THE PORT OF LOS ANGELES
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Eugene D. Seroka | *Executive Director*

November 9, 2026

Trade, Travel, and Tourism Committee of the Los Angeles City Council
200 N. Spring Street, City Hall, Room 1010
Los Angeles, CA 90012

Re: Appeal Response - California Environmental Quality Act (CEQA) Appeal by Pacific Harbor Line, Inc. of Approval of Port Rail Operating Agreement 26-10273 with Alameda Belt Line (ABL) – POLA Resolution No. 26-10801 (Council File Nos. 26-1460, 26-1460-S1)

Dear Chair member Park and Honorable Members of the Committee:

At a special meeting on October 8, 2026, the City of Los Angeles Board of Harbor Commissioners (BOHC) approved Resolution No. 26-10801, adopting the Port of Los Angeles (POLA) Rail Operating Agreement 26-10273 (Agreement) between the Harbor Department and Alameda Belt Line Inc. (ABL). The BOHC found the award of the Agreement to ABL exempt from the California Environmental Quality Act (CEQA) (Pub. Resources Code, § 21000 et seq.) pursuant to title 14 of the California Code of Regulations Section 15061, subdivision (b)(3) (CEQA Guidelines) and the City of Los Angeles CEQA Guidelines Article II Section 2(f) (collectively, CEQA Exemption Determination).

Under CEQA and the Los Angeles Municipal Code (LAMC), when a nonelected decision making body of a local lead agency determines that that a project is not subject to CEQA, that approval or determination may be appealed to the agency's elected decision-making body. (Pub. Resources Code, § 21151, subdivision (c); LAMC, § 197.01.) In this case, the City Council is the elected decision-making body which will act after review and recommendation from this Committee. POLA directed PHL to file its appeal pursuant to LAMC Section 197.01.

In a letter dated October 16, 2026, PHL, the existing rail provider whose operating agreement with POLA terminates by its own terms on December 31, 2026, appealed the October 8, 2026, decision by the BOHC that found the BOHC's award of the Agreement to ABL, a different rail operator, exempt from CEQA pursuant to CEQA Guidelines section 15061, subdivision (b)(3) and City CEQA Guidelines Article II Section 2(f). PHL's appeal

was timely submitted via its legal counsel, Manatt, Phelps & Phillips, LLP, with a completed Los Angeles City Clerk Application Form for CEQA Appeal to City Council (LAMC § 197.01).

PHL did not submit any technical or expert documentary evidence, other supporting material, or additional argument supporting its CEQA claims within 10 days of filing the Appeal. (LAMC § 197.01 E.2.) That deadline was October 26, 2026.

The City Council's decision on the Appeal is to be based on its own independent judgment and consideration of the materials in the administrative record before it, including but not limited to the October 16, 2026, Appeal letter and this transmittal, including Attachment A (POLA Staff Technical Report) and accompanying exhibits which summarize the evidence in the record supporting POLA's reliance on the CEQA exemptions and specifically responds to issues raised in the Appeal. The record also includes the BOHC Board Report for the October 8, 2026, meeting and the verbal and written comments received at the meeting, the terms of the Agreement itself, among other documents referenced and submitted before the City Council takes final action.

POLA also requests that this Committee recommend that the Council find the BOHC's approval of the Agreement exempt from CEQA based on the additional CEQA exemptions identified below and for the reasons explained herein. The BOHC's adoption of the Agreement should be upheld.

I. Recommended Actions.

POLA has carefully reviewed the arguments in PHL's Appeal and, for the reasons explained below and substantiated by the evidence in the record, respectfully maintains that it can be seen with certainty that there is no possibility that the Agreement may have a significant effect on the environment under CEQA.

POLA therefore requests that the Committee recommend that the City Council take the following actions:

1. DENY the Appeal of the BOHC's October 8, 2026, determination that award of the Agreement to ABL is exempt from CEQA as provided by CEQA Guidelines Section 15061, subdivision (b)(3) and the City of Los Angeles CEQA Guidelines Article II Section 2(f).

2. AFFIRM BOHC's October 8, 2026, determination that adoption of the Agreement is exempt from CEQA pursuant to CEQA Guidelines Section 15061, subdivision (b)(3) and the City of Los Angeles CEQA Guidelines Article II Section 2(f).

