ±4.14 acres located south of Port Road A and east of Port Road 13
- The purpose of the proposed project is to satisfy a portion of growing local market demand for renewable transportation fuels
- Contanda is proposing to develop a new bulk liquid terminal to receive, store and transfer renewable diesel
- The proposed project also includes construction of secondary containment, truck racks, pumps and above ground pipelines to transfer liquids between the new ASTs, berth, railcars and trucks
- Contanda intends to have the new terminal facilities in commercial operation during the second half of 2020
- Contanda will construct a total of sixteen (16) ASTs at the project site with total storage capacity of 380,000 barrels as follows:
 - Ten (10) ASTs with 20,000 barrels each (200,000 barrels)
 - Six (6) ASTs with 30,000 barrels each (180,000 barrels)
 - All of the ASTs will have secondary containment
- The new terminal site will be served by existing rail racks at their existing facility north of Port Road A to unload railcars
- Renewable diesel will then be pumped to the new terminal tanks through new above ground pipelines
- Contanda expects to receive cargoes via 50,000 deadweight tonnage (DWT) class vessels carrying 10,000 to 14,000 metric tons each and use ship pumps to offload renewable diesel in 12 hours or less
- Contanda will install a new above ground pipeline to facilitate cargo transfers from Berth 7/8 to storage tanks at the project site
- Renewable diesel will be loaded into tank trucks at two new fully automated truck bays located at the project site
- Renewable diesel imports to California are largely being driven by the state's climate change goals

Lease Term and Escalations:

- Initial term of 14 years and 8 months with five 5-year option periods
- Annual escalation based on the Consumer Price Index
- If necessary, reappraisal to market valuation every 10 years

Capital Investment:

- Approximately \$20 to \$30 million depending on final configurations

Guarantor/Obligor:

- Bishop Infrastructure II, LLC
- Contanda Terminals, LLC

Job Creation:

- Up to 15 full time positions with salaries up to \$90,000; with 50 indirect support jobs; and up to 100 construction jobs

Revenue:

- Rent will be \$124,200 annually or \$10,350 per month (at full rent)
- No rent during the “Feasibility Period” (ends on or before December 31, 2019)
- “Construction Period” Rent will be \$5,175 per month for up to 18 months
- Rail revenue will be \$28,281 to \$56,562 (857 to 1,714 railcars annually)
- Maritime
 - Year 4 \$250,000 annual maritime revenue (20,000 metric ton minimum annual guarantee (MAG))
 - Year 5 \$417,000 annual maritime revenue (30,000 metric ton MAG)
 - Year 6 \$501,000 annual maritime revenue (40,000 metric ton MAG & thereafter)

Estimated Total Annual Revenue:

- Year 1 = \$152,481
- Year 6 = \$681,762

California Environmental Quality Act Documentation:

- An Environmental Impact Report (EIR) was prepared to determine whether the proposed Project would present potential significant impacts and to determine whether such effects would require mitigation measures to limit the effects

Public Comments Received and Response to Comments:

- The Draft Environmental Impact Report (DEIR) was released and distributed on January 14, 2019, for a 45-day review period, which ended on February 27, 2019
- The Port received one comment letter on the DEIR from Safe Fuel and Energy Resources California, Steven M. Dickinson, David Gracian, and Tim Knoeb (collectively “SAFER CA”)
- Pursuant to Section 15088 of the CEQA Guidelines, the Port reviewed all comments received during the review period for the DEIR and responded to each comment in Chapter 2 of the Final Environmental Impact Report (FEIR)
- In addition, all individuals that commented on the DEIR were notified of preparation of the FEIR. The FEIR was available at two publicly accessible repositories: the Port of Stockton (2201 West Washington Street, Stockton, California 95203) and the Cesar Chavez Central Library (605 North El Dorado Street, Stockton, California 95202)

Mitigation Monitoring Reporting Program:

- The Mitigation Monitoring Reporting Program (MMRP) was prepared to verify compliance with individual mitigation measures identified as part of the FEIR

The Board of Port Commissioners is asked to adopt an ordinance providing for the certification and adoption of the following actions:

- Certify that the Final Environmental Impact Report (FEIR) for the Contanda Renewable Diesel Bulk Liquid Terminal Development Project (proposed Project):
 - was completed in compliance with the California Environmental Quality Act (CEQA); Public Resources Code Section 21000 et seq. and the CEQA Guidelines (14 California Code of Regulations Section 15000 et. seq.);
 - was reviewed and considered by the Board of Commissioners prior to approving the proposed Project; and
 - reflects the independent judgment and analysis of the Port of Stockton
- Approve the proposed Project as identified in the FEIR, including all feasible mitigation measures, with consideration of the Findings of Fact and Statement of Overriding Considerations and the Mitigation Monitoring and Reporting Program (MMRP)
- Adopt the Findings of Fact and Statement of Overriding Considerations; and find that:
 - in accordance with the information contained in the FEIR, the proposed Project will have significant environmental effects on air quality and greenhouse gas emissions as defined by Public Resources Code (PRC) Sections 21068 and 21082.2 and the CEQA Guidelines Sections 15064, 15064.4, 15064.5, and 15382;
 - in accordance with the provisions of the CEQA Guidelines Section 15091(a)(1), changes or alterations have been required in, or incorporated into, the proposed Project which substantially lessen or avoid one or more of the significant adverse environmental impacts identified in the FEIR;
 - in accordance with the provisions of the CEQA Guidelines Section 15091(a)(3), specific economic, legal, social, technological, or other considerations, make infeasible certain mitigation measures such that some environmental impacts remain significant and unavoidable;
 - all information added to the FEIR after public notice of the availability of the Draft Environmental Impact Report (DEIR) for public review but before certification, merely clarifies, amplifies, or makes insignificant modifications in an adequate EIR and recirculation is not necessary; and
 - in accordance with PRC Section 21081(b) and the CEQA Guidelines Section 15093, the benefits of creating a more efficient facility at the proposed Project site outweigh the significant and unavoidable environmental impacts;
- Adopt the Mitigation Monitoring and Reporting Program (MMRP), as required by PRC Section 21081.6. The MMRP is designed to ensure compliance with the mitigation measures, lease measures, and standard conditions adopted to avoid or lessen significant effects on the environment, and identifies the responsibilities of the Port, as lead agency, to monitor and verify project compliance with those mitigation measures and lease measures;
- Direct the Properties Department to incorporate by reference the EIR and MMRP into any and all lease agreements or assignments encompassed in the approved Project (lease section 5.8);
- Authorize Port staff to file the Notice of Determination (NOD); and
- Approve a Lease Agreement with Contanda Terminals, LLC for the construction and operation of a bulk liquid terminal on the Port's East Complex at 80 North Port Road 13 for a term of fourteen (14) years and eight (8) months with five 5-year option periods.

Chairman Griffen acknowledged Ms. Christina Caro from Adams, Broadwell, Joseph and Cardozo. Ms. Caro submitted supplemental written comments by email just prior to the meeting as well as a paper copy to the Secretary just prior to the start of the meeting. Ms. Caro stated that the Environmental Impact Report (EIR) fails to comply with the California Environmental Quality Act (CEQA). Ms. Caro requested that the EIR be withdrawn, revised and recirculated in order to address both the individual project impacts and the accumulated impacts of the additional Contanda Project.

Attorney Herum stated that the written documents submitted by Adams, Broadwell, Joseph and Cardozo are untimely and are not part of the administrative record. The Port Commission added a policy at the January 7, 2019 Commission meeting requiring all written documents be submitted five days before a public hearing. This policy statement is linked to the home page of the Port's website. The union's law firm had the opportunity to participate in the policy making and had constructive knowledge of the policy. With reasonable diligence the law firm would have had actual knowledge of the policy and could have submitted the documents in conformity with the policy.

