

FILE NUMBER: 2025-129

DATE: Tuesday, May 6, 2025

SUBJECT: Zucarmex Preliminary Project Review for Proposed Bulk Storage Structure on the Tenth Avenue Marine Terminal (TAMT)

DESCRIPTION: (A) Receive Preliminary Project Review Presentation for a Proposed Bulk Storage Structure on the Tenth Avenue Marine Terminal (TAMT); and (B) Resolution Authorizing Staff to Commence Environmental Review in Accordance with the California Environmental Quality Act for the Proposed Project

EXECUTIVE SUMMARY:

Zucarmex is the largest producer of sugar in Mexico, employing over 5,000 employees in North America. It owns a 250,000 sq.ft. warehouse and refinery facility in Otay Mesa, California. Since 2018, Zucarmex has been importing bulk sugar to TAMT as “spot” business under the Port’s Tariff 1-G, averaging five to six ships annually. Current operations involve discharging bulk sugar directly to trucks which then deliver the product to a warehouse and refinery facility in Otay Mesa.

Zucarmex is proposing to enter into a long-term agreement with District and build a modern 36,000 sq. ft. bulk conveyance and storage structure at TAMT. A storage facility at the terminal enables Zucarmex to have more efficient discharge operations by reducing the number of days the vessel will be at port and spreading-out trucking operations.

The proposed project also envisions the use of a fleet of Class 8 Zero Emission Vehicle (ZEV) trucks for daily removal of sugar to their offsite processing facility in Otay Mesa. This electric truck fleet will eliminate diesel trucks from their current operation. The proposed project also includes solar panels. These proposals will assist the District in meeting its Maritime Clean Air Strategy goals.

Staff will present details of the proposed project during the Board meeting and request the Board to authorize commencement of the environmental review process

RECOMMENDATION:

Receive preliminary project review presentation on the proposed project; and Adopt a Resolution authorizing staff to commence environmental review in accordance with the California Environmental Quality Act (CEQA) for the Proposed.

FISCAL IMPACT:

Preliminary project review and authorization from the Board to commence environmental review in accordance with CEQA will not have a direct fiscal impact to the District.

COMPASS STRATEGIC GOALS:

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

- 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 financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

Background

Zucarmex, a sugar company based in Sinaloa, Mexico, has been importing bulk sugar to TAMT since 2018 pursuant to a Letter of Agreement subject to the Port's Tariff 1-G. During CY 2024, Zucarmex imported 175,000 metric tons of raw sugar from Mexico and Brazil. They are the largest producer of sugar in Mexico.

Currently, Zucarmex brings between 30,000 – 35,000 metric tons of bulk sugar to TAMT approximately every other month. Occasionally, they bring bagged sugar from Central America. While a ship is at berth, Zucarmex hires a fleet of trucks from a local transportation company to move products from TAMT to their own warehouse/refinery facility in Otay Mesa, twenty-one miles away from TAMT. Discharge operations take approximately 10 days to complete.

Proposed Project Description

Zucarmex has submitted a Project Application to the District's Development Services Department (DSD). Zucarmex aspires to become a long-term Port tenant and propose modernizing and greening their discharge operations by upgrading equipment, such as hoppers and conveyors, and constructing a bulk storage structure. The proposed development includes building a solar roof warehouse structure in the southeastern area of TAMT. (Exhibit A).

To address dust and particulate matter leakage, Zucarmex plans to implement a fully covered and portable conveyance system. This system is designed to achieve 95% control of particulate emissions while increasing offloading efficiency. Additionally, this system will eliminate open truck loading operations. (Exhibit B).

Zucarmex is collaborating with mechanical and structural engineering firms along with air quality and fire protection specialists to ensure structural integrity, installation, fire safety and air quality requirements.

The proposed warehouse structure will consist of 36,000 sq. ft., with a height of 60 feet, serving as storage facility for imported sugar, please see Exhibit C. The single-story will feature an open interior design and will incorporate a solar roof system to provide renewable energy for onsite truck charging. This proposed dry bulk structure is proposed to include the use of a solar roof system for renewable energy onsite truck charging. The project does not involve significant earthwork or demolition.

