

RESPONSE TO TEAMSTERS LOCAL UNION 396 APRIL 18TH, 2022 LETTER TO THE CITY PLANNING COMMISSION

The following addresses each of the comments and concerns raised by the letter submitted to the Planning Commission prior to the April 18, 2022 hearing on the 2021 District Specific Plan Amendment (the “Project”) by the Teamsters Local 396, with input from ESA (the City’s environmental consultant) and Carson Goose Owner, LLC / Faring Capital, LLC (the “Developer” / “Applicant”):

I. The 2022 SEIR Appropriately Analyzed a Reasonable Balance of Light Industrial Project Uses.

The Teamsters comment letter correctly notes that the Applicant has not selected any tenants for the Project. Tenant selection by the Applicant is anticipated approximately three years following project approval given the time associated with the entitlement and permitting process, the extensive environmental remediation work that must be undertaken, and the time involved in constructing and financing the Project. It is common for large projects to go through the approval process prior to selection of a specific tenant or tenants.

Since the particular tenant(s) for the project buildings are not yet identified, as part of the CEQA process, the City, as lead agency made certain assumptions regarding the type and mix of light industrial uses that would likely occupy the proposed buildings. To ensure a conservative analysis, the City had ESA study a reasonable worst-case scenario (i.e., most impactful), which included assumptions about the types of uses so that a broad and diverse range of environmental impacts would be included in the analysis. As a result, the City studied a combination of two primary logistics-type uses at the site – fulfillment center and a distribution/parcel hub facility. The Final Supplemental EIR (the “SEIR” or “2022 SEIR”) specifically analyzed 788,790 square feet of “fulfillment center” uses (including 50,000 square feet of ancillary office) and 778,300 square feet of distribution/parcel hub uses (including 25,000 square feet of ancillary office space). A “fulfillment center” is generally defined as the “storage and direct distribution of e-commerce product to end users”¹ A distribution/parcel hub facility, on the other hand, usually involves transload functions (i.e., “pallet loads or larger handling products of manufacturers, wholesalers/distributors, or retailers with little or no storage durations”) for a parcel delivery company.²

The two studied uses each have unique operational characteristics that result in different types/levels of environmental impacts. Fulfillment centers typically have higher employee ratios and therefore cause increased *vehicular* trip generation impacts with fewer heavy-duty truck

¹ South Coast Air Quality Management District [SCAQMD], High Cube Warehouse Vehicle Trip Generation Analysis, prepared by Institute of Transportation Engineers, October 2016, p. 3.

² SCAQMD, High Cube Warehouse Vehicle Trip Generation Analysis, prepared by Institute of Transportation Engineers, October 2016, p. 3).

related effects. Distribution centers and parcel hubs, on the other hand, create more truck-related impacts but typically have significantly fewer employees and far reduced vehicular and van-related impacts. Vehicular and truck trip generation estimates were provided by Fehr & Peers, the City's expert traffic engineering consultant, based on established ratios set forth in the Institute of Transportation Engineers (ITE) most recent trip generation manual. Specifically, fulfillment center trip generation estimates are based ³on ITE Code 155 which assigns 7.463 daily vehicular trips but only 0.717 truck trips per 1000 square feet. Distribution center/parcel hub uses (predominantly evaluated through ITE Code 156) create only 4.831 vehicle trips per 1000 square feet but significantly increased truck trips (i.e., 2.919 truck trip per 1000 square feet as compared to 0.717 per 1000 square feet of fulfillment center uses).⁴ A Passenger Car Equivalent (PCE) factor is then applied to ensure that the increased impacts of trucks, depending on the size and type, are appropriately weighted (e.g., a heavy duty truck with four or more axels is equal to three vehicular trips). (See 2022 SEIR, Appendix C "Transportation Documentation" prepared by Fehr & Peers).

To provide a conservative analysis, the City elected to study a nearly even breakdown of fulfillment and distribution center/parcel hub uses to ensure that the unique impacts of each use (i.e., both truck and vehicular trips) were comprehensively evaluated and disclosed to the public and City decision makers throughout the CEQA process.

II. The 2021 District Specific Plan Amendment Provisions Address the Teamsters Concerns regarding a More Intensive Van/Vehicle Based Logistics Use.

The 2021 District Specific Plan ("Specific Plan") allows for the flexible use of buildings, but *only* between the studied fulfillment and distribution center uses. The Teamsters letter cites this provision to argue that the flexibility allowed in the Specific Plan would allow for a more impactful use that results in far greater car and van trips and associated impacts. The logistics use described in the Teamsters letter would require substantially more vehicular parking spaces (and fewer truck stalls) than the Site Plan proposed by the Applicant.