3. FIND that the BOHC's October 8, 2026, adoption of the Agreement is also exempt from CEQA pursuant to CEQA Guidelines Sections: 15301 (Existing

Facilities), 15302 (Replacement or Reconstruction), 15303 (New Construction or Conversion of Small Structures), and 15304 (Minor Alternations to Land).

4. DIRECT staff to file a Notice of Exemption (NOE) under CEQA reflecting the City Council's actions in a form substantially similar to that provided in Attachment C to this transmittal.

II. Brief Summary of the RFP and ABL Agreement.

After determining that it is in the best interest of the public that POLA, from time to time, engage in a competitive bid process to ensure that the most qualified rail operator (also referred to as Port Rail Operator) services the Port Rail Facilities[1] that exist within the San Pedro Bay Port Complex (Port Complex) on an optimal and cost-effective basis, in May 2025, POLA and the Port of Long Beach (POLB) (collectively referred to as the "Ports") issued a joint Request for Proposal (RFP) for Railroad Operating and Maintenance Services.

Proposals from four rail operators were received. Interviews were held with all four proposers, and the proposals were scored and carefully evaluated by a five-member panel. (Report, p. 3.) ABL was ultimately ranked highest to provide the scope of services identified in the RFP (Report, pp. 3-7; RFP, pp. 5-15), in the most optimal and cost-effective manner while serving each Port equally.

The incumbent port rail operator is the appellant, PHL, who has served the Ports since 1998, approximately 28 years. PHL submitted an unsuccessful proposal response to the RFP. The existing agreements between the respective Ports and PHL expire December 31, 2026.

The adopted ABL Agreement swaps one operator (PHL) for another operator (ABL) with terms aligned with criteria identified in the joint RFP. The ABL Agreement becomes effective no later than January 1, 2027. (See Agreement, Art. 4.) POLB must also adopt its own agreement with ABL for the Agreement to become effective. (Agreement, Art. IV). The ABL Agreement, as with the former PHL agreements, applies to the same federally regulated Port Rail Facilities and is primarily fiscal and administrative in nature.

Because the Port Rail Facilities in the Port Complex exist within both POLA's and POLB's jurisdictional areas, a single operator of both systems has historically been jointly utilized. Under existing conditions, PHL provides rail services within the Port Complex which connects to the interstate rail system. Those services include, and have historically included, moving a fluctuating amount of cargo to and from POLA and POLB terminals with handoff locations operated jointly with BNSF and UP (Railroads). (See BOHC Report (Oct. 8, 2026) (Report), p. 2; see also, Attachment A.) Under the existing operating agreements, the Railroads pay for the rail and maintenance services provided by PHL,

[1] "Port Rail Facilities" has the same meaning as defined in the ABL Operating Agreement. (Agreement, § 30.37.)

including the dispatching costs and maintenance of all rail infrastructure outside the premises of the terminal operators - like the terms of the ABL Agreement. (See RFP, pp. 8, 12a.)

POLA's Port Rail Facilities are operated with federal oversight by the Surface Transportation Board (STB) and Federal Railroad Administration (FRA), including the tracks that run throughout the Port Complex vital to providing common carrier service to POLA tenants connected to the nation's rail network. The STB ensures uniform national standards over rail transportation. The key operators of the interstate rail system in the western United States are BNSF Railway (BNSF) and Union Pacific Railroad (UP) who also have the right to use the Port Rail Facilities. ABL is a joint venture formed by the Railroads.

Through the RFP process, ABL was found to offer greater efficiencies within the inter-ports rail system, including the Port Rail Facilities, that the Ports and their respective terminals rely on to move rail traffic into and out of the Port Complex and beyond for connection to the interstate rail network. The Agreement largely includes administrative and financial terms. It also includes provisions regarding the movement of rail cargo to and from POLA terminals and handoff locations operated jointly by the Railroads, dispatching and train control services that entail seamless interface with the dispatching of the Alameda Corridor (AC), and maintenance of rail infrastructure. (BOHC Report (Oct. 8, 2026) (Report), p. 1.)

