



San Diego Unified Port District

File #:2023-0211

DATE: September 12, 2023

SUBJECT:

NATIONAL STEEL AND SHIPBUILDING COMPANY (NASSCO) FLOATING DRY DOCK REPLACEMENT AND WATERFRONT IMPROVEMENT PROJECT LOCATED AT 2798 EAST HARBOR DRIVE IN SAN DIEGO:

A) ADOPT RESOLUTION CERTIFYING THE FINAL ENVIRONMENTAL IMPACT REPORT AS COMPLETE AND PREPARED IN COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, ADOPTING THE FINDINGS OF FACT, ADOPTING THE MITIGATION MONITORING AND REPORTING PROGRAM, AND DIRECTING FILING OF THE NOTICE OF DETERMINATION FOR THE “NASSCO FLOATING DRY DOCK REPLACEMENT AND WATERFRONT IMPROVEMENT PROJECT”

B) ADOPT RESOLUTION GRANTING CONCEPT APPROVAL TO NASSCO FOR THE “NASSCO FLOATING DRY DOCK REPLACEMENT AND WATERFRONT IMPROVEMENT PROJECT”

C) ADOPT RESOLUTION AUTHORIZING ISSUANCE OF A NON-APPEALABLE COASTAL DEVELOPMENT PERMIT TO NASSCO FOR THE PROJECT ELEMENTS WITHIN THE DISTRICT’S COASTAL DEVELOPMENT PERMIT JURISDICTION FOR THE “NASSCO FLOATING DRY DOCK REPLACEMENT AND WATERFRONT IMPROVEMENT PROJECT”

EXECUTIVE SUMMARY:

National Steel and Shipbuilding Company (NASSCO), as the Project applicant and Project proponent, submitted an application in August 2020 for their proposed NASSCO Floating Dry Dock Replacement and Waterfront Improvement Project (Project) that includes four distinct Project elements, all of which are discussed in detail below. However, as discussed below as well, a portion of one of the Project elements (Project Element 1) is located beyond the U.S. Pierhead Line and is currently within the California Coastal Commission’s (CCC) Coastal Development Permit (CDP) jurisdiction. The Project elements within the CDP jurisdiction of the District constitute the “CDP Project” and reflect those improvements/elements contained in the attached draft Non-Appealable CDP (Attachment A). Briefly, the CDP Project includes the following:

- Removal and replacement of the existing floating dry dock and construction of supporting infrastructure, excluding related components within the CCC CDP jurisdiction as described below under “Proposed Project”;
- Replacement of the Repair Complex Wharf;

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- Repairs to the quay wall and revetment along stretches of shoreline throughout NASSCO's leasehold; and
- As-needed structural repair and/or replacement of selected piles at shipyard berths and piers.

The purpose of the Project is to maintain and improve facilities for waterfront infrastructure associated with shipbuilding and repair operations at the NASSCO shipyard. The repair and replacement Project is designed to address existing deficiencies related to the age and condition of structures, shoreline sloughing, and outdated operational conditions at the existing dry dock. The Project would replace aging structures, improve existing infrastructure to comply with existing code and standards, improve safety, and increase the efficiency of operations at the ship repair yard. The proposed improvements would not increase total operations or the number of vessels serviced because no new berthing space would be provided.

In late 2020, the District, as lead agency under the California Environmental Quality Act (CEQA), initiated the environmental review process for the Project. A Draft Mitigated Negative Declaration (MND) was prepared and circulated for a 34-day public review period (April 28 to May 31, 2022). Based upon public comments received on the Draft MND, to provide a more comprehensive analysis of the Project's environmental effects and to allow for greater public involvement in the environmental review process, staff subsequently prepared the subject Environmental Impact Report (EIR). The Draft EIR was prepared and circulated for a 46-day public review and comment period, which began on April 18, 2023 and ended on June 2, 2023. The EIR provides environmental clearance for the entire Project, including components currently located within CCC CDP jurisdiction.

The Final EIR concluded that for the Project, with the incorporation of applicable mitigation measures outlined in the proposed Project's Mitigation Monitoring and Reporting Program (MMRP), all resource area impacts are reduced to less than significant. The MMRP is included as Exhibit B to the draft Resolution "Certifying the 'NASSCO Floating Dry Dock Replacement and Waterfront Improvement Project' Final Environmental Impact Report, Adopting the Findings of Fact, Adopting the Mitigation Monitoring and Reporting Program, and Directing Filing of the Notice of Determination" (EIR Resolution) attached to this Agenda Sheet. The Final EIR and MMRP have been prepared in accordance with CEQA, the State CEQA Guidelines, and the District's Guidelines for Compliance with CEQA. Copies of the Final EIR and MMRP have been previously provided to the Board.

The Project requires concept approval pursuant to BPC Policy No. 357. Additionally, pursuant to the District's CDP Regulations and the California Coastal Act, the issuance of a Non-Appealable CDP is required for those Project elements within the District's CDP jurisdiction. As described below, elements of the Project are located beyond the U.S. Pierhead Line and currently outside of the District's CDP jurisdiction. These elements are within the CCC's CDP jurisdiction; therefore, development of these elements would require a separate CDP issued by the CCC. As conditioned, the Project elements that are within the District's CDP jurisdiction are consistent with the certified Port Master Plan (PMP). Staff is recommending certification of the Final EIR and requesting the Board to grant concept approval and authorize issuance of a Non-Appealable CDP.

