



# AGENDA REPORT

**Department:** Planning  
**Prepared by:** David Welch, Principal Planner  
**Meeting Date:** Tuesday, October 7, 2025  
**Approved by:** Scott W. Huth, Interim City Manager

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**SUBJECT:**

Public Hearing to Consider of a Final EIR to Assess Project Impacts & Appeal a Planning Commission Denial of a Conditional Use Permit & Coastal Development Permit for a Proposed Fuel Transfer Facility Within BNSF Railroad Right-of-Way on BNSF Property.

**RECOMMENDATION:**

Staff recommends approving the appeal and adopting separate resolutions entitled: “A Resolution of the City Council of the City of National City, California, Certifying a Final Environmental Impact Report for a Proposed Fuel Transfer Facility (San Diego Clean Fuels LLC) within BNSF Railroad Right-of-Way and BNSF-Owned Property, Located West of the 1800 Block of Cleveland Avenue and North of West 19th Street, North to Civic Center Drive.” and “A Resolution of the City Council of the City of National City, California, Approving a Conditional Use Permit and Coastal Development Permit for a Proposed Fuel Transfer Facility (San Diego Clean Fuels LLC) within BNSF Railroad Right-of-Way and BNSF-Owned Property, Located West of the 1800 Block of Cleveland Avenue and North of West 19th Street, North to Civic Center Drive.”

**BOARD/COMMISSION/COMMITTEE PRIOR ACTION:**

The Planning Commission certified a Final Environmental Impact Report by unanimous vote and subsequently denied the Conditional Use Permit and Coastal Development Permit by the following vote:

Ayes: Armenta, Castle, Quinonez, Sanchez      Nays: Miller    Absent: Valenzuela

**EXPLANATION:**

**Executive Summary**

Planning Commission held a public hearing on September 15, 2025 and denied the request for a CUP and CDP based on the findings in the attached Planning Commission Resolution No. 2025-14. The applicant has appealed the decision of the Planning Commission and is thereby afforded the opportunity to present their appeal to the City Council. The requested action by City Council is to either uphold or reverse the decision of the Planning Commission (grant or deny the appeal request).

The applicant’s appeal asserts that the findings in the Planning Commission denial were not accurate:

*Findings for Denial of the Conditional Use Permit*

*#1 asserts that the facility is not essential or desirable because there are cleaner methods of delivery of the clean fuels. We do not believe that the cleaner methods mentioned are practically available at the current time.*

*#2 indicates that the project would be detrimental to the public in the vicinity due to the anticipation that the 'last mile' delivery trucks will be petroleum diesel fueled and contribute to negative air quality in the area. Given that the truck operators are hauling renewable diesel, it would make sense that these truck operators would use the fuel that they haul. Furthermore, USD Clean Fuels was willing to accept a condition that these vehicles would be required to use renewable diesel within a reasonable period of time after the facility is operational; making this finding void. It should also be noted that the EIR found air quality impacts based on petroleum diesel truck emissions as is required for air quality modeling, to be less than significant.*

*Finding for Denial of the Coastal Development Permit*

*#1 says that the project is in conflict with the Community Emissions Reduction Plan because it increases the number of diesel trucks within the Portside Community. Again, the finding's concern is based on the trucks using petroleum diesel rather than renewable diesel. Furthermore, these short haul delivery truck trips replace long haul carriers, improving the air quality in the entire area. If the short haul trucks are conditioned to use renewable diesel fuel instead of petroleum diesel, the air quality is improved still further.*

At the public hearing the Planning Commission heard comments from over 30 speakers, of which only two were in support of the proposed project. Five written public comments were also submitted in opposition. Among the concerns raised at the Planning Commission hearing were air quality and public health impacts from the operation of up to 72 diesel trucks a day entering the proposed facility and the inadequacy of the voluntary economic benefit to offset potential impacts on the City. City Council may consider adopting new or modified conditions of approval should they decide to approve the appeal in response to public concerns. The Community Emissions Reduction Plan discussed in the appeal can be accessed at <https://www.sdapcd.org/content/dam/sdapcd/documents/capp/cerp/Portside-Environmental-Justice-CERP-July-2021.pdf>.

Prior to the denial of the project, Planning Commission voted to certify the Final Environmental Impact Report (FEIR). However, the standard of review for the appeal is de novo, which means the matter is heard anew and without being bound by the previous decision of the Planning Commission. Therefore, the City Council becomes the approving authority for the project and will be required to also act on a resolution to certify the FEIR.

The applicant proposes to construct and operate a fuel transfer facility to be operated by San Diego Clean Fuels Facility LLC within an approximately 7.5-acre site located on and adjacent to existing Burlington Northern & Santa Fe (BNSF) railway tracks. The location is between Civic Center Drive and West 19<sup>th</sup> Street and to the west of Cleveland Avenue. Rail cars will be delivered to the facility utilizing an existing rail spur that will be reconfigured to provide capacity for up to 21 rail cars. Clean renewable and biofuels (renewable diesel, ethanal, and sustainable aviation fuel (SAF)) will then be transloaded from the rail cars to trucks with an above-ground pump system. No fuel will be stored on site. Overall transloading capacity will be approximately 13,800 barrels of fuel per day. The site would receive up to 72 trucks daily, which would deliver the fuel to retail clients in the metropolitan San Diego area. The property is located within the City's Coastal Zone (CZ) overlay and subject to the development regulations outlined in the Local Coastal Program (LCP). Since the Implementation Plan of the LCP has not been formally updated, properties within the CZ are still regulated by the previous Land Use Code (LUC). The zoning