

FILE NUMBER: 2025-080

DATE: Tuesday, February 11, 2025

SUBJECT: Easement to Pasha Automotive Services for Solar Improvements at the National City Marine Terminal Warehouse 24-B

DESCRIPTION: Ordinance (1) Granting an Easement In Substantial Form to Pasha Automotive Services for Installation and Operation of Solar Improvements at the National City Marine Terminal Warehouse 24-B in National City; and (2) Consenting to the Sub-Easement from Pasha Automotive Services to Catalyze National City Terminal Avenue Microgrid, LLC in Substantial Form for the Installation and Operation of Solar Improvements at the National City Marine Terminal Warehouse 24-B in National City

EXECUTIVE SUMMARY:

Pasha Automotive Services (Pasha) operates the District's National City Marine Terminal (NCMT) under a Terminal Operator Agreement (TOA) for the import, export, handling and storage of vehicles and other cargo. The TOA commenced January 1, 2011 and is comprised of an initial 10-year term, with four, five-year options to extend, with a termination date of December 31, 2040 if all options are exercised. The TOA grants Pasha the preferential, non-exclusive use of approximately 115 acres of land, which includes three warehouses: Warehouse 24-1, Warehouse 24-A, and Warehouse 24-B. Warehouse B, the subject of this Board action, is approximately 194,216 square feet in size (Attachment A – Location Map).

Pasha has proposed to install, maintain and operate solar panels, electrical conduit and related equipment (hereinafter "Solar Improvements") on the roof of Warehouse 24-B. The installation and implementation of the Solar Improvements would satisfy Pasha's "2030 Reduction Requirement" from Mitigation Measure MM-GHG-6, of the Final EIR for the "National City Marine Terminal Tank Farm Paving and Street Closures Project & Port Master Plan Amendment," which was certified by the Board in September 2016 ("Tank Farm EIR"). Mitigation Measure MM-GHG-6 requires that Pasha install and operate a renewable energy project to mitigate greenhouse gas emissions impacts associated with their operations. The Solar Improvements would reduce greenhouse gas emissions by creating a renewable energy source for NCMT.

Staff has negotiated a new easement with Pasha for the roof of Warehouse 24-B to grant Pasha the necessary rights to install and operate the Solar Improvements ("Easement") and would be coterminous with the TOA. Subsequently, Pasha will execute a sub-easement with the solar provider, Catalyze National City Terminal Avenue Microgrid, LLC ("Catalyze"), who will be responsible for the financing, installation and operation of the Solar Improvements ("Sub-Easement"). The Sub-Easement will be subordinate to and coterminous with both the TOA and the Easement. Lastly, Pasha will purchase the power produced by the Solar Improvements through Power Purchase Agreement (PPA) with Catalyze.

Staff recommends the Board adopt an ordinance granting an easement to Pasha for the Solar Improvements and consent to the sub-easement between Pasha and Catalyze. The project will help fulfill a mitigation measure required by the Tank Farm EIR, will create a new renewable energy source for NCMT, and will help the District achieve its climate goals.

RECOMMENDATION:

Adopt an Ordinance (1) Granting an Easement In Substantial Form to Pasha Automotive Services for Installation and Operation of Solar Improvements at the National City Marine Terminal Warehouse 24-B in National City; and (2) Consenting to the Sub-Easement from Pasha Automotive Services to Catalyze National City Terminal Avenue Microgrid, LLC in Substantial Form for the Installation and Operation of Solar Improvements at the National City Marine Terminal Warehouse 24-B in National City.

FISCAL IMPACT:

The Agenda Item has no fiscal impact to the District. Pasha and Catalyze would be responsible for the installation, maintenance, and operation of the Solar Improvements at no cost to the District. Additionally, Pasha will be assuming the maintenance obligations for the roof of Warehouse 24-B, which is currently a District responsibility.

This item is subject to Board Policy 106 – Cost Recovery User Fee Policy.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A thriving and modern maritime seaport.
- A Port with a healthy and sustainable bay and its environment.
- A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

Pasha operates the District's NCMT under a TOA for the import, export, handling and storage of vehicles and other cargo. The TOA commenced January 1, 2011 and is comprised of an initial 10-year term, with four, five-year options to extend, with a termination date of December 31, 2040 if all options are exercised. The TOA grants Pasha the preferential, non-exclusive use of approximately 115 acres of land, which includes three warehouses: Warehouse 24-1, Warehouse 24-A, and Warehouse 24-B.

Pasha has proposed to install, maintain and operate Solar Improvements on the roof of Warehouse 24-B. The installation and implementation of the Solar Improvements would satisfy Pasha's "2030 Reduction Requirement" from Mitigation Measure MM-GHG-6, of the Tank Farm EIR. Mitigation Measure MM-GHG-6 requires that Pasha install and operate a renewable energy project to mitigate greenhouse gas emissions impacts

associated with their operations. The Solar Improvements would reduce greenhouse gas emissions by creating a renewable energy source for NCMT.

The Solar Improvements would be comprised of a grid-tied photovoltaic (PV) solar electric system. The total projected PV system size is 1,389.96 kWDC covering nearly the entire rooftop space of Warehouse 24-B. There would be 144 solar cells per module to create a total annual power output of approximately 2,298,624 kWh annually. The front of the solar panels would be made of high transmission anti-reflective glass to allow light to reach the solar panels while reducing glare and reflection.