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RECOMMENDATION:

NASSCO Floating Dry Dock Replacement and Waterfront Improvement Project:

- A) Adopt resolution certifying the Final Environmental Impact Report as complete and prepared in compliance with the California Environmental Quality Act, adopting the Findings of Fact, adopting the Mitigation Monitoring and Reporting Program, and directing filing of the Notice of Determination for the “NASSCO Floating Dry Dock Replacement and Waterfront Improvement Project”
- B) Adopt resolution granting concept approval to NASSCO for the “NASSCO Floating Dry Dock Replacement and Waterfront Improvement Project”
- C) Adopt resolution authorizing issuance of a Non-Appealable Coastal Development Permit to NASSCO for the Project elements within the District’s CDP jurisdiction for the “NASSCO Floating Dry Dock Replacement and Waterfront Improvement Project”

FISCAL IMPACT:

The Board’s actions will have no direct fiscal impact to the District. NASSCO will be responsible for all costs associated with the Project. Furthermore, NASSCO has been subject to cost recovery fees in accordance with BPC Policy No. 106, Cost Recovery User Fee Policy.

COMPASS STRATEGIC GOALS :

NASSCO proposes to maintain and improve facilities for waterfront infrastructure associated with shipbuilding and repair operations at its shipyard. The Project includes four distinct Project elements that are designed to improve efficiency and functionality of the existing NASSCO facility by replacing aging structures, improving existing infrastructure, and increasing efficiency of operations.

This agenda item supports the following Strategic Goals:

- A Port that the public understands and trusts.
- A thriving and modern maritime seaport.
- A Port with a healthy and sustainable bay and its environment.
- A Port that is a safe place to visit, work and play.
- A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

Background:

NASSCO is a company that specializes in the design, construction, and repair of ships for military and commercial customers. Ship repair and shipbuilding activities have occupied the Project site since the 1930s. NASSCO began operations in the early 1960s, with major renovations in the late 1970s and early 1980s.

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The Project site is within the NASSCO leasehold, located at 2798 East Harbor Drive in San Diego, California (see Exhibit 1 of Attachment A). Although the NASSCO leasehold encompasses 126 acres of tidelands area, Project improvements would occur on approximately 2.2 acres of water-side facilities within the leasehold and overall construction- and operation-related activities would occur within an approximately 75-acre area.

NASSCO submitted a tenant application for the Project in August 2020. Staff conducted an Initial Study for the Project and prepared a Draft MND (Clerk's Document No. 75769), which was circulated for a 34-day public review period (April 28 to May 31, 2022). Based upon public comments received on the Draft MND, staff subsequently prepared the subject EIR to provide a more comprehensive analysis of the Project's environmental effects and provide greater public involvement in the environmental review process.

Proposed Project:

As addressed in the EIR, the Project consists of the following four elements that are designed to maintain and improve facilities for waterfront infrastructure associated with NASSCO's shipbuilding and repair operations:

1. Removal and replacement of the existing floating dry dock and construction of supporting infrastructure;
2. Replacement of the Repair Complex Wharf;
3. Repairs to the quay wall and revetment along stretches of shoreline throughout NASSCO's leasehold, which includes shoreline segments from Lot 20 to Pier 12, floating dry dock approach pier to Berth 8, Ways to Building Dock, Berth 2 to Berth 3, Berth 4 to Berth 5, and Berth 6 to Navy Base Quay Wall; and
4. As-needed structural repair and/or replacement of selected piles at Berths 2, 3, 4, 5, 6, at Pier 12 and the floating dry dock approach pier, and at the Berth 1 Platform.

Most of the proposed work would take place within the District's CDP jurisdiction; however, some proposed work would occur outside the U.S. Pierhead Line, currently within the CDP jurisdiction of the CCC. Those components would not be covered by the District's CDP, and NASSCO would apply directly to the CCC for authorization and entitlements for those Project components, which consist of:

- temporary repositioning of the floating dry dock within a portion of proposed Lot 20 mooring position that encroaches within the CCC jurisdiction; and
- installation of an offshore (west aft) mooring dolphin, which would be installed within the CCC jurisdiction for purposes of temporarily repositioning and securing the floating dry dock within proposed Lot 20 mooring position.

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EIR Project Elements:

The Project includes replacement or repair to each of the four Project elements described below, including the floating dry dock, Repair Complex Wharf, revetment along the quay wall, and structural piles associated with berths and piers throughout NASSCO's leasehold (see Exhibit 2 of Attachment A).

Project Element 1 - Floating Dry Dock Replacement and Modification

The existing floating dry dock facilities consist of a floating dry dock, a pile-supported mooring dolphin, and a pile-supported approach pier with integrated mooring dolphin used for vehicle and pedestrian access to the floating dry dock. NASSCO's current shipyard configuration requires the floating dry dock to be relocated from the home position to another berth within the leasehold during vessel launches from the inclined building ways or building dock.

The Project includes removal of the existing floating dry dock and replacement with a new floating dry dock of similar characteristics and the same functionality. The replacement floating dry dock would be 828.54 feet long and 170.60 feet wide (slightly narrower and longer than the existing dry dock) and would have the same lifting capacity as the existing dry dock (35,000 long tons). The new floating dry dock would be positioned in the same mooring location as the existing floating dry dock. The existing floating dry dock would be sold and dispositioned outside of California.