Specifically, relevant to the Appeal issues raised, ABL's proposal was deemed environmentally superior to PHL's RFP response, and those of the other two unselected bidders, because:

- On day one of operations, ABL agreed to deploy 24 "Tier 4" certified switcher or road-switcher locomotives using renewable diesel, if compatible, or zero-emission (ZE) locomotives, for all operations which are the cleanest available conventional locomotives as defined by the Environmental Protection Agency. (Agreement, § 16.3.1, pp. 35-36.)

- ABL committed to developing a ZE Implementation Plan by December 31, 2027. The ZE Implementation Plan must delineate operational, energy, and infrastructure requirements for conditionally transitioning to 100% ZE switcher locomotives throughout the Port Complex by 2040, including necessary charging and/ or fueling infrastructure placement, construction schedules with milestones, ZE locomotive deployment schedules, and funding and financing plans. The ZE Implementation Plan will be used as the basis for the Phase 2 - Zero-Emission Infrastructure Plan as described in the Cooperative Agreement with the SCAQMD. (Agreement, § 16.4.1, pp. 35-37.)

- ABL also agreed to be responsible, at its sole cost and expense, for the design, construction, operation, and maintenance of battery-electric locomotives (BELs) and ZE related charging infrastructure in the future, including the design,

construction, operation and maintenance of the necessary charging infrastructure which is required with the SCAQMD grant. ABL must apply for an Application for Port Permit (APP) for review and approval by POLA and must obtain a Harbor Engineers Permit prior to any construction of the necessary ZE/BEL charging infrastructure, all of which will trigger additional future consideration under CEQA once specific final design information has been developed and other specific information has been identified (e.g. location, design and capacity of the needed infrastructure etc.). (Agreement, § 16.4.2.1, p. 37.)

- ABL agreed to use all ZE on-road vehicles used for operations and maintenance.

- ABL will charge lower on-dock services rates - subject to separate future agreements between ABL and tenants, with the goal of benefiting the container terminal tenants and thereby increasing discretionary cargo brought into the San Pedro Bay and destined for delivery outside the LA Basin. If successful, this will ultimately lower overall emissions by avoiding having to ship the same cargo further distances to other ports, including ports located along the east coast.

- ABL will provide dispatching between the Alameda Corridor (AC) and the Port Complex at a more efficient level because ABL currently provides dispatching within the AC. ABL will also implement a data-driven, integrated Performance Management Program that measures performance across the Port Complex. (Agreement, Art. 11, pp. 26-27; see also, Exhibit G.)

On October 8, 2026, the BOHC voted to adopt the Agreement with ABL after finding it exempt from CEQA because it can be seen with certainty that the Agreement has no possibility of causing a potential significant effect on the environment and is therefore not subject to environmental review pursuant to CEQA Guidelines Section 15061, subdivision (b)(3) (common sense exemption). The BOHC also found the Agreement exempt from CEQA under City Guidelines Article II Section 2(f) because of its fiscal and administrative nature governing the maintenance and operation of the Ports existing rail infrastructure which does not result in new foreseeable or potentially significant impacts on the physical environment.

On October 9, 2026, the County Clerk posted a NOE of the BOHC's CEQA Exemption Determination. On October 16, 2026, the City Clerk received PHL's appeal.

III. PHL's Stated Basis for Appeal.

PHL, through argument of its legal counsel, claims the CEQA Exemption Determination was improper because "[t]he Agreement transfers comprehensive responsibility for operation, dispatching, maintenance, train control, and rail services throughout a substantial portion of the Port rail system . . . and [the Agreement] establishes contractual objectives directed toward increasing the utilization of the rail system and encouraging additional rail cargo movement through the Port complex, which

obviously would entail different environmental impacts." (Appeal, p. 1, citing Agreement, § 20.1.1.)

PHL also claims that the CEQA Exemption Determination was improper because (1) there will be "emissions associated with locomotive repositioning; (2) additional switching activity during the transition; (3) temporary service disruptions causing truck diversion; and (4) other risks associated with the transition." (Appeal, pp. 2-3.)

Lastly, PHL claims the Agreement does not qualify as exempt pursuant to Article II, Section 2(f) of the City's CEQA Guidelines which covers "[c]ontinuing administrative, maintenance and personnel-related activities[,]" citing footnote 4. (Appeal, p. 4.) PHL states that "it is simply inconceivable that the same exemption used for a legal services contract (or to buy pens, paper, or cleaning supplies, etc.) would be the same exemption relied upon for a major operational contract that contemplates operational changes, construction of physical improvements, and an increase rail cargo." (*Ibid*.)