Nevertheless, the staff has reviewed the comments presented in the belated filing, finds the points to be virtually identical to the points raised in the earlier letter concerning the Contanda Project and is prepared to respond to them at this time.

Attorney Oehlschlager responded on behalf of the Port to the comments made by Ms. Caro.

Vice Chairman Duffy moved, to adopt the following resolution:

- Resolution #8125: RESOLVED, by the Stockton Port District Board of Commissioners, that:
- the Final Environmental Impact Report (FEIR) for the Contanda Renewable Diesel Bulk Liquid Terminal Development Project (proposed Project):
 - was completed in compliance with the California Environmental Quality Act (CEQA; Public Resources Code Section 21000 et seq.) and the CEQA Guidelines (14 California Code of Regulations Section 15000 et. seq.);
 - was reviewed and considered by the Board of Commissioners prior to approving the proposed Project; and
 - reflects the independent judgment and analysis of the Port of Stockton;
 - the proposed Project as identified in the FEIR, including all feasible mitigation measures, with consideration of the Findings of Fact and Statement of Overriding Considerations and the Mitigation Monitoring and Reporting Program is hereby approved;

- the Findings of Fact and Statement of Overriding Considerations is hereby adopted;
 - in accordance with the information contained in the FEIR, the proposed Project will have significant environmental effects on air quality and greenhouse gas emissions as defined by Public Resources Code (PRC) Sections 21068 and 21082.2 and the CEQA Guidelines Sections 15064, 15064.4, 15064.5, and 15382;
 - in accordance with the provisions of the CEQA Guidelines Section 15091(a)(1), changes or alterations have been required in, or incorporated into, the proposed Project which substantially lessen or avoid one or more of the significant adverse environmental impacts identified in the FEIR;
 - in accordance with the provisions of the CEQA Guidelines Section 15091(a)(3), specific economic, legal, social, technological, or other considerations, make infeasible certain mitigation measures such that some environmental impacts remain significant and unavoidable;
 - all information added to the FEIR after public notice of the availability of the Draft Environmental Impact Report (DEIR) for public review but before certification, merely clarifies, amplifies, or makes insignificant modifications in an adequate EIR and recirculation is not necessary; and e) in accordance with PRC Section 21081(b) and the CEQA Guidelines Section 15093, the benefits of creating a more efficient facility at the proposed Project site outweigh the significant and unavoidable environmental impacts;
- the Mitigation Monitoring Reporting Program (MMRP) is hereby adopted, as required by PRC Section 21081.6;
- Port staff is directed to incorporate by reference the Environmental Impact Report and MMRP into any and all lease agreements or assignments encompassed in the approved Project; and
- Port staff is directed to file a Notice of Determination in accordance with CEQA.

RESOLVED FURTHER, that the Stockton Port District Board of Commissioners approves final adoption of Ordinance #253 for the Lease Agreement with Contanda Terminal, LLC for approximately 4.14 acres at 80 North Port Road 13 on the East Complex for a term of 14 years with five 5-year option periods; and

RESOLVED FURTHER, that Ordinance #253 shall take effect, and be in full force and effect, from and after its final adoption; and

RESOLVED FURTHER, that the Port Director is authorized, empowered and directed in the name of and as the act and deed of this Stockton Port District to make, execute and deliver all necessary documents in the accomplishment thereof, and to ensure that the provisions of this resolution are appropriately effected.