To support the siting of the new floating dry dock, the existing mooring dolphin would be demolished and replaced with four new concrete pile-supported mooring dolphins and associated fender systems. Two of the mooring dolphins would support the floating dry dock in the home position, and the remaining two mooring dolphins would support the floating dry dock in the temporary Lot 20 mooring position. One of the two mooring dolphins (offshore west aft) for the Lot 20 position and a portion of this temporary mooring position would be located beyond the U.S. Pierhead Line. This mooring dolphin and a portion of the Lot 20 mooring position would encroach within CCC's CDP jurisdiction and would not be covered by the District's CDP. Therefore, these components would be processed through a separate CDP application under the purview of the CCC.

The Lot 20 mooring position, located west of Pier 12, would be used for temporary siting of the floating dry dock during vessel launches from the ways and building dock. No changes in operational activities would occur except for reduced tugboat use due to more efficient operating conditions associated with use of the Lot 20 position.

To access the floating dry dock when the dock is in its temporary position, an 80-foot catwalk and gangway system would be constructed near the Lot 20 mooring position. The outboard end of the catwalk and the inboard end of the gangway would be supported by a concrete cap constructed on a pair of 16-inch round or square concrete piles. A 60-foot removable brow would connect the catwalk to the floating pontoon when positioned in the temporary location.

To allow for the repositioning of the floating dry dock, a 33-foot-long by 16.5-foot-wide portion of the existing floating dry dock approach pier would be removed at the waterward end, and a new fender system would be installed to protect the floating dry dock approach pier, consisting of 19 fender piles, rubber fender units, timber whalers, and timber chocks installed along a 150-foot length along the

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eastern side of the approach pier. In addition, structural piles on the existing approach pier would be repaired or replaced. Improvements to the supporting infrastructure are required to comply with current standards and codes.

During construction of the new floating dry dock infrastructure, the new floating dry dock may be positioned at the Lot 20 mooring position upon delivery and until construction of the permanent mooring location is completed, which may be for a period up to six months. There may be a period of transition when both the existing floating dry dock and the new floating dry dock would be berthed within NASSCO's leasehold to allow shipbuilding and repair activities within the existing floating dry dock to be completed before fully transitioning to the new floating dry dock. During this transition period, only one floating dry dock would be operational.

Overall, Project Element 1 would result in a net increase in 4,170 square feet of permanent overwater coverage associated with the proposed floating dry dock, mooring dolphins, and fender systems and a net increase in 300 feet of temporary overwater coverage associated with the temporary catwalk and gangway system. There would be a net increase of 201 piles. These components would result in a net increase in the in-water fill area of 367 square feet and a net increase in fill volume of 629 cubic yards.

Project Element 2 - Repair Complex Wharf Replacement

In its current condition, the existing timber-constructed Repair Complex Wharf is not useable to support repair operations. The Project includes demolition and replacement of the 12,600 square foot timber wharf with a larger 18,640 square foot wharf facility supported by concrete piles and protected by a wharf fender system. A sheet-piled bulkhead (i.e., retaining wall) would be installed to reinforce the 293-foot shoreline adjacent to the improved wharf. Following installation of the sheet-piled bulkhead and placement of backfill (12,003 square feet), the new pile-supported concrete wharf pad (6,330 square feet) and fender system (310 square feet) would be constructed just south of the existing wharf.

Overall, Project Element 2 would result in a net increase in overwater coverage of 6,040 square feet. Approximately 100 existing supporting piles would be removed and disposed, resulting in a net decrease of 22 piles and a net increase in 293 linear feet of sheet pile. These components would result in a net increase in pile area of 272 square feet and pile fill volume of 566 cubic yards. Additionally, there would be a net increase in backfill area of 12,203 square feet and backfill volume of 3,357 cubic yards.

Project Element 3 - Quay Wall Revetment Repairs and Replacement

Project Element 3 includes repairs to the failed revetments along the 950 linear feet of exposed shoreline between Berth 2 and Berth 5. In addition, the Project includes repairs to an additional 1,500 linear feet of exposed shoreline segments (up to 500 feet per year for three years), including Lot 20 to Pier 12, the floating dry dock approach pier to Berth 8, Ways to Building Dock, and Berth 6 to Navy Base quay wall. Repairs of the revetment would include building up a new rock toe, overlaid with an approximate 9-inch layer of filter stone and 2-foot layer of quarter-ton rock riprap. Grout bags and concrete may also be placed to fill voids on the failed slope. Fill would be underlain with filter fabric. In total, quay wall revetment repairs would occur along approximately 2,450 linear feet within the

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leasehold, with a backfill area of 53,900 square feet in area and a backfill volume of 7,940 cubic yards.

Project Element 4 - Structural Pile Repair and Replacement

Project Element 4 consists of the repair and/or replacement of approximately 957 existing structural piles that support Berths 2, 3, 4, 5, 6, and Pier 12, the floating dry dock approach pier, and the Berth 1 Platform. These structural piles show signs of deterioration, cracking, corrosion, and wear. Approximately 100 piles would be repaired or replaced per year with a total construction duration lasting approximately 10 years. The distribution may change based on the need at the facility, but the total number would not exceed 100 per year and 10 per day. If the condition of the structural piles is beyond repair, the piles would be replaced in kind with the same dimension and material. Overall, Project Element 4 would result in a net increase in pile fill area of 1,301 square feet and a net increase in pile fill volume of 1,445 cubic yards.