In order to further ensure that the increased vehicular and van based trips discussed in the Teamsters letter do not materialize at the Project Site, the City imposed a number of changes to the Specific Plan and Project approvals that would require (1) a minimum floor area of at least .25 across the entire PA3(a) site and (2) prohibit increases in the number of light industrial related parking spaces by more than 10 percent (across all of PA3(a) as well as per individual building and parcel) without further discretionary review. These two limitations taken together prevent the type of hyper van/vehicle intensive logistics use described in the Teamsters letter.

³ Note a small portion of the distribution center/parcel hub use was evaluated under ITE Rate 157 for cold storage uses.

⁴ See also Institute of Transportation Engineers "High Cube Warehouse Vehicle Trip Generation Analysis" prepared for the SCAQMD in 2016, p. 12 ("The fulfillment center has a significantly higher percentage of cars during the AM and PM peak hours and daily (due largely to the significantly higher number of employees at a fulfillment center compared to the other types of High Cube Warehouses). The parcel hub has a significantly lower percentage of cars (and therefore a higher percentage of trucks) during the AM and PM peak hours and daily.")

These additional land use restrictions will serve as an additional check on the permitting process to ensure that future Project users fall within the scope of the 2022 SEIR environmental analysis.

III. The 2022 SEIR Adequately Studied the Potential Environmental Impacts of the Project.

The Teamsters argue that the 2022 SEIR underreports impacts based on the fact that the City's expert traffic and environmental consultants rely on the specific ITE codes referenced above to project traffic, air quality and greenhouse gas emission impacts. As noted previously, there is no specific tenant (or tenants) to evaluate. SCAQMD, after commissioning a study by the Institute of Transportation Engineers regarding the environmental impacts associated with various type of logistics facilities (including both fulfillment center and distribution center/parcel hub uses), specifically recommended that lead agencies evaluate CEQA impacts based on the ITE rates. As noted on SCAQMD's "High Cube Warehouse Trip Rate Study" webpage:

"Staff recommends truck trip rates from the Institute of Transportation Engineers (ITE) for high cube warehouse projects located in South Coast AQMD." (See [High-Cube Warehouse Truck Trip Study for CEQA Air Quality Analysis \(aqmd.gov\)](https://www.aqmd.gov/High-Cube-Warehouse-Truck-Trip-Study-for-CEQA-Air-Quality-Analysis))

The ITE rates recommended by SCAQMD and used in the environmental impact analysis in the 2022 SEIR are based on empirical data collected from the various subcategories of logistics facilities located around the State and region, and represent a reasonable composite estimate of the Project's potential environmental impacts. Given that no tenant can be identified for the Project at this stage, the City's expert environmental consultants do not recommend performing or relying on a separate "bespoke" study as suggested in the Teamsters letter. Such a study is not required by CEQA, is inconsistent with regulatory guidance, and could inaccurately skew projected environmental impacts. Accordingly, the 2022 SEIR appropriately evaluated environmental impacts, including traffic/vehicle miles traveled, air quality, noise and greenhouse gas emissions based on appropriate regulatory guidance consistent with the requirements of CEQA.

IV. The Project Includes Adequate Parking for the Permitted Uses at the Site.

To determine appropriate parking ratios for PA3(a) the City commissioned a parking demand analysis prepared by Fehr & Peers which evaluated the Project's specific contemplated uses and location. The Specific Plan requires the following parking vehicular and van parking ratios per building:

- One parking space per 1,000 square feet of floor area (up to the first 40,000 square feet);
- One parking space per 4,000 square feet of floor area (more than 40,000 square feet); and
- One parking space per 300 square feet of ancillary office space.

These ratios would require 809 total spaces for the light industrial uses proposed at PA3(a). In addition, the Project proposes 203 total truck/trailer parking spaces.

To derive these ratios, Fehr & Peers evaluated parking codes from peer jurisdictions with extensive logistics permitting experience, such as the City of Moreno Valley. The City of Moreno Valley requires one space per 1,000 square feet of floor area (for the first 20,000 square feet), one space per 2,000 square feet (20,000-40,000 square feet) and one space per 4,000 square feet (above 40,000 square feet). Moreno Valley's ratios would only require 512 spaces as opposed to the 809 spaces required for the PA3(a) light industrial uses. Additionally, Moreno Valley's truck/trailer parking code requires 176 spaces as compared to the 203 proposed within Planning Area 3(a)'s designated truck/trailer spaces. Therefore, the vehicle parking and truck trailer parking spaces will be adequate for the proposed uses within PA3(a).

The Teamsters suggest that the Specific Plan PA3(a) parking requirements are inadequate specifically out of concern that a more van/vehicle intensive logistics use than studied in the 2022 SEIR would require substantially more than 809 vehicular spaces. Planning staff agrees. A lack of vehicle and van parking spaces is a primary reason why that type of facility is not contemplated by the Applicant's proposed site plan.