IV. Responses to issues raised in PHL Appeal.

A. The BOHC's reliance on Article II, Section 2(f) of the City's CEQA Guidelines was proper.

Because the Agreement trades one rail operator for another that would use the same rail facilities and is primarily fiscal and operational in nature, the BOHC properly relied on Article II, Section 2(f). The Agreement would enable continuing cargo movement within the existing confines of the Port Rail Facilities, ongoing routine maintenance of those facilities and personnel-related activities and fees, among other related rail operational terms. (See Agreement, Articles 1-32.)

PHL's objection to the BOHC's reliance on the City exemption is curious because PHL has benefited from POLA's reliance on the exact same exemption when adopting numerous amendments to its operating agreement - even when those amendments contemplated the construction of new physical improvements, the use and transport of cleaner locomotives and operational changes – actions similar to those contained within the ABL Agreement. (See, e.g., CF 10-0673; see also, (2010) Third Amendment to PHL Agreement No. 1989, assigned Harbor Department Agreement No. 10-1989-C; [involving construction of new rail facilities, upgrading 16 Tier 2 locomotives with Tier 3 and operational changes]; see also, (2023) Fourth Amendment to PHL Agreement, Resolution No. 23-10222, (2025) Fifth Amendment to PHL Agreement, Resolution 25-10560.) The BOHC's reliance on Article II, Section 2(f), City exemption should be upheld in conjunction with the other recommended CEQA exemptions herein.

B. The BOHC's properly relied on CEQA Guidelines Section 15061, subdivision (b)(3) when adopting the ABL Agreement.

In general, CEQA does not apply where a project is subject to a statutory exemption, categorical exemption, or the common sense exemption, as the Agreement

is here. (CEQA Guidelines, § 15061, subds. (b)(2)–(3); *Friends of Mammoth v. Board of Supervisors* (1972) 8 Cal. 3d 247, 272.) An agency may dispense with CEQA review if "it can be seen with certainty that there is no possibility that the activity in question may have a significant effect[2] on the environment." (CEQA Guidelines, § 15061, subd. (b)(3).)

The "common sense exemption" provides a mechanism for agencies to deal with discretionary activities which could arguably be subject to the CEQA process, but which common sense provides should not be subject to the Act. (See *Muzzy Ranch Co. v. Solano County Airport Land Use Com.* (2007) 41 Cal.4th 372 [upholding airport land use commission's adoption of a land use compatibility plan for area surrounding air force base and its reliance on the common sense exemption].)

Approval of a project may also be found exempt from CEQA if it qualifies for one or more categorical or statutory exemptions. (*CREED-21 v. City of San Diego* (2015) 234 Cal. App. 4th 488, 513 [upholding city's approval of a project based on the common sense exemption and noting the Class 1 existing facilities exemption could also apply]; see also, *California Farm Bureau Federation v. California Wildlife Conservation Bd*. (2006) 143 Cal. App. 4th 173, 191].) Public agencies are also not confined to relying solely on the initial CEQA determinations of the first decision making body to act on a project. (See, e.g., *Del Cerro Mobile Estates v. City of Placentia* (2011) 197 Cal. App. 4th 173, 179 [upholding city's ultimate reliance on exemption despite having prepared an environmental impact report for project], citing *San Lorenzo Valley Community Advocates for Responsible Education v. San Lorenzo Valley Unified School Dist*. (2006) 139 Cal.App.4th 1356, 1386 [where a project is exempt it may be implemented without any CEQA compliance whatsoever].)

1. The ABL Agreement's goal to improve operational efficiencies and to rely on rail to transport existing and future potential cargo demands will not result in a potential or foreseeable significant impact on the environment, nor will future construction of the contemplated ZE and Battery Electric Locomotive (BEL) charging infrastructure.