Project Construction:

Most Project components (i.e., floating dry dock replacement and modification, Repair Complex Wharf improvements, and quay wall revetment repairs [berths 2-5]) are anticipated to be constructed between 2024 and 2026; however, as-needed quay wall repairs may extend to 2028 and structural pile repair and replacement may extend to 2035. Construction activities would occur 24 hours per day and seven days per week; however, as permitted by the City of San Diego's noise abatement and control officer, work during evening and nighttime hours (between 7:00 p.m. and 7:00 a.m.) would be limited to activities that would not generate disturbing, excessive, or offensive noise. Pile driving activities would be prohibited outside of the daylight hours.

Existing designated areas at or near the construction site would be utilized for staging, laydown, and construction contractor parking. Contractor equipment and materials would generally be mobilized and demobilized from the water side of the Project site and by using a barge. Up to 10 construction contract workers would be present on the construction site each day. Construction activities would generate approximately two truck trips per day.

Best Management Practices (BMPs) during in-water construction activities would be implemented. Practices and procedures would include the District's *Best Management Practices and Environmental Standards for Overwater Structural Repair and Maintenance Activities for Existing Port Facilities Conducted by the San Diego Unified Port District* (District 2019) as may be augmented by the Regional Water Quality Control Board during the Clean Water Act Section 401 Water Quality Certification process. These BMPs are further discussed in the MMRP.

Project Operation:

The proposed repair and replacement Project is designed to address existing deficiencies related to the age and condition of structures, shoreline sloughing, and outdated operational conditions at the existing dry dock. Except for the proposed west offshore mooring dolphin that would serve the temporary Lot 20 position, all waterside improvements would occur within the existing NASSCO leasehold. The new floating dry dock and associated infrastructure would enable NASSCO employees to continue their existing shipbuilding and repair operations under safe working

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conditions. The Repair Complex Wharf is sited within the facility which is predominantly allocated to support ship repair operations. The new Repair Wharf Complex size and configuration would allow for the centralization of materials needed to support ship repair within this area as opposed to other areas throughout the facility. This is anticipated to reduce forklift and truck activity within the facility and reduce the amount of time equipment is in transit. In addition, the new temporary Lot 20 position would improve the efficiency of NASSCO's shipbuilding operations and reduce the hours tugboats operate because of the mechanical type of mooring system that would be implemented on the new dry dock. The system minimizes the need for mooring lines, which results in a more efficient relocation when launching newly constructed vessel from the Ways and Building Dock. In addition, the Project would reduce diesel emissions through the provision of at least 75 percent of off-road diesel construction equipment (greater than 50 horsepower) that meets Tier 4 California Emissions Standards for off-road diesel engines. Lastly, the replacement floating dry dock would replace the existing Tier 0 diesel emergency generator with cleaner Tier 4-rated diesel generators outfitted with a closed-loop cooling water system. Overall, the Project would not result in an expansion of the existing use of the site, an increase in shipbuilding and repair operations, or additional employees beyond those needed during construction.

Environmental Impact Report:

The "NASSCO Floating Dry Dock Replacement and Waterfront Improvement Project" EIR (UPD #EIR-2023-006; SCH #2022040595) has been prepared in accordance with CEQA (Public Resources Code § 21000 et seq.), the State CEQA Guidelines (Cal. Code Reg., title 14, § 15000 et seq.), and the District's CEQA Guidelines for Compliance with the CEQA. The District has prepared the EIR to evaluate environmental impacts associated with implementation of the Project.

Project Objectives

In accordance with Section 15124(b) of the State CEQA Guidelines, the following objectives were identified for the Project in the EIR:

- Meet the needs of the current and anticipated fleets of the military and commercial customers by modernizing the NASSCO shipyard facility through the improvement and/or replacement of existing infrastructure and equipment.
- Continue the use of existing waterways, available shoreline, and existing shipyard facilities within the Port in an environmentally responsible manner.
- Enhance environmental protection and meet current safety standards by modernizing equipment and facilities.
- Preserve jobs by maintaining the physical capacity and technical capability to support the Navy's presence as well as commercial maritime needs in San Diego.
- Install infrastructure that allows repositioning the floating dock from its home location to a location within the leasehold more efficiently, thereby reducing the amount of time and operations required to release newly constructed or repaired vessels into the water from

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NASSCO's Ways infrastructure.

- Demolish and rebuild the Repair Complex Wharf, which has historically been used as a laydown area for vessel repair and staging but has been temporarily taken out of use due to safety concerns.
- Repair the existing deteriorating revetment and quay wall to restore the revetment to full functionality, protect against erosion, protect structures on land, and prevent further deterioration.
- Repair or replace deteriorating piles to ensure the continued stability and safety of existing structures, such as the Approach Pier to the Drydock.

Notice of Preparation and Scoping Meeting

On January 25, 2023, a Notice of Preparation (NOP) was published for a 30-day public review period in accordance with Section 15082 of the State CEQA Guidelines (Clerk's Document No. 74851). The NOP, which included an invitation to a public Scoping Meeting, was mailed to public agencies, organizations, and interested individuals to solicit their comments on the scope and content of the environmental analysis. The NOP indicated that the Draft EIR would evaluate potentially significant impacts to air quality, biological resources, energy, geology and soils, greenhouse gas emissions, hazards and hazardous materials, hydrology and water quality, land use and planning, noise, and transportation.