As stated above, staff has proposed an additional discretionary approval process for any prospective tenant that proposes to increase the total number of project vehicle/van parking stalls above the 809 spaces identified on the PA3(a) site plan by more than 10 percent. This will serve as a further check to ensure that the Teamsters' concern regarding the inadvertent permitting of a more van/vehicle intensive logistics use would not occur.

V. The 2022 SEIR Appropriately Mitigates Impacts to Sensitive Receptors.

The 2022 SEIR and related Project Conditions of Approval include numerous project design features, mitigation measures and project requirements, all designed to ensure that impacts to surrounding sensitive receptors are addressed to the fullest extent possible. The light industrial buildings within PA3(a) would maintain a variety of setbacks from the property line along the Torrance Lateral. The setbacks would be 55.5 feet at Building F; 70 feet at Building D (with the implementation of Mitigation Measure B-1); and 113 feet at Building A. In addition, the Torrance Lateral would provide an additional buffer of 75 feet from the property line to the nearest off-site residential uses. All loading areas would be screened by the orientation of the building and/or the installation of sound walls of up to 16 feet in height as detailed below, as well as landscaping along the perimeter of the site. Therefore, adequate buffers between the light industrial uses and adjacent residential uses (both on and off site) would be provided.

In addition, the Applicant must comply with PDF-A-4 to maintain vegetation and tree canopy along the project perimeter near offsite residents adjacent to the project area. Tree canopy coverage along the perimeter must have a width of at least 20 feet with continuous unbroken coverage within 5 years of issuance of occupancy permits, subject to any limitations posed by the underlying geotechnical conditions or the specimen requirements.

All industrial loading dock areas will include concrete block walls and gated access for security purposes. The standard height of such security walls is 12 feet, as provided for Buildings B, C, and E. However, due to the proximity of Buildings A, D, and F to noise-sensitive uses, the height of the walls associated with these buildings has been increased to 16 feet (Building A and

the south/southwestern side of Building F and to the edge of utility lot), and 14 feet (Building D and northern and northwestern side of Building F).

Several operational restrictions have also been imposed to minimize disturbance to surrounding residents including no activity zones within the site during specified evening hours and prohibitions on both truck queuing on surrounding streets and truck usage of Avalon Boulevard.

VI. The Project Would Produce Employment and Economic Benefit for the City.

The 2022 SEIR appropriately acknowledges employment benefits that would result from City approval of the Project. Substantial construction and permanent employment opportunities would be created for Carson residents. Specifically, Development Agreement Section 4.12 requires the developer to solicit City residents for construction and operational employment opportunities on the property. The Applicant has executed agreements with significant organized labor organizations (CREED LA, LiUNA, the Carpenters and others) to confirm labor commitments during Project construction. The Development Agreement also provides that the Applicant must also work with the South Bay Workforce Investment Board and its Carson “One-Stop Center” to ensure that employment opportunities are broadly marketed and offered to Carson residents.

The Teamsters letter also questions the overall economic benefit to the City created by the Project. As more detailed in the staff report and the 2022 SEIR’s Statement of Overriding Considerations, the Project proposes new light industrial uses that are sufficient to produce the revenue and/or income required to pay for the costs of remediation and the site development improvements required to develop a former landfill site. Thus, development of the light industrial uses proposed by the 2021 Project would enable the full remediation of PA3, including funding for a majority (i.e., 60%) of the CRA’s ongoing and future Operation and Maintenance (“O&M”) costs associated with the Project Site, which has long been the goal of the CRA and City.

In addition, the Developer of the Project must not only complete and pay for the remediation obligations imposed by DTSC on the PA3 portion of the Project Site, thus, relieving the CRA of such responsibilities (as the current owner and responsible party for the remediation of the Project Site), but the Developer’s financial consideration for acquisition of PA3 will facilitate the CRA’s ability to complete its remediation obligations for Cell 2. In addition, the purchase consideration provided by the Developer for its acquisition of PA3 would help the CRA pay for the ongoing O&M costs it continues to incur with respect to the Project Site, with most costs being attributable to the remedial systems necessary to prevent the release of hazardous materials/substances into the air surrounding the Project Site and/or into the groundwater.

Once the Applicant’s requested entitlements are approved by the City Council (including, among others, a General Plan Amendment, Specific Plan Amendment and Development Agreement) and following the expiration of applicable challenge periods, the Applicant will be required to pay additional consideration of \$32.5 million dollars to the CRA (as set forth in the terms and conditions of the Option Agreement executed by the parties, dated December 17, 2020). Such funds will be used by the CRA to support future development on Cell 1 and Cell 2.

Accordingly, the Project would provide substantial direct and indirect economic benefit to the City and the CRA.