As PHL's appeal admits, the new Agreement enables ABL to take over existing and ongoing rail operations from appellant. (Appeal, p. 2.) Rail operators assist POLA with its duty to facilitate the delivery of goods both to the American and foreign consumer. Federally regulated interstate rail service delivered by a federally recognized common

[2] A "significant effect on the environment" is "a substantial, or potentially substantial, adverse change in any of the physical conditions within the area affected by the project including land, air, water, minerals, flora, fauna, ambient noise, and objects of historic and aesthetic significance." (CEQA Guidelines, § 15382; see also Pub. Resources Code, § 21068 ["'[s]ignificant effect on the environment' means a substantial, or potentially substantial, adverse change in the environment"]; 21060.5 [definition of "environment"].) An economic or social change by itself shall not be considered a significant effect on the environment. (CEQA Guidelines, §§ 15382, 15131, subd. (a).)

carrier is vital to accomplishment of that duty. Consequently, taking over rail operations includes servicing an ever-fluctuating amount of cargo from ocean-going vessels driven by market demands, dispatching train control services within the physical constraints of the existing rail system and infrastructure, and other existing and ongoing factors.

Article 20 of the Agreement governs Performance Standards and Program items of the Agreement. Section 20.1.1, cited by PHL, specifically states that the new Operator (ABL) "will operate under the key tenet of improving and optimizing operations that will reduce operating hours within the Port Complex Area, which may reduce costs, improve reliability and predictability, and thus induce shippers and ocean carriers to route more rail cargo through the Port Complex Area" while yielding more revenue for debt service obligations and the like.

To further this goal, Section 20.1.2 also provides for the Rail Oversight Committee (ROC) to consult with ABL, propose modifications to the switching, dispatching, maintenance and other standards to be adhered to on the Port Rail Facilities and the Rail Property for purposes of implementing the modifications with the goal of increasing efficiencies. By June 30, 2027, the ROC must conduct a full review of current rail operations and Operator's Operating Plan, including the Maintenance Plan, Railroad Transportation Services, Dispatching and Train Coordination Plan, Performance Management Program Plan and Systems. None of these operations are fixed and depend on a multitude of factors as explained in the attached Technical Report. (See Attachment A.)

Consequently, the potential for increased movement of Port cargo by rail is a mere goal of the Agreement. It is not a "fait accompli" that will result in a foreseeable potential significant adverse impact on the environment, as opined by PHL's counsel, thereby requiring environmental review. In fact, if the Agreement's goal is achieved, there will be environmental benefits by increasing efficiency and thereby potentially reducing reliance on trucking or shipping of cargo across the continental United States or to other end users, resulting in much further distances and greater air emissions.

Lower on-dock service rates are just one factor of many that could influence shipment of additional cargo to POLA. Estimating how much additional cargo could be received and transported by rail due to lower on-dock rates is not reasonably foreseeable given the multitude of other more important factors influencing trade within the global economy including, for example, trade policies (i.e. tariffs), shipping route disruptions and shifting manufacturing hubs. (See Attachment A.) Additionally, it is fundamentally the consumer of the goods, both imports and exports, that drive cargo numbers regardless of whose rail engine moves the cargo.

In adopting CEQA, the Legislature made it clear that public agencies need not (and, as a practical matter, cannot) speculate about the environmental consequences of uncertain future development or, in this case, financial incentives. (See *Pala Band of Mission Indians v. County of San Diego* (1998) 68 Cal.App.4th 556, 575 [finding analysis of tentatively reserved landfill sites would be wholly speculative]; see also, CEQA

Guidelines, § 15064, subd. (d)(3) ["A change which is speculative . . . is not reasonably foreseeable"]; *El Dorado County Taxpayers for Quality Growth v. County of El Dorado* (2004) 122 Cal.App.4th 1591, 1599-1600 [future expansion was not foreseeable consequence of project approval because decision to allow future expansion would depend on environmental, social, and political factors].)

As substantiated in the attached Technical Report (Attachment A), the success of the Agreement's goal depends on many factors and, even if successful, the cumulative effects of which have been captured in multiple EIRs certified for various projects involving rail by POLA. The Agreement alone will not cause a potential foreseeable significant impact as PHL speculates it could, including to nearby communities based on increased train activity, blocked crossings, noise, vibration, safety or diesel emissions, including over and above those already evaluated and mitigated by POLA.