On February 16, 2023, the District held a public Scoping Meeting to help identify the range of actions, alternatives, mitigation measures and significant effects to be analyzed in depth in the EIR and eliminate from detailed study issues found not to be important. In response to the NOP solicitation, the District received four comment letters from the following agencies, organizations and persons: U.S. Department of the Navy; Coast Law Group, on behalf of the Environmental Health Coalition; Native American Heritage Commission; and Mitchell Tsai, on behalf of the Southwest Mountain States Regional Council of Carpenters. The primary issues raised by the commenters included: air quality; cultural resources; greenhouse gas emissions; hazards and hazardous materials; hydrology and water quality; and transportation, circulation, and parking.

Draft EIR

The Project's Draft EIR (Clerk's Document No. 75645) was circulated for a 46-day public review period, which began on April 18, 2023 and ended on June 2, 2023. A total of six comment letters received were received from: Coast Law Group, on behalf of the Environmental Health Coalition; Mitchell Tsai, on behalf of the Southwest Mountain States Regional Council of Carpenters; San Diego County Air Pollution Control District; California Department of Fish and Wildlife, California Department of Transportation; and the California Regional Water Quality Control Board. The comment letters discussed information related to biological resources, water quality, hazards and hazardous materials, and air quality. None of the received comments constituted significant new information or resulted in substantial revision requiring recirculation under State CEQA Guidelines Section 15088.5. Information contained in the District's responses to comments clarifies and further

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substantiates the conclusions contained in the Draft EIR.

The Draft EIR analysis resulted in a few key points, summarized below:

- The Project would result in “Less Than Significant” impacts with no mitigation required for effects related to air quality, greenhouse gas emissions, energy, land use and planning, noise, and transportation, circulation, and parking.
- The “potentially significant” environmental impacts associated with the Project that would require mitigation measures pertain to biological resources, geology and soils, hazards and hazardous materials, and hydrology and water quality. The necessary mitigation measures related to the Project’s impacts are discussed below:
 1. The biological resources impacts would be reduced to “Less Than Significant” with implementation of mitigation measures MM-BIO-1 through MM-BIO-7, MM-WQ-1 and MM-WQ-2, and MM-HAZ-1 through MM-HAZ-10. These mitigation measures would require preconstruction nesting surveys and construction monitoring by a qualified biologist to avoid impacts on protected bird species; require biological construction monitoring, the use of construction soft-starts, and development of a monitoring plan to protect marine mammals, sea turtles, and fishes; and implement water quality measures to protect potential marine habitat during construction. Overwater coverage impacts would be offset by requiring compensation through purchase of mitigation credits, restoration, and/or creation of marine habitat. Potential eelgrass impacts would be mitigated by implementation of water quality measures, conducting pre- and post-construction eelgrass surveys, and developing a mitigation plan for any loss of eelgrass. In-water fill impacts would be mitigated in consultation with the resource agencies and permitting processes by removal of existing overwater coverage within San Diego Bay and/or compensation through purchase of mitigation credits. Implementation of the above measures would avoid conflicts with San Diego Bay Integrated Natural Resources Management Plan.
 2. Impacts related to geology and soils would be reduced to “Less Than Significant” with implementation of mitigation measure MM-GEO-1, which would require the project applicant to prepare and submit a final site-specific geotechnical investigation to ensure project structures would be designed and engineered to specifications based on site-specific geotechnical conditions.
 3. Impacts related to hazards and hazardous materials would be reduced to “Less Than Significant” with implementation of mitigation measures MM-HAZ-1 through MM-HAZ-10, MM-WQ-1, and MM-WQ-2. Mitigation measures MM-HAZ-1 through MM-HAZ-9 would provide additional procedures for prevention and containment of accidental leaks and spills, routine inspection and instrumentation of equipment, worker training, and visual hazardous materials monitoring. Implementation of mitigation measure MM-HAZ-10 would require the project proponent to implement a Sediment Management Program that would include a Sampling and Analysis Plan, pre-construction sampling, Sediment Characterization Report, Sediment Management Plan, post-construction sampling,

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potential remediation, and reporting. Mitigation measure MM-HAZ-10 also requires the applicant to show evidence that the CWA Section 404 permit, Rivers and Harbors Act Section 10 permit and CWA 401 Water Quality Certification have been issued by the U.S. Army Corps of Engineers (USACE) and the Regional Water Quality Control Board (RWQCB), respectively, prior to the start of any in-water work. MM-WQ-1 requires water quality monitoring during construction. MM-WQ-2 further requires implementation of double silt curtains to contain spread of sediment and best management practices for construction activities that would disturb the bay floor.

4. The hydrology and water quality impacts would be reduced to “Less Than Significant” with implementation of mitigation measures MM-WQ-1 and MM-WQ-2, MM-BIO-4, and MM-HAZ-1 through MM-HAZ-10.

MM-WQ-1 would require NASSCO to provide evidence to the District of receipt of the CWA Section 401 Water Quality Certification and Section 404 permit prior to initiating in-water work with the potential to disturb sediments as well to develop and implement a turbidity monitoring plan to the satisfaction of the District and the RWQCB through the deployment of silt curtains around pile removal and pile driving areas to limit the spread of the turbidity plume outside the specific work area. MM-WQ-2 would require the implementation of best management practices during sediment disturbances. MM-BIO-4 requires contractor education and the implementation of construction measures, such as silt curtains, which would facilitate continued avian foraging, in accordance with regulations.