Resolution #8125 was passed by the following vote:

COMMISSIONERS IN FAVOR:	Allen, Blanchard, Christopherson, Duffy, Griffen, Mow
COMMISSIONERS AGAINST:	None
COMMISSIONERS ABSTAINING:	None
COMMISSIONERS ABSENT:	None
COMMISSIONERS EXCUSED:	None

CONSIDERATION AND POSSIBLE APPROVAL OF ORDINANCE #254 TO CERTIFY AND ADOPT A FINAL ENVIRONMENTAL IMPACT REPORT AND RELATED FINDINGS, STATEMENT OF OVERRIDING CONSIDERATIONS AND MITIGATION MONITORING AND REPORTING PROGRAM PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA); AUTHORIZATION TO FILE A NOTICE OF DETERMINATION RELATED THERETO IN ACCORDANCE WITH CEQA; AND, APPROVAL OF A PROPOSED LEASE AGREEMENT WITH ECO-ENERGY DISTRIBUTION SERVICES, LLC FOR TEN YEARS WITH TWO 5-YEAR OPTION PERIODS FOR APPROXIMATELY 8.27 ACRES AT 2404 PORT ROAD M ON THE EAST COMPLEX

Port Deputy Director Escobar provided an executive summary of this agenda item. Mr. Escobar's presentation included the following:

Background:

- Eco-Energy Distribution Services (EEDS) identifies, develops and manages full service distribution sites in strategic locations across North America
- The company focuses on Eco-owned terminals and third-party storage and trans-loading terminals, to provide the most integrated service offerings in the market
- EEDS currently owns nine (9) distribution sites and eighty-two (82) tank trucks across North America providing a vertical integrated service offering to its alliance production facilities and distribution customers
- The EEDS team currently manages the distribution of over 1 billion gallons of biofuels each year via truck, rail and marine movements

Project Summary:

- EEDS will construct and operate a ±8.27 acre liquid bulk rail terminal
- The proposed Project will provide efficient transport of liquid bulk fuel products (anticipated to primarily consist of ethanol) from inland sources to an existing liquid bulk truck terminal operated by NuStar for blending
- Product currently sent to NuStar by rail which requires multiple switching events and handlings and by trucks which have less capacity than rail transport
- The EEDS terminal would replace the numerous transportation steps with streamlined unit train and manifest blocks (i.e., up to 108 car capacity) shipments with direct transfer from the trains to the existing NuStar tanks
- EEDS estimates it will handle 380 to 576 railcars per month through its facility, which would equate to a product volume of 11 million to 16 million gallons monthly
- Product will be predominately from the Midwest
- The proposed Project will create four full-time positions and operate 24/7 while railcars are being unloaded, which takes approximately 24 hours at maximum capacity (i.e. 108 cars)
- The Project will add efficiencies to the liquid bulk fuel products shipped by rail, the current 30 day turnaround time between origin, the NuStar terminal, and return-empty movement would decrease to 10 days

Lease Term and Escalations:

- Initial term of 10 years with two 5-year option periods
- Annual escalations based on the Consumer Price Index
- If necessary, reappraisal to market valuation every 10 years

Capital Investment:

- Approximately \$15 million

Guarantor/Obligor:

- Eco-Energy Global Biofuels, LLC
- Eco-Energy Distribution Services, LLC

Job Creation:

- 4 full time positions with salaries averaging \$50,000 to \$70,000; with 10 indirect jobs; and 40 construction jobs

Revenue:

- Rent will be \$223,290 annually or \$18,607.50 per month (at full rent)
- No rent during the “Permitting Period” (maximum 6 months)
- “Construction Period” Rent starts in the 7th month @ \$9,303.75 per month for up to 12 months
- Rail revenue will be \$82,500 to \$228,000 annually (Railcar minimum annual guarantee 2,500 railcars annually)

Estimated Total Annual Revenue:

\$305,790 to \$451,290

California Environmental Quality Act (CEQA) Documentation:

- The Environmental Impact Report was prepared to determine whether the proposed Project would present potential significant impacts and to determine whether such effects would require mitigation measures to limit the effects

Public Comments Received and Response to Comments:

- The Draft Environmental Impact Report (DEIR) was released and distributed on June 12, 2017, for a 45-day review period, which ended on July 26, 2017
- The Port received one comment letter on the DEIR from the California Air Resources Board
- All comments and responses to comments are presented in Chapter 2 of the Final Environmental Impact Report (FEIR)