Furthermore, Zucarmex proposes to introduce a fleet of Class 8 zero-emission vehicle (ZEVs) for daily removal of products to their offsite processing facility in Otay Mesa. The electric truck fleet will replace the current use of diesel trucks, thereby reducing emissions and daily truck trips through the surrounding area. The use of the ZEV trucks and introduction of solar panels will assist the District in meeting its Maritime Clean Air Strategy goals.

Stakeholder Coordination and Public Engagement

Maritime staff and Zucarmex have conducted early community/stakeholder outreach to inform stakeholders of the proposed projects and receive feedback. Staff and project proponent have held meetings with the following stakeholders:

- Environmental Health Coalition – March 24, 2025
- Portside Community Steering Committee – March 25, 2025
- Barrio Logan Community Group – April 16, 2025
- City of San Diego Councilmember Vivian Moreno – April 24, 2025

So far, the feedback received from stakeholders has been extremely positive. They appreciate the fact that they are getting briefed early in the project process, as well as the sustainable features of the project, in particular, the use of electric trucks. Staff will continue conducting stakeholder outreach and engagement as the project moves forward to completion.

Next Steps

If the Board authorizes staff to commence environmental review, the next step will be to evaluate the Project Application for completeness, in accordance with District Code Section 3.03. Once the project application is deemed complete and a detailed project description has been developed, the CEQA and Coastal analysis will commence.

Other next steps will include continued stakeholder outreach and negotiating terms with Zucarmex for a potential long-term agreement. Staff will provide periodic updates to the Board prior to bringing a final agreement for approval in open session.

Conclusion

Zucarmex desires to become a long-term Port tenant and proposes to make improvements to their existing operation by upgrading their equipment, constructing a bulk storage structure, and introducing Class 8 ZEV for the daily delivery of sugar to their offsite warehouse and processing facility in Otay Mesa. Staff recommends that the Board authorize staff to commence environmental review for Zucarmex's proposed project.

General Counsel's Comments:

The Office of the General Counsel has reviewed the 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 a preliminary project review presentation and authorizing staff to commence environmental review of the above-described Zucarmex project, do not constitute a project under the definition set forth in CEQA Guidelines Sections 15352 and 15378 because there is not a commitment to a definite course of action and no direct or indirect changes to the physical environment would occur at this time. CEQA requires that the District adequately assess the environmental impacts of projects and reasonably foreseeable activities that may result from projects prior to the approval of the same. Any project requiring the District's discretionary approval and resulting in a physical change to the environment, including the proposed project, shall be analyzed in accordance with CEQA prior to consideration for approval. The District reserves its sole and absolute discretion to approve or disapprove the proposed project. CEQA review may result in the District requiring implementation of mitigation measures, adopting an alternative including without limitation a "no project alternative," and/or adopting a Statement of Overriding Consideration, if required. The exercise of this future discretion is in no way limited by receiving this presentation and providing direction to staff today. Therefore, no CEQA review is required at this time.

The proposed Board actions comply with Section 35 of the Port Act which allows for the Board to do acts necessary and convenient for the exercise of its powers. 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.

This proposed Board action does not allow for development, as defined in Section 30106 of the California Coastal Act, or new development, pursuant to Section 1.a. of the District's CDP Regulations because there will not be, without limitation, a physical change, change in use, or increase the intensity of uses. Therefore, issuance of a CDP or exclusion is not required at this time. However, development within the District requires processing under the District's CDP Regulations. Future development would remain subject to its own independent review pursuant to the District's certified CDP Regulations, Port Master Plan (PMP), and Chapter 3, as applicable, and Chapter 8 of the Coastal Act. The exercise of the District's discretion under the District's CDP Regulations is in no way limited by today's presentation and direction to staff. An Appealable CDP will be required for the proposed Project and will be presented to the Board for its consideration in the future.

Diversity, Equity, and Inclusion Program:

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

PREPARED BY:

Bianca Guzman
Administrative Assistant, Maritime

Attachment(s):

Attachment A: Attachment A

Attachment B: Attachment B

Attachment C: Attachment C