Implementation of MM-HAZ-1 through MM-HAZ-9 and MM-WQ-2 would reduce potential impacts associated with the release of hazardous wastes and materials into the San Diego Bay during in-water construction to less than significant by requiring specific measures to avoid potentially adverse impacts on water quality, including secondary containment of hazardous materials (e.g., oils and fuels), equipment inspection to avoid leaks, spill kits to prevent spills from entering the bay, barge loading procedures to avoid overloading barges, and use of a flattop barge with containment walls to prevent debris from entering the water. In addition, best management practices for work that would potentially disturb the bay floor would be required.

Further, implementation of mitigation measure MM-HAZ-1 through MM-HAZ-10, MM-WQ-1, and MM-WQ-2 would reduce potential impacts from the disturbance of contaminated sea-floor sediments associated with past contamination identified and remediated under Cleanup and Abatement Order (CAO) R9-2012-0024 to less than significant by requiring implementation of a sediment management program, requiring a water quality monitor, and implementing water quality BMPs.

- Project implementation would not result in “significant and unavoidable” impacts.

Project Alternatives

State CEQA Guidelines require EIRs to present a range of reasonable alternatives that could meet most of the Project’s basic objectives, but that would avoid or substantially lessen one or more

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significant environmental impacts. The EIR examined a range of reasonable alternatives to determine whether they could meet the Project objectives while avoiding or substantially lessening one or more of the Project's significant impacts.

Four alternatives were initially considered for evaluation. In addition to evaluating the No Project/ No Build Alternative scenario, one other alternative was carried forward for full analysis in the Draft EIR. The two other alternatives that were considered but rejected included a "Reduced Pile Repair/Replacement Alternative" and a "Floating Dry Dock Alternate Location Alternative." The alternative that was carried forward and analyzed in the Draft EIR - the "Reduced Overwater Coverage Alternative" - eliminates certain Project elements to reduce one or more significant environmental impacts of the proposed Project.

Alternative 1 - No Project/No Build Alternative

The No Project/No Build Alternative is required by CEQA to discuss and analyze potential impacts that would occur if the proposed Project was not implemented. Under the No Project/No Build Alternative, the NASSCO shipyard would operate as it currently does until the expiration of the current lease in 2040. None of the proposed Project elements would be constructed and implemented.

The No Project/No Build Alternative would not address deficiencies related to the age and condition of structures, shoreline sloughing, and operational conditions at the existing dry dock. Specifically, this alternative would retain the existing floating dry dock that has reached the end of its useful life and retain the supporting infrastructure (e.g., mooring dolphins and approach pier) that do not comply with current standards and codes. Additionally, the No Project/No Build Alternative would maintain the current configuration of the shipyard, which requires the floating dry dock to be relocated from the home position to another berth within the leasehold during vessel launches from the inclined building ways or building dock. Therefore, this alternative would not achieve the operational efficiency of repositioning the floating dry dock in the Lot 20 position during vessel launches, which is a shorter distance from the home location than the berth that is currently used. In addition, the Repair Complex Wharf, which is currently in disrepair and provides limited storage and laydown space, would remain in its current condition. The existing failed revetment and exposed shoreline would also be left in its current condition and would remain susceptible to damage from wave action. Lastly, damaged piles would be retained in their current condition and would remain susceptible to deterioration and instability. Without the Project improvements, the NASSCO shipyard would not be able to safely function in supporting various shipbuilding and repair operations.

Alternative 2 - Reduced Project Elements

Alternative 2 would include all Project Elements, except Project Element 2 (Repair Complex Wharf Replacement) would be reduced in scale. A portion of the existing Repair Complex Wharf is located within an area of existing sediment contamination associated with the Shipyard Sediment Site under CAO R9-2012-0024 issued by the San Diego RWQCB. Although remedial activities were completed under the CAO, contaminated sediment under the Repair Complex Wharf could not be removed because the existing structure made the area inaccessible to dredging and, unlike other inaccessible areas within the boundaries of the CAP, sand and gravelly sand cover were not used under the Repair Complex Wharf.

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To reduce the potential disturbance to contaminated sediment within the Shipyard Sediment Site, Alternative 2 would only rebuild the Repair Wharf Complex to the same size as the existing condition, which is 12,600 square feet. This would represent an overall reduction in size by approximately 6,000 square feet, reducing overwater structures and shading by approximately the same amount, and reducing the proposed backfill area and volume by approximately 10,000 to 12,000 square feet and 2,000 to 3,000 cubic yards, respectively. It is expected, however, that sheet pile sections would still be required to bolster the existing shoreline and supported by some amount of backfill.

Under this alternative, the pile supported concrete pad would increase by approximately 6,300 square feet (for a total of approximately 12,600 square feet) as it would take the place of the area proposed for backfill under the proposed Project. Consequently, while there would be substantially less overwater shading and backfill, this alternative would also require approximately double the number of 24-inch octagonal and 18-inch square precast concrete piles to support the larger concrete pad (12,600 square feet vs 6,330 square feet). Therefore, although the amount of overwater coverage, shading, and bay fill would be decreased, pile driving activities would increase.

The purpose of this alternative is to reduce Project impacts related to biological resources, hazards and hazardous materials, and hydrology and water quality. Because this alternative would require a smaller footprint than the proposed Project within the Shipyard Sediment Site identified under CAO R9-2012-0024, add less overwater structure coverage, and significantly reduce the amount of backfill added in the bay, it is anticipated to result in reduced impacts on biological resources, hazards and hazardous materials, and hydrology and water quality.