Mitigation Monitoring Reporting Program (MMRP):

- An MMRP was prepared to verify compliance with individual mitigation measures identified as part of the FEIR. The MMRP is included as Attachment B.
- The FEIR and Findings of Fact and Statement of Overriding Considerations identify major findings and conclusions, including a recommendation that the proposed Project be approved over the two Project Alternatives
- In making findings on alternatives to the proposed Project, the Port certifies that it has independently reviewed and considered the information on alternatives provided in the DEIR, including the information provided in the comments on the DEIR and the responses included in the FEIR

The Board is asked to adopt an ordinance providing for the certification and adoption of the following actions:

- Certify that the Final Environmental Impact Report (FEIR) for the Eco-Energy Liquid Bulk Receiving Terminal Project (proposed Project):
 - was completed in compliance with the California Environmental Quality Act (CEQA; Public Resources Code §21000 et seq.) and the CEQA Guidelines (14 California Code Regulations. §15000 et. seq.);
 - was reviewed and considered by the Board of Commissioner prior to approving the proposed Project; and
 - reflects the independent judgment and analysis of the Port of Stockton
- Approve the proposed Project as identified in the FEIR, including all feasible mitigation measures, with consideration of the Findings of Fact and Statement of Overriding Considerations and the Mitigation Monitoring and Reporting Program (MMRP)
- Adopt the Findings of Fact and Statement of Overriding Considerations; and find that:
 - in accordance with the information contained in the FEIR, the proposed Project will have significant environmental effects on air quality and greenhouse gas emissions as defined by Public Resources Code §21068 and 21082.2 and the CEQA Guidelines §15064, 15064.4, 15064.5, and 15382;
 - in accordance with the provisions of the CEQA Guidelines §15091(a)(1), changes or alterations have been required in, or incorporated into, the Eco-Energy Liquid Bulk

- Receiving Terminal Project which substantially lessen or avoid one or more of the significant adverse environmental impacts identified in the FEIR;
- in accordance with the provisions of the CEQA Guidelines §15091(a)(3), specific economic, legal, social, technological, or other considerations, make infeasible certain mitigation measures such that some environmental impacts remain significant and unavoidable;
 - all information added to the FEIR after public notice of the availability of the Draft Environmental Impact Report (DEIR) for public review but before certification, merely clarifies, amplifies, or makes insignificant modifications in an adequate Environmental Impact Report and recirculation is not necessary; and
 - in accordance with Public Resources Code §21081(b) and the CEQA Guidelines §15093, the benefits of creating a more efficient facility at the proposed Project site outweigh the significant and unavoidable environmental impacts.
 - Adopt the MMRP, as required by Public Resources Code §21081.6.
 - Direct the Properties Department to incorporate by reference the Environmental Impact Report and MMRP into any and all lease agreements or assignments encompassed in the approved Project (lease section 5.8)
 - Authorize Port staff to file the Notice of Determination
 - Approve a Lease Agreement with Eco Energy Distribution Services, LLC for the construction and operation of a liquid bulk rail terminal on ±8.27 acres located at 2404 Port Road M for a term of ten years with two additional five-year option periods

Chairman Griffen acknowledged Ms. Christina Caro from Adams, Broadwell, Joseph and Cardozo. Ms. Caro submitted supplemental written comments by email just prior to the meeting as well as a paper copy to the Secretary just prior to the start of the meeting. Ms. Caro stated that the Environmental Impact Report (EIR) fails to comply with the California Environmental Quality Act (CEQA). Ms. Caro requested that the EIR be withdrawn, revised and recirculated it for public comment in compliance with CEQA.

Attorney Herum reiterated that the written documents submitted by Adams, Broadwell, Joseph and Cardozo are untimely and are not part of the administrative record. The Port Commission added a policy at the January 7, 2019 Commission meeting requiring all written documents be submitted five days before a public hearing. This policy statement is linked to the home page of the Port's website. The union's law firm had the opportunity to participate in the policy making and had constructive knowledge of the policy. With reasonable diligence the law firm would have had actual knowledge of the policy and could have submitted the documents in conformity with the policy.