Due to the nature of the Agreement, the existing industrial rail facilities and routes will not change. Therefore, the potential for new sensitive receptors to be impacted by rail operations will not change. The Agreement does not include construction of new rail facilities or routes. The Agreement is also not one that would, for example, unleash new truck trips or routes within an adjoining community. The Agreement contemplates cleaner train engines on the same trackage doing similar activities more efficiently than today.

Regarding the McFarland line, which is partly owned by the BNSF and partly the Harbor Department, ABL would not use this line differently than it is used today. (See Attachment A, citing Agreement, § 7.8) The Agreement also does not contemplate any new routing or re-routing of trains from elsewhere. Intermodal trains do not operate on this line. Moreover, because ABL is already dispatching to the AC (since July 2024), they will be able to better plan upstream and downstream in addition to possibly reducing the turning of trains, which combined will improve operations systemwide, which in turn could result in a reduction of carload train movements and locomotives moving existing cargo (Attachment A). The planned ABL deployment of Tier 4 and eventual battery-electric locomotives will also reduce emissions.

Finally, although future ZE locomotives and BELs and their charging infrastructure are contemplated in the Agreement, the precise location and scope of such charging infrastructure and specifics are speculative at this time. Based on conservative assumptions, however, substantial evidence shows that construction of the anticipated future locomotive charging infrastructure would be less-than-significant. (See Attachment A, Exhibit 2.) Based on the best available evidence to date, construction of the ZE and BEL charging infrastructure contemplated in the Agreement may also be found exempt from CEQA pursuant to the Class 1 Existing Facilities exemption as well as the common sense exemption.

2. It can be seen with certainty that the alleged "emissions associated with locomotive repositioning" will not result in potential significant impacts because ABL will piggyback the newer Tier 4 locomotives on existing trains traveling to the Port Complex.

ABL's initial deployment of 24 Tier 4 locomotives, the cleanest in terms of emissions as defined by the EPA, into the POLA-POLB complex will have no net impact on air emissions. PHL will have to move out their 24 locomotives (only one of which is Tier 4). PHL also needs to contract with the BNSF and/or UP to relocate them out of the Port Complex by end of the existing amended agreement term (December 31, 2026). (See Attachment A.)

Hence, the BNSF & UP will use their line-haul locomotives to pull these PHL switcher locomotives on the same lines/routes as the new Tier 4 locomotives to be moved into the POLA-POLB. Moreover, the deployment of the ABL locomotives into the POLA-POLB will not result in new air emissions because they will be transported via existing planned BNSF and UP inbound trains with their engines off. The existing trains are already destined for POLA-POLB terminals. (See Attachment A.)

3. It can be seen with certainty that the additional switching activity alleged and speculated by PHL to occur during the transition will not result in a new potential significant impact.

As detailed in the Technical Report and accompanying exhibits, PHL's assertion that there will be additional switching during the transition and operation of the Agreement lacks evidence and is incorrect. This is because of the fluctuating nature of cargo and its related transportation demands. (See Attachment A.)

ABL, moreover, has committed to hiring the same experienced union employees as PHL currently uses for ongoing necessary dispatching and switching activities. Under the Agreement, train control and overall system operations are expected to improve as demonstrated on the AC, which will reduce operating hours and possibly train-feet-travelled. These improved operations will not entail additional switching as speculated by PHL due to the Agreement with ABL. (See Attachment A.) It can be seen with certainty that the Agreement will not cause any potential significant impacts due to switching, dispatching or other operational future changes needed to accommodate rail cargo transport.

4. PHL's speculative assertions regarding temporary service disruptions causing truck diversion is not supported by evidence nor would such disruptions, if they occur, be a consequence of the Agreement.

There is no evidence supporting PHL's opinion that temporary service disruptions will increase over existing conditions during the term of the Agreement. Temporary service disruptions are unforeseeable temporary events that occur out of the control of the Ports and, often, the port rail operator, including PHL since 1998. (See Attachment A.)

To plan for such contingencies, the Agreement states that if a proposed Maintenance and Train Control Plan for the Port Rail Facilities and Rail Property for a

Traffic Year has not been approved by the ROC by January 1 of the applicable year, then to reduce any disruption to maintenance and operations within the Port Rail Facilities and Rail Property the prior Traffic Year's Approved Maintenance and Train Control Plan shall apply to the maximum extent practicable or necessary. ABL shall then conduct its operations in accordance therewith, and the Railroads shall pay fees in accordance therewith until a final Annual Maintenance and Train Control Plan and budget for the Port Rail Facilities and Rail Property for such year is approved by the ROC. Consequently, at worst, the Agreement reflects a continuation of existing control plans to avoid potential unforeseen temporary service disruptions. There is no evidence supporting PHL's claim that temporary service disruptions would increase under the Agreement.

C. CEQA Guidelines Sections 15301-15304 also exempt approval of the Agreement from CEQA.

To the extent the Agreement requires ongoing rail maintenance activities, switching, dispatching, the contemplated construction and installation of ZE and BEL charging infrastructure, and similar activities raised by PHL in its appeal, POLA requests that the Committee and City Council also find the Agreement exempt from CEQA pursuant to the Class 1 - 4 categorical exemptions. (See CEQA Guidelines, §§ 15301 – 15304.) The rationale and evidence for also finding the Agreement exempt from CEQA pursuant to the additional exemptions is explained below.

1. The Agreement qualifies as exempt pursuant to the Class 1 [Existing Facilities] exemption.

> The Class 1 exemption (Section 15301): "consists of the *operation*, *repair*, *maintenance*, permitting, leasing, licensing, *or minor alteration* of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of *existing or former use*." (CEQA Guidelines, § 15301, emphasis added.)
>
> A rail distribution system, as here, is an existing facility for purposes of this exemption. To the extent the Agreement requires ABL, as the new rail operator, to continue operating and maintaining the existing Port Complex rail facilities and equipment, those activities, including dispatch and switching, will not result in more than a negligible expansion, if any, over the existing and former uses for the reasons detailed and supported in the attached Technical Report. (Attachment A.)

2. The Agreement qualifies as exempt pursuant to the Class 2 [Replacement or Reconstruction] exemption.

> The Class 2 exemption (Section 15302): "consists of replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced, including but not limited to…..(c) Replacement or reconstruction of existing utility systems and/or facilities involving

negligible or no expansion of capacity." (CEQA Guidelines, § 15302, emphasis added.)

Ongoing rail maintenance activities will occur under the Agreement as PHL has done in the past. Replacing and repairing rail segments would involve no expansion of capacity. Similarly, improving or extending existing utility systems to allow for future ZE or BEL technology would also not result in significant impacts to air quality, noise or other resources briefly listed in the Appeal considering the existing industrial environment. (See Attachment A.) Subject to the term of the Agreement, moreover, approval for the ZE and BEL charging infrastructure will require additional discretionary approvals, including CEQA.

3. The Agreement qualifies as exempt pursuant to the Class 3 [Small Structures] exemption.

The Class 3 exemption (Section 15303): "consists of the construction and location of limited numbers of new, small facilities or structures, installation of small new equipment and facilities in small structures[]", among other activities. Examples include, but are not limited to, electrical and other utility extensions of reasonable length to serve such construction. (CEQA Guidelines, § 15303, subd. d).)

To the extent the activities contemplated in the Agreement include future ZE and BEL technology and the construction of charging stations, the Class 3 exemption also applies because the charging infrastructure will be located on pads with limited small structures and boxes for charging and, based on conservative assumptions available to date, would not result in significant air quality emissions. (See Attachment A, Exhibit 2.)

4. The Agreement also qualifies as exempt pursuant to the Class 4 [Minor Alterations to Land] exemption.

The Class 4 exemption (Section 15304): "consists of minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees [,]" including grading on land with a slope of less than 10 percent and where minor trenching is required. (CEQA Guidelines, § 15304, subds. (a), f).)

For the same activities described above and included in the Agreement, those activities may also be found exempt from CEQA pursuant to the Class 4 exemption. (See Attachment A, Exhibit 2.)

5. The potential exceptions to reliance on categorical exemptions are inapplicable to the Agreement here.

For the reasons set forth below, none of the exceptions to reliance on the above categorical exemptions apply to the Agreement as stated in CEQA Guidelines Section 15300.2. Those exceptions include:

a. Location

Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located – a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies.