Alternative 2 would reduce Project impacts related to air quality and health risk; biological resources; climate change, greenhouse gas emissions, and energy; hazards and hazardous materials; and hydrology and water quality during construction. However, these impacts would not be entirely avoided. Constructing the smaller Repair Complex Wharf and other Project components (i.e., improvements to the approach pier, installation of the Lot 20 inshore mooring dolphin, and other pile repair and replacement throughout the Project site) would still result in impacts to those resource areas, but to a lesser degree. Further, the reduced size of the Repair Complex Wharf under Alternative 2 would provide limited storage and laydown capabilities compared to the proposed Project. Therefore, Alternative 2 would be less effective in meeting the Project objectives (#1, #2, and #6) that include implementing infrastructure improvements that continue the use of available space within the leasehold in support of NASSCO's shipbuilding and repair operations and not completely achieving improved efficiencies to help meet the needs of the current and anticipated military and commercial customers.

Environmentally Superior Alternative

Pursuant to CEQA, the EIR is required to identify the environmentally superior alternative. Although the No Project/No Build Alternative (Alternative 1) reduces the greatest number of impacts, CEQA requires that when the environmentally superior alternative is the No Project/No Build Alternative, another alternative should be identified.

The Reduced Overwater Coverage Alternative (Alternative 2) is considered the environmentally superior alternative, and overall impacts on environmental resources would be reduced compared to

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the proposed Project. However, Alternative 2 would not reduce impacts of the proposed Project to the extent that the Project's less-than-significant impacts would be entirely avoided.

Final EIR

The Final EIR consists of two volumes, organized as follows:

- Volume 1 contains the EIR dated July 2023. The text shown in “tracked changes” in this volume are changes to the text and other information added by the District in response to public comments received on the Draft EIR. Volume 1 is composed of the following:
 - The Errata provides minor revisions and clarifications since the initial publication of the Final EIR on July 28, 2023;
 - The Executive Summary summarizes the Project's environmental impacts and mitigation measures;
 - Chapter 1 provides an introduction to the Final EIR;
 - Chapter 2 lists the proposed Project's central objectives and underlying purpose and provides a detailed description of the environmental setting and proposed Project characteristics;
 - Chapter 3 contains the Project's environmental analysis, impacts, and mitigation measures;
 - Chapter 4 contains the environmental analysis for the Project's cumulative effects;
 - Chapter 5 addresses growth-inducing impacts and effects not found to be significant;
 - Chapter 6 evaluates alternative to the Project;
 - Chapter 7 lists the EIR preparers and agencies consulted;
 - Chapter 8 lists the references used in the EIR's references;
 - Chapter 9 provides public comments on the Draft EIR and corresponding District responses; and
 - Attachment 1 contains the MMRP.

- Volume 2 contains the Draft EIR and the appendices to the EIR.

These two volumes collectively constitute the Final EIR. The Final EIR can be accessed on the District's website at:

<https://www.portofsandiego.org/public-records/port-updates/notices-disclosures/ceqa-documents>.

This link was also provided to the Board via Board memo on July 27, 2023 and August 31, 2023, and the Final EIR was made available to the public on July 28, 2023. In addition, on July 28, 2023, pursuant to Section 15088(b) of the State CEQA Guidelines, the District provided an electronic copy of the District's written responses to all commenters that commented on the Draft EIR.

After the initial publication of the Final EIR, two Errata were prepared to provide minor revisions and clarifications. These revisions do not change the significance conclusions of the Final EIR. The First Errata replaces a table in the Final EIR with corrected data from the California Air Resources Board (CARB). The Second Errata clarifies the Project's application of Toxics Best Available Control Technologies (Toxics BACT or T-BACT) during construction and operation. Additionally, it describes

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the rationale for using a 10 in one million cancer risk threshold in the EIR's Health Risk Assessment and updates diesel emissions reductions associated with the proposed use of Final Tier 4-rated construction equipment for 75% of the Project's off-road diesel construction equipment greater than 50 horsepower.

The Project would not result in significant air quality or health risk impacts without the use of Tier 4-rated construction equipment. However, as part of NASSCO's ongoing efforts to reduce Diesel Particulate Matter (DPM) emissions, NASSCO proposed to include cleaner Tier 4 construction equipment as part of the Project. As indicated in the Errata, this proposal would reduce DPM emissions from off-road equipment by 59 percent and overall DPM emissions by 29 percent. It should be noted that the analysis provided in the Errata is conservative because it does not account for the potential use of electric-powered construction equipment, and NASSCO's proposal to use Tier 2 or greater rated construction equipment for the remaining 25% balance of construction equipment. Implementation of these provisions and related monitoring would be made a condition of the Draft CDP.

After the Final EIR was published, District staff received additional written comments on the EIR from the Environmental Health Coalition (EHC) and Coast Law Group, who represents EHC and San Diego Coastkeeper. Staff responded to these supplemental comments, which focused on air quality and water quality impacts of the Project. The comments and corresponding responses are included as Attachment B. The information contained in staff's responses clarifies and further substantiates the conclusions contained in the Final EIR. Further, none of the received comments constituted significant new information or resulted in substantial revision requiring recirculation of the EIR under State CEQA Guidelines section 15088.5.

Staff recommends the Board certify the Final EIR.

Mitigation Monitoring and Reporting Program (MMRP)

As concluded by the Draft EIR and Final EIR, the Project would result in potentially significant impacts related to biological resources associated with in-water construction activity and increased water coverage, geology and soils due to the potential for Project structures to cause geologic hazards from seismic-related ground failure or be located on unstable geologic units and soils, hazards and hazardous materials associated with existing known or potential contaminants within the Project site disturbed by construction activity, and hydrology and water quality also associated with disturbance of bay floor sediments during construction activities. All Project level and cumulative impacts can be mitigated to below a level of significance.