Attorney Oehlschlager responded on behalf of the Port to the comments made by Ms. Caro.

Commissioner Allen moved, to adopt the following resolution:

Resolution #8126: RESOLVED, by the Stockton Port District Board of Commissioners, that:

- that the Final Environmental Impact Report (FEIR) for the Eco-Energy Liquid Bulk Receiving Terminal Project (proposed Project):

- was completed in compliance with the California Environmental Quality Act (CEQA); (Public Resources Code §21000 et seq.) and the CEQA Guidelines (14 California Code Regulations §15000 et. seq.);
 - was reviewed and considered by the Board of Commissioner prior to approving the proposed Project; and
 - reflects the independent judgment and analysis of the Port of Stockton;
- the proposed Project as identified in the FEIR, including all feasible mitigation measures, with consideration of the Findings of Fact and Statement of Overriding Considerations and the Mitigation Monitoring and Reporting Program (MMRP) is hereby approved;
- the Findings of Fact and Statement of Overriding Considerations is hereby adopted:
 - in accordance with the information contained in the FEIR, the proposed Project will have significant environmental effects on air quality and greenhouse gas emissions as defined by Public Resources Code §21068 and 21082.2 and the CEQA Guidelines §15064, 15064.4, 15064.5, and 15382;
 - in accordance with the provisions of the CEQA Guidelines §15091(a)(1), changes or alterations have been required in, or incorporated into, the Eco-Energy Liquid Bulk Receiving Terminal Project which substantially lessen or avoid one or more of the significant adverse environmental impacts identified in the FEIR;
 - in accordance with the provisions of the CEQA Guidelines §15091(a)(3), specific economic, legal, social, technological, or other considerations, make infeasible certain mitigation measures such that some environmental impacts remain significant and unavoidable;
 - all information added to the FEIR after public notice of the availability of the Draft Environmental Impact Report (DEIR) for public review but before certification, merely clarifies, amplifies, or makes insignificant modifications in an adequate Environmental Impact Report and recirculation is not necessary; and
 - in accordance with Public Resources Code §21081(b) and the CEQA Guidelines §15093, the benefits of creating a more efficient facility at the proposed Project site outweigh the significant and unavoidable environmental impacts;
 - the Mitigation Monitoring and Reporting Program (MMRP) is hereby adopted, as required by Public Resources Code §21081.6;
 - Port staff is directed to incorporate by reference the Environmental Impact Report and MMRP into any and all lease agreements or assignments encompassed in the approved Project; and

- Port staff is directed to file a Notice of Determination in accordance with CEQA.

RESOLVED FURTHER, that the Stockton Port District Board of Commissioners approves final adoption of Ordinance #254 for the Lease Agreement with Eco-Energy Distribution Services, LLC for approximately 8.27 acres at 2404 Port Road M on the East Complex for a term of 10 years with two 5-year option periods; and

RESOLVED FURTHER, that Ordinance #254 shall take effect, and be in full force and effect, from and after its final adoption; and

RESOLVED FURTHER, that the Port Director is authorized, empowered and directed in the name of and as the act and deed of this Stockton Port District to make, execute and deliver all necessary documents in the accomplishment thereof, and to ensure that the provisions of this resolution are appropriately effected.

Resolution #8126 was passed by the following vote:

COMMISSIONERS IN FAVOR:	Allen, Blanchard, Christopherson, Duffy, Griffen, Mow
COMMISSIONERS AGAINST:	None
COMMISSIONERS ABSTAINING:	None
COMMISSIONERS ABSENT:	None
COMMISSIONERS EXCUSED:	None

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at 5:42 p.m. by Chairman Griffen.

Melanie Rodriguez
Secretary to the Board

Chairman Stephen Griffen