Staff has negotiated a new easement with Pasha for the roof of Warehouse 24-B to grant Pasha the necessary rights to install and operate the Solar Improvements (Attachment B – Easement). The Easement would be coterminous with and subordinate to the TOA. There is no rent proposed as part of the Easement since the Solar Improvements will help the District achieve its climate goals, transfers maintenance obligations of the roof to Pasha (which in turn reduces District expenses), and the Solar Improvements will not be used to generate revenue to Pasha. The Easement will also require Pasha to retain all environmental attributes in perpetuity (including tradeable energy credits) since this project will be used to satisfy a mitigation measure intended to offset greenhouse gas emissions associated with Pasha operations.

Subsequently, Pasha will execute a sub-easement with the solar provider, Catalyze, for the financing, installation and operation of the Solar Improvements (Attachment C - Sub-Easement). The Sub-Easement will be subordinate to and coterminous with both the TOA and the Easement. Pasha will purchase the power produced by the Solar Improvements through a Power Purchase Agreement with Catalyze.

Staff recommends the Board adopt an ordinance granting an easement to Pasha for the Solar Improvements and consent to the sub-easement between Pasha and Catalyze. The project will help fulfill a mitigation measure required by the Tank Farm EIR, will create a new renewable energy source for NCMT, and will help the District achieve its climate action goals.

General Counsel's Comments:

The General Counsel's Office has reviewed this agenda and attachments, as presented to it, and approves the same as to form and legality.

Environmental Review:

The proposed Board actions, including without limitation an Ordinance Granting an Easement to Pasha Automotive Services for Installation and Operation of Solar Improvements at the National City Marine Terminal Warehouse 24-B in National City; and Consenting to the Sub-Easement from Pasha Automotive Services to Catalyze National City Terminal Avenue Microgrid, LLC for the Installation and Operation of Solar Improvements at the National City Marine Terminal Warehouse 24-B in National City, were adequately analyzed in the Final Environmental Impact Report (FEIR) for the National City Marine Terminal Tank Farm Paving and Street Closures Project & Port

Master Plan Amendment (UPD #EIR-2014-188; SCH #2014121046, Clerk Document No. 65738) prepared and certified by the District on September 8, 2016 (Resolution No. 2016-140). The FEIR addressed the potential impacts associated with increasing the amount of area used for vehicle storage by Pasha by approximately 17.3 acres, representing approximately 210,818 additional vehicle throughput for the project site annually. As required by CEQA, the impacts associated with the mitigation measures, including Mitigation Measure Greenhouse Gas Emissions, Climate Change, and Energy Use No. 6 (MM-GHG-6) are addressed in the FEIR. Since adoption and certification of the FEIR, project design has advanced to “incorporate renewable energy into the leasehold or other areas within the San Diego Unified Port District [...] to achieve requisite reductions to meet the 2030 and 2040 [GHG] reduction targets” (FEIR MMRP-10), in accordance with MM-GHG-6. Construction and operation of the renewable energy project, as well as its impacts, were adequately covered in the FEIR.

The proposed project is not a separate project for CEQA purposes but is a subsequent discretionary approval related to a previously approved project. (CEQA Guidelines § 15378(c); *Van de Kamps Coalition v. Board of Trustees of Los Angeles Comm. College Dist.* (2012) 206 Cal.App.4th 1036.) Additionally, pursuant to CEQA Guidelines Sections 15162 and 15163, and based on the review of the entire record, including without limitation, the FEIR, the District finds and recommends that the proposed Board actions do not require further environmental review as: 1) no substantial changes are proposed to the project and no substantial changes have occurred that require major revisions to the previous FEIR due to the involvement of new significant environmental effects or an increase in severity of previously identified significant effects; and 2) no new information of substantial importance has come to light that (a) shows the project will have one or more significant effects not discussed in the previous FEIR, (b) identifies significant impacts more severe than those analyzed in the previous FEIR, (c) shows that mitigation measures or alternatives are now feasible that were identified as infeasible and those mitigation measures or alternatives would reduce significant impacts, or (d) shows mitigation measures or alternatives which are considerably different from those analyzed in the previous FEIR would substantially reduce one or more significant effects on the environment. Because none of these factors have been triggered, pursuant to CEQA Guidelines §15162(b), the District has determined no further analysis or environmental documentation is necessary. Accordingly, the proposed Board actions are merely a step in the furtherance of the original project for which environmental review was performed and no supplemental or subsequent CEQA has been triggered, and no further environmental review is required.

The proposed Board actions comply with Section 87 of the Port Act which allows for all visitor-serving commercial and industrial uses and purposes, and the construction, reconstruction, repair, and maintenance of commercial and industrial buildings, plants, and facilities. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board actions are consistent with the Public Trust Doctrine.

The proposed Board actions are considered excluded development pursuant to Sections 8.a (Existing Facilities) and 8.c (New Construction or Conversion of Small Structures) of the District’s Coastal Development Permit Regulations because the project would consist

of the implementation and installation of MM-GHG-6 of the FEIR, which would involve a grid-tied photovoltaic renewable energy system mounted to the roof of Warehouse 24B in the National City Marine Terminal, which would involve negligible expansion of use beyond that previously existing, and would involve negligible change of existing use of the property. If the Board approves these actions, District staff would notify California Coastal Commission (CCC) staff in accordance with Coastal Act Section 30717. The approval would become effective after the 10th working day after notification to CCC staff, unless an appeal is filed with the CCC within that time frame.

Diversity, Equity, and Inclusion Program:

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

PREPARED BY:

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Attachment(s):

Attachment A:	Location Map
Attachment B:	Easement
Attachment C:	Sub-Easement