All mitigation measures have been prepared in compliance with State CEQA Guidelines § 15126.4. Pursuant to State CEQA Guidelines Section 15097, the MMRP identifies the required mitigation measures, the party responsible for carrying them out, and a monitoring and reporting mechanism. Compliance with the MMRP will be included as a condition of the Non-Appealable CDP for the Project. The MMRP is included as Exhibit B to the draft EIR Resolution attached to the Agenda Sheet, and as Attachment A to the draft CDP; the draft CDP is provided as Attachment A to this Agenda Sheet.

Staff recommends the Board adopt the MMRP.

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Findings of Fact:

CEQA requires the Board to adopt written findings of fact for all significant Project impacts identified in the Final EIR (CEQA Guidelines Section 15091) including impacts that are considered less than significant after mitigation. The Findings of Fact are included as Exhibit A to the draft EIR Resolution attached to this Agenda Sheet.

Staff recommends the Board adopt the Findings of Fact.

Concept Approval:

Pursuant to BPC Policy No. 357, plans for new tenant development must be presented to the Board for approval if the Project is estimated to cost more than \$500,000. The Project involves the development of improvements to existing ship repair yard facilities at the Project site at a cost estimate of \$50,000,000. Approval of the Project would allow for the improvement and modernization of land facilities and in-water infrastructure leading to safer and more efficient shipyard operations, reductions in resource consumption, and better environmental quality.

Staff recommends concept approval of the Project.

Coastal Development Permit:

The Project site is in Planning District 4 of the certified PMP. The landside area is designated Marine Related Industrial and waterside area is designated Specialized Berthing. The CDP Project would result in continuance of the permitted, existing use and the physical improvements would serve to facilitate implementation of the certified PMP. Therefore, the CDP Project is consistent with the District's certified PMP.

The CDP Project constitutes "development" under Section 30106 of the California Coastal Act as it would result in the demolition and construction of structures. Accordingly, a Coastal Act authorization from the District is required. Pursuant to the District's CDP Regulations, the CDP Project has been determined to be a "non-appealable" development because it is not considered an "excluded", "emergency", or "appealable" development. Additionally, Coastal Act Section 30715 lists the sole categories of development that are appealable, and the CDP Project is not within these categories of development. Therefore, the CDP Project requires authorization of a Non-Appealable CDP.

The CDP Project is located between the sea (as defined in the Coastal Act) and the first inland continuous public road paralleling the sea. The Project is fully consistent with the Public Resources Code Sections 30604(c), 30210-30224, and the Coastal Act public access and recreation policies referenced therein since the CDP Project is the construction, replacement, and maintenance of facilities at a secure ship repair yard that does not provide any public access amenities. The majority of the proposed work would take place within the District's CDP jurisdiction (i.e., Project Elements 2, 3, and 4). Part of Project Element 1 is currently within the CCCs CDP jurisdiction, per SB 507 and the California Coastal Act, and would not be covered by the District CDP. NASSCO would apply directly to the CCC for authorization and entitlements for components of Project Element 1 previously described.

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A copy of the draft CDP is provided as Attachment A to this Agenda Sheet. Conditions are incorporated into the CDP to ensure the CDP Project's conformance with the Final EIR's MMRP and related District requirements.

Staff recommends the Board adopt a resolution approving the issuance of the Non-Appealable CDP to NASSCO for the CDP Project (components that are within the District's CDP jurisdiction).

Next Steps:

Following Board certification of the Final EIR, including adoption of the MMRP and adoption of the Findings of Fact, a Notice of Determination will be filed with the County of San Diego Recorders' Office. Following the Board's authorization of the Non-Appealable CDP, NASSCO will work with District staff in the processing of a real estate agreement to secure property rights for the Project element components (Portion of Lot 20 and associated offshore west aft mooring dolphin) currently located within the CCC's CDP jurisdiction. NASSCO will also coordinate with the CCC and resource agencies to obtain necessary permits, primarily related to in-water construction, and commence work. Construction of the proposed Project would be phased. Most Project components (i.e., floating dry dock replacement and modification, Repair Complex Wharf improvements, and quay wall revetment repairs [berths 2-5]) are anticipated to be constructed between 2024 and 2026; however, as-needed quay wall repairs may extend to 2028 and structural pile repair and replacement may extend to 2035.

General Counsel's Comments:

The Office of the General Counsel has reviewed the agenda sheet and attachments as presented to it and approves them as to form and legality.

Environmental Review:

The proposed Board actions complete the CEQA process for the Project.

The proposed Project complies with Section 87(a)(1) of the Port Act, which allows for the establishment, improvement, and conduct of a harbor, and for the construction, reconstruction, repair, maintenance, and operation of wharves, docks, piers, slips, quays, and all other works, buildings, facilities, utilities, structures, and appliances incidental, necessary, or convenient, for the promotion and accommodation of commerce and navigation. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

Diversity, Equity, and Inclusion Program:

This agenda sheet has no direct impact on DEI workforce or contract reporting at this time.

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Attachments:

Attachment A: Draft Non-Appealable CDP

Attachment B: Staff Responses to Supplemental Final EIR Comments from the Environmental Health Coalition and Coast Law Group