This exception does not apply here because the Agreement and any future activities referenced in the Agreement would not occur within a sensitive environmental area. The Port Complex is industrialized as described in the accompanying Technical Report and accompanying exhibits.

b. Cumulative Impact

Reliance on one or more categorical exemptions is not applicable when the cumulative impact of successive projects of the same type in the same place over time is significant.

This exception does not apply to the Agreement because one rail operator is being substituted for another rail operator which will use and maintain the same existing rail infrastructure. As detailed in the accompanying Technical Report (Attachment A), any changes in operation of the existing Rail Facilities will have no possibility of resulting in significant impacts from, for example, potential increases in cargo transport demands unrelated to the terms of the Agreement. The Agreement, moreover, will also result in overall environmental benefits from the use of ZE and BEL in the future. There are also no future specific projects planned under the Agreement within the Port Complex that are reasonably foreseeable and could result in potentially significant cumulative impacts.

c. Significant Effect

This exception applies when there is a reasonable possibility that a project will have a significant effect on the environment due to unusual circumstances. “Unusual circumstances” is judged relative to the typical circumstances of an exempt project. In this case there are no unusual circumstances related to the Agreement that would cause this exception to apply. Port staff is unaware of any

substantial evidence warranting a finding that the Agreement, including any future activities contemplated under the Agreement, could have a significant effect on the environment.

d. Scenic Highways

A categorical exemption is also inapplicable if a project may result in damage to scenic resources within a designated state scenic highway. The nearest officially designated state scenic highway to the Port Complex is located approximately 35 miles north of the POLA (State Highway 2, from approximately 3 miles north of I-210 in La Cañada to the San Bernardino County Line). The scenic highway exception therefore does not apply to the Agreement as there is no officially designated scenic highway within the vicinity of area. The Agreement also does not require implementation of physical activities that would result in damage to any scenic resources, including, but not limited to trees, historic buildings, rock outcroppings, or similar resources within a state scenic highway.

e. Hazardous Waste Sites

A categorical exemption cannot be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. However, the hazardous waste sites exception does not apply to the Agreement because there is no evidence that the Agreement causes the need for physical activities that involve a site listed in Section 65962.5 of the Government Code.

f. Historical Resources

This exception applies when a project may cause a substantial adverse change in the significance of a historical resource. The Agreement does not include modification to any buildings, much less any that are potentially historically significant. The Agreement also does not include any developmental components that would alter an historic building or facility. Therefore, the historical resources exception does not apply.

Because none of the exceptions to the reliance on one or more categorical exemptions apply to the Agreement, the Committee and City Council should adopt the additional CEQA exemptions as stated in the recommended actions.

V. Conclusions and Recommendations.

The BOHC's October 8, 2026, CEQA Exemption Determination complied with CEQA in all respects. As discussed above, issuance of the Agreement resulted from a lengthy RFP process, with one of the objectives to select an operator whose operations would increase operational efficiencies and reduce overall environmental impacts. Substantial evidence in the administrative record demonstrates that the Agreement with

ABL, as opposed to continuing rail operations with PHL, will have no possibility of resulting in a potential significant effect on the environment and is otherwise exempt from CEQA as noted above.

In light of all the materials in the administrative record before it, POLA respectfully requests that the Committee recommend that the City Council deny the Appeal; affirm BOHC's October 8, 2026, CEQA Exemption Determination; recommend that the City Council also find the BOHC's October 8, 2026, adoption of the Agreement exempt from CEQA pursuant to CEQA Guidelines Sections: 15301 (Existing Facilities), 15302 (Replacement or Reconstruction), 15303 (New Construction or Conversion of Small Structures), and 15304 (Minor Alterations to Land); and direct staff to file a NOE reflecting the City Council's actions as proposed in Attachment C.

Thank you for your consideration.

Sincerely,

for Michael DiBernardo

Eugene D. Seroka
Executive Director

List of Attachments

- Attachment A: CEQA Technical Report (October 2026), including:
  - Exhibit 1 – Past CEQA Documents
  - Exhibit 2 – Air Quality Calculations of ZE/BEL Infrastructure Construction
- Attachment B: BOHC Resolution No. 26-10801 with BOHC Board Report for Agreement (October 8, 2026) and Agreement
- Attachment C: Updated Notice of Exemption (NOE)