

MINUTES OF A SPECIAL MEETING OF THE INTERMODAL CONTAINER TRANSFER FACILITY JOINT POWERS AUTHORITY GOVERNING BOARD HELD IN THE BOARD ROOM AT THE PORT OF LONG BEACH ADMINISTRATION BUILDING, 925 HARBOR PLAZA, LONG BEACH, CALIFORNIA, ON TUESDAY, JUNE 24, 2008, AT 8:00 A.M.

Board Members present:

S. David Freeman, Port of Los Angeles
Geraldine Knatz, Port of Los Angeles
Nick Sramek, Port of Long Beach
Richard D. Steinke, Port of Long Beach

Board Members absent:

None

Also present:

Mike Christensen, Port of Los Angeles
Doug Thiessen, Port of Long Beach
Sam Joumbat, Executive Director
Thomas A. Russell, General Counsel

CHAIRPERSON FREEMAN PRESIDED AS CHAIR.

PUBLIC INVITED TO ADDRESS BOARD

The following individuals addressed the Governing Board:

Mr. John Cross, West Long Beach Neighborhood Association
Ms. Andrea Hricko, USC
Mr. Scott Moore, Vice President Public Affairs & Corporate Relations of Union Pacific Railroad

The first speaker was Mr. John Cross. John Cross was there to represent the West Long Beach Neighborhood Association. He expressed a desire for the JPA and Union Pacific Railroad to do more to make the ICTF a clean rail yard. He asserted that even though the clean truck program is a good program it is not going to do enough to improve air quality. He would like to see more consideration to a MagLev system as a way to move containers in a cleaner more efficient manner. He has witnessed trucks lined up on the street, with the engines idling waiting to get into the ICTF terminal as an example of how the current system is not acceptable.

Chairperson Freeman asked Mr. Cross to convey to the neighborhood association that the board has already made it clear that it expects that the proposed project will include the use of all electric trucks, with no emissions and little noise pollution. Chairperson Freeman also explained that the board can see the long term benefits of implementing a MagLev system, however that would require securing a new right of way, which would be logistically difficult. He asserted that the board anticipated this project with the development of the electric truck technology for that reason.

John Cross concluded his statements by thanking the board for having their prior meeting at Silverado Park, saying that he found it to be a good meeting.

The second speaker was Ms. Andrea Hricko. She started by applauding both Ports for increasing their public outreach, including video taping all the harbor commission meetings. Then she expressed confusion over why the ICTF project was being treated differently. She acknowledged that the JPA is responsible for the project, but expressed a desire for more public outreach relating to this project. She pointed out that there are no notices of JPA meetings on the Port websites. She also pointed out that this is a very significant project considering ICTF has the third highest diesel emissions in California for an intermodal yard and the cancer risk for the near by residents are eight hundred in a million. She questioned whether the projected pollution reduction will be enough to reduce the cancer risk to ten in million, which is what is acceptable. She also said that she believes the project violates the California ARB land use guidelines, which are based on health risks associated with living in close proximity to rail yards and similar facilities. She acknowledged that maybe the trucks will be clean, however the long haul locomotives, which will increase in number, will not employ the cleanest technology. She cited a study done on the effects of diesel emissions on adults with asthma to emphasize the importance of improving the air quality for the children with asthma attending Stevens, Webster and Hudson and other schools near the rail yard.

Embarrassment was expressed on behalf of the board for not having better public outreach. Chairperson Freeman expressed a commitment to advertise their regular meetings as well as the Ports advertise theirs. Chairperson Freeman also said that the projected emission reductions included in the proposal do not reflect the reductions if the plan for all electric trucks is adopted. He also expressed commitment on behalf of the board to work with the community to include the best technology in this project. He then explained that the commission has no authority to shut down the rail yard and the opportunity to clean up the rail yard is through the proposed project. A no project alternative would result in a continuation of current conditions. Chairperson Freeman offered assurance that the JPA and the Ports understand the health risks and that is why they feel a sense of urgency to see if this project can sufficiently address those risks.

Ms. Hricko asked a few follow up questions regarding public outreach. She requested that speaker comments and the board's response be included in the minutes. She also asked that the JPA by-laws and the current lease agreement for the ICTF

facility be posted online for public access.

Andrea Rico was assured by both Chairperson Freeman and Vice-Chairperson Sramek that the JPA will pay more attention to public outreach. It was explained that the meeting minutes follow the format of those meetings that are video taped. Chairperson Freeman noted that the format of the meeting minutes would be addressed later in the meeting. Board member Knatz then asked Mr. Joumblat if the JPA website was linked to the Port's website. He responded negatively, but said that he would work towards linking the two as well as posting the JPA by-laws. He did say that the JPA has issued press releases to both Ports for distribution, which are also sent out to anyone who has signed up for the JPA's email list. And finally, he acknowledged that there are areas for improvement in public outreach.

The final speaker was Scott Moore, with Union Pacific Railroad. He started by assuring the board of Union Pacific's commitment to funding the planning portion of the proposed project up to four million dollars. He said that Union Pacific has already expressed concerns regarding the JPA's use of the South Coast Air Quality Management District as a consultant, but that Union Pacific has decided to proceed despite these concerns. He also expressed Union Pacific's commitment to the eighteen month target date for completion of the environmental impact report and said that it is not Union Pacific's intention to stand still on the current facility. He also shared that Union Pacific will continue to increase their on dock loading, has introduced cleaner switching locomotives to the yard, prioritizes the cleanest long haul locomotives to southern California and has increased community outreach. He also expressed commitment to work with the Ports to identify the best alternatives for moving containers from the dock to the ICTF facility, while the EIR process moves forward. Finally he acknowledged the unique challenges that the JPA has faced in overseeing this project proposal and said he looks forward to future meetings.

Vice-Chairperson Sramek inquired about the Board's previous requests for a plan for improving pollution with specific dates. He also asked about their previous request for cooperation with JPA on a plan addressing the trucks that service the ICTF facility, including an estimate of the number of trucks needed for ICTF operation. Finally Vice-Chairperson Sramek asked about the business case that the board had also previously requested. He said that before the JPA could move forward with Union Pacific, it would be important for Union Pacific to produce these things, or at least show, in writing that they are working towards their production.

Scott Moore said that even though Union Pacific does not consider itself to be in the trucking business, they are, looking at ways they could move forward on that, including looking at how many trucks would be needed to service the ICTF facility. Finally he explained that there are varying ways to arrange the containers and trucks that would affect this estimate.

Vice-Chairperson Sramek emphasized the need for an estimate of the number of trucks so that the Port can assess the feasibility for procuring electric trucks or some

other method.

Mr. Moore assured the board that looking into that is one thing Union Pacific is doing. So far it is Union Pacific's plan to finance the entire project privately and have pledged four million dollars to the project. Therefore their business model will remain internal until the costs of alternatives have been identified. Mr. Moore stated that if the project moves forward, UP would likely have conversations with the JPA to further identify the business model.

Chairperson Freeman noted that this project provides an opportunity to clean up the ICTF facility and asserts that it would be beneficial for the railroad to show some visible improvements, which would increase faith in their commitment to creating a cleaner facility. Chairperson Freeman further noted that these efforts would increase trust and make the community more willing to support this project and help the JPA work more harmoniously with Union Pacific. Chairperson Freeman stated that the JPA Board meetings should serve as confidence building sessions where the railroad presents tangible improvements that it has made. A demonstration of the feasibility of the use of electric trucks would be an important step in gaining the confidence of the JPA and the Community. Chairperson Freeman encouraged Union Pacific to come back to future Board meetings with tangible improvements to the ICTF that would help build public confidence in the modernization Project.

Chairperson Freeman asked Mr. Moore if it is really necessary to allot eighteen months to the EIR process. Mr. Moore responded saying that he would like it to be completed sooner than that and agreed to work on shortening that timetable as much as possible.

Mr. Moore was thanked for Union Pacific's cooperation in terms of monetary support. Mr. Moore concluded by saying that Union Pacific does not intend to stand still and will show cooperation on other issues as well.

Chairperson Freeman introduced Long Beach Councilwoman Tonia Reyes Uranga. She indicated she was in attendance to listen and did not wish to comment.

APPROVAL OF MINUTES

The board discussed the need in the meeting minutes for a more thorough description of the topics discussed and decided that a fuller version of the minutes should be compiled for Board consideration next meeting, using the verbatim report from the court reporter.

Approval of the minutes from the April 22, 2008, special meeting was held over until the next Governing Board meeting.

NEW BUSINESS

1. UNION PACIFIC RAILROAD – INTERMODAL CONTAINER TRANSFER FACILITY MODERNIZATION PROJECT REIMBURSABLE WORK ORDER COSTS ASSOCIATED WITH THE PREPARATION OF THE ENVIRONMENTAL IMPACT REPORT AND RELATED EXPENSES– APPROVED.

Communication from Sam A. Joumbat, Executive Director, dated June 23, 2008, recommending the Governing Board authorize the Executive Director to execute the RWO and amendment as negotiated between the ICTF JPA staff and Union Pacific Railroad staff for Union Pacific to reimburse the JPA costs associated with the preparation of the EIR and related expenses in an amount not to exceed \$4 million, was presented to the Governing Board.

The JPA and Union Pacific have agreed on the terms and conditions under which Union Pacific will reimburse expenses up to four million for preparation of an EIR and related activities. The board had a memorandum that contained the entire agreement between the JPA and Union Pacific on reimbursement, including some additional terms. Staff recommended that the JPA governing board authorize the executive director to execute the work order and amendment so that the preparation of the EIR and related expenses will not exceed four million dollars.

Vice-Chairperson Sramek asked if the approval of the memorandum and agreement would approve the preparation of the EIR or only apply to the process of reimbursement. Chairperson Freeman asked the staff if they need additional authorization in order to move forward with the preparation of the EIR. Mr. Russell noted that approval of Item 1 was sufficient authorization to prepare an EIR. Vice-Chairperson Sramek expressed concern with moving forward given that Union Pacific has not complied with numerous requests that the board has made. Chairperson Freeman pointed out that the board can stop progress on the proposed project whenever they meet, with a simple three person vote. However, the project does present the best way to reduce the pollution caused by the facility.

Chairperson Freeman suggested that the board require Union Pacific to provide specific responses to the questions they have posed at the next meeting, including how many trucks would be required to service the facilities and what improvements the railroad will make while this project goes through the approval process in order to reduce pollution and increase Union Pacific's accountability. Chairperson Freeman speculated that Union Pacific might not have been aware that the answers to the questions posed by the board required immediate answers, particularly since they have been cooperative in negotiating the financing of the EIR.

Board member Steinke stated it was important for the Board to understand what Union Pacific is planning, now and in the future as well as the timeframe for any improvements. Specifically, it is necessary for Union Pacific to submit a plan stating how they will improve their facility in ways that do not require an EIR, to address the concerns that have already been expressed.

Board member Knatz pointed out that this could possibly happen concurrently with the preparation of the EIR, especially since the Permit Streamlining Act that requires the board to take action once it has accepted the application, which has already been done. Mr. Russell confirmed that they are not obligated under CEQA to approve the project, nor is the Board obligated to complete the EIR process if the board does not approve of the project. However, because the board has approved the application, until such time as they reject the project, they are obligated to move forward.

Chairperson Freeman stated that it is in the public's best interest to move forward with the EIR process and that the public will not benefit from delaying the process until Union Pacific cooperates considering that the board can at any time stop the entire project if it does not appear to be meeting its intended goals.

Board member Knatz said that she believes the best course of action is to approve AQMD to prepare the EIR. The draft document will provide the best opportunity to decide whether or not the project is acceptable.

Board member Steinke suggested the Board ask Union Pacific to address the Board's concerns about Union Pacific's interim improvement plans.

Mr. Scott Moore stated Union Pacific has been focused on processing the permit application three times and asserted that they have demonstrated that the no project alternative would result in a decrease in emissions although not as significantly as under the proposed project. He said that Union Pacific's plans depend somewhat on the Ports' long-term plans for improvements. He also asserted that Union Pacific does not intend to stand still during the eighteen month EIR preparation period, however UP's short term improvements would vary based on whether or not the project is approved. He acknowledged that Union Pacific will discuss the truck issue with the Port, but admitted that Union Pacific does not currently know how they to address it. He said that they are waiting for the JPA to indicate whether or not they are going to approve the EIR preparation to offer alternative improvements.

Board member Knatz explained that what the board wants is a plan for improvements that Union Pacific can make immediately to reduce emissions without triggering an EIR. Board member Knatz asked for Mr. Moore to agree that at the next meeting, to occur in August, Union Pacific will present a plan for interim improvements they plan to make to their current operation. Mr. Moore agreed to address the board's questions at the next Board meeting. Vice-Chairperson Sramek noted that because the initial application process was addressed by the Port of Los Angeles, some of the board members are still trying to catch up on all the details.

Board member Knatz moved, seconded by Board member Steinke that the item be approved as recommended. Carried by the following vote:

AYES: Members: Steinke,Knatz,Sramek,Freeman

NOES: None
ABSENT: None

2. INTERMODAL CONTAINER TRANSFER FACILITY MODERNIZATION
PROJECT MEMORANDUM OF AGREEMENT WITH SOUTH COAST AIR QUALITY
MANAGEMENT DISTRICT TO PREPARE AN ENVIRONMENTAL IMPACT REPORT –
APPROVED.

Communication from Sam A. Joublat, Executive Director, dated June 23, 2008, recommending the Governing Board authorize the Executive Director to execute a Memorandum of Agreement as negotiated between ICTF JPA staff and South Coast Air Quality Management District staff to prepare an Environmental Impact Report for the modernization of the ICTF in an amount not to exceed \$2.5 million, was presented to the Governing Board.

The following individuals addressed the Governing Board:

Mr. Adrian Martinez, NRDC
Ms. Elina Green, Long Beach Alliance for Children with Asthma
Ms. Andrea Hricko, USC

Mr. Adrian Martinez, spoke on behalf of the Natural Resource Defense council and said that they believe that it is very positive the AQMD is involved in the EIR process and the NRDC has several concerns about the existing ICTF facility and the proposed expansion. The main concern he expressed was that both the electrification of the rail lines and the electrification of trucks be considered as a part of the EIR process. He pointed to a goal of the Clean Air Action Plan to find alternative ways of moving containers.

Ms. Elina Green, spoke on behalf of the Alliance for Children with Asthma. She said that even though she did not speak before action item number one, she does support the pursuit to interim facility improvements. She asked that the EIR include a thorough evaluation of whether on-dock rail would be a feasible alternative to the expansion project. She pointed out that the Middle Harbor Project would only handle 24% of its containerized cargo via on dock rail. She said that it is essential that on dock alternatives be investigated as a part of this expansion project in order to reduce the exposure of children to diesel emissions.

Chairperson Freeman addressed Ms. Green's suggestion to investigate on dock rail immediately. He pointed out that there will be no improvement of the status quo if the project is not approved and assured her that the Port of Los Angeles is including as much on dock rail as is feasible in their expansion projects. Board member Steinke noted that the Port of Long Beach is also working to include as much on dock rail as feasible.

Ms. Green responded saying that she does support facility improvements that

would not trigger an EIR to improve the current conditions, however does not support Port expansion projects that exceed the capacity of on dock rail. She concluded saying that she hopes that the EIR includes an examination of on dock rail as an alternative to the ICTF expansion project.

Ms. Andrea Hricko stated that she believes we need to go forward with the project to mitigate the work at the railyard. She encouraged the JPA to look closely at the permit for the operation for the ICTF. She noted that the permit includes some kind of language that gives the authority to demand cleaning up the pollution right now. She asserted that the permit stipulates that if hazards exist that pose a threat to the community, the director can ask Union Pacific to clean it up. If they do not comply, the Port can clean it up and charge Union Pacific afterwards.

Chairperson Freeman stated that it would be best to allow the JPA staff time to review the permits such that they could provide a more substantive response to Ms. Hricko's questions at the next meeting.

Ms. Hricko also noted that under the MOU with the State of California, Union Pacific is required to mitigate the current elevated cancer risk from the railyard on the school children nearby. Permit 529 seems to have the language to require Union Pacific to clean up the railyard now.

Mr. Joumbat noted that although the MOA indicates a longer schedule, subsequent discussion between UP, the JPA's project manager, and the AQMD this timeframe has been shortened to 18 months. Chairperson Freeman stated that even the shortened 18 month schedule is too long given the severity of the current health risks.

It was mentioned that Ed Rogan is intricate in reporting on the timing of the EIR schedule. Mr. Joumbat introduced Mr. Ed Rogan to further explain the EIR schedule. Mr. Rogan noted that it is 18 months from May, not 18 months from today. Chairperson Freeman noted that his term as Commissioner expires in September 2009 and that he hoped to be able to vote on this project, and wants to see the EIR preparation move forward quickly.

Board member Knatz asked why the NOP would not be ready until August. She asked, "Isn't there enough information to prepare an NOP immediately?" The August timeline is based partially on the approval of the authorization for the funds of the project and partially on approval from the MOA. A lot of the delay and extensions are due to the process the ports follow to review such documents. Administrative review will begin in July. August is the date for publication for the NOP to be available to the community.

Chairperson Freeman asked that, assuming the JPA actually starts the EIR in the fall, is there any mystery on what the issues are? Why aren't 4 or 5 months enough time? Procedurally, the AQMD is waiting for the okay to authorize and to officially get

their consultants on board. Chairperson Freeman asked if is there anything in this project that cannot be described within 4-5 months. Ed Rogan responded that the draft could be completed by Christmas. However, there are legal reviews and other internal port reviews that need to be done as well. Board member Knatz requested that Mr. Rogan come back to an upcoming Board meeting with a description of the alternatives to be analyzed in the EIR.

Board member Steinke moved, seconded by Board member Knatz that the item be approved as recommended. Carried by the following vote:

AYES: Members: Steinke,Knatz,Sramek,Freeman
NOES: None
ABSENT: None

Prior to moving to Item 3 Mr. Joumbat queried the Board about setting a regular schedule for future Board meetings. Board member Knatz noted that Tuesdays and Thursdays were not good due to the Port of Los Angeles and Long Beach Board meetings. She suggested that Tuesday mornings were likely good times to hold the Board meetings.

Chairperson Freeman stated that he felt the meetings should be held monthly for the remainder of the year. Mr. Joumbat stated stat staff will work on scheduling regular meetings beginning in August and would target Tuesdays.

3. FINANCIAL AUDIT REPORT – FISCAL YEAR ENDED JUNE 30, 2007 – RECEIVED AND FILED.

Communication from Sam A. Joumbat, Executive Director, dated June 23, 2008, recommending the Governing Board receive and file the draft Financial Audit Report for the Fiscal Year ended June 30, 2007, was presented to the Governing Board. Copies of the final Financial Audit Report for Fiscal Year ended June 30, 2007, were presented to the Governing Board and were made available for the public at the meeting and also on the ICTF web site.

Mr. Joumbat noted that while the recommendation was for receipt of a draft Financial Audit Report there was an amendment to the recommendation to receive and file the final Financial Audit Report.

Chairperson Freeman requested a 10 minute briefing on the financing of the JPA. Mr. Joumbat acknowledged the request and will be prepared for the next meeting.

Board member Knatz moved, seconded by Vice-Chairperson Sramek that the final Financial Audit Report for the Fiscal Year ended June 30, 2007, be received and filed. Carried by the following vote:

AYES: Members: Steinke,Knatz,Sramek,Freeman

NOES: None
ABSENT: None

4. NET FACILITY REVENUE REPORT FOR ANNUAL PERIOD ENDING NOVEMBER 1, 2007 – RECEIVED AND FILED.

Communication from Sam A. Joumbat, Executive Director, dated June 23, 2008, recommending the Governing Board receive and file the draft Net Facility Revenue Report for the year ending November 1, 2007, was presented to the Governing Board. Copies of the final Net Facility Revenue Report for the year ending November 1, 2007, were presented to the Governing Board and were made available for the public at the meeting and also on the ICTF web site.

Mr. Joumbat noted that while the recommendation was for receipt of a draft Net Facility Report there was an amendment to the recommendation to receive and file the final Net Facility Report.

The Net Facility Revenue – the report attached to the Board memo. We were able to place the final report on our web-site. We know the net revenue has dropped 2% from last year. Union Pacific transferred their 50% to the appropriate ICTF account. The report audited UP and verifies the gate fees are recorded accurately in their books and what they are reporting is accurate. It was also verified that the 50% that was transferred into the ICTF account was accurate.

Board member Steinke moved, seconded by Board member Knatz that the final Net Facility Revenue Report for the year ending November 1, 2007, be received and filed. Carried by the following vote:

AYES: Members: Steinke,Knatz,Sramek,Freeman
NOES: None
ABSENT: None

5. DISTRIBUTION OF FUNDS TO THE PORTS OF LOS ANGELES AND LONG BEACH – HELD OVER.

Communication from Sam A. Joumbat, Executive Director, dated June 23, 2008, recommending the Governing Board authorize distribution of funds received in Fiscal Year 2007-2008, in the amount of \$8 million, to be shared equally by the Port of Los Angeles and the Port of Long Beach, was presented to the Governing Board.

Chairperson Freeman noted that in light of the potential need for immediate improvements to the ICTF, Board may have a need for the \$8,000,000. He questioned whether it was prudent for the JPA to transfer the \$8,000,000 to the Ports before the Union Pacific returns to the Board in August with suggested immediate improvements. Vice-Chairperson Sramek concurred with idea of delaying the transfer until more information was available on possible immediate improvements. Board member Steinke

questioned whether the money was currently in the City of Long Beach cash pool. Mr. Joumblat responded affirmatively.

It was unanimously agreed to table this item for the next Governing Board meeting.

6. ANNUAL BUDGET FOR FISCAL YEAR 2008-2009 – ADOPTED.

Communication from Sam A. Joumblat, Executive Director, dated June 23, 2008, recommending the Governing Board adopt the annual budget for Fiscal Year 2008-2009, in the amount of \$5,929,438, was presented to the Governing Board.

Mr. Joumblat noted that the budget consists of 3 items. The first group of items – legal and consulting services - are associated with UP's application for modernization of ICTF, which is budgeted at \$3.9 million in fiscal year 2008-2009. The second item has been appearing on the budget; 1.9 million is for a capital improvement project that is budgeted for the City of Carson widening of Sepulveda Blvd. These funds have not been expended or used yet because there has been a delay in the environmental documents for this project. The third group of items is routine expenses such as audit fees, administrative expenses, and facility maintenance expenses paid directly by Union Pacific budgeted at \$139,438. It was recommended that the Board approve the fiscal year 2008-2009 budget at \$5,929,438.00.

Board member Knatz moved, seconded by Board member Steinke that the annual budget for Fiscal Year 2008-2009 be adopted as recommended. Carried by the following vote:

AYES:	Members: Steinke,Knatz,Sramek,Freeman
NOES:	None
ABSENT:	None

7. ELECTION OF OFFICERS FOR FICAL YEAR 2008-2009.

Communication from Sam A. Joumblat, Executive Director, dated June 23, 2008, recommending the Governing Board nominate and elect a Chairperson and Vice Chairperson for Fiscal Year 2008-2009, was presented to the Governing Board.

Mr. Joumblat noted that item 7 is election of officers for fiscal 08-09 in accordance with the JPA agreement. The governing Board elects 1 member as chairperson and may elect a second person as vice chair person for one year. It was recommended that members of the governing board nominate and elect a chairperson and vice chair person.

Board member Steinke moved, seconded by Vice-Chairperson Sramek, that Mr. David Freeman be elected as Chairperson of the Governing Board for Fiscal Year 2008-2009. Carried by unanimous vote.

AYES: Members: Steinke,Knatz,Sramek,Freeman
NOES: None
ABSENT: None

Board member Knatz moved, seconded by Chairperson Freeman, that Mr. Nick Sramek be elected as Vice Chairperson of the Governing Board for Fiscal Year 2008-2009. Carried by unanimous vote.

AYES: Members: Steinke,Knatz,Sramek,Freeman
NOES: None
ABSENT: None

ADJOURNMENT

At 9:20 a.m., the meeting was adjourned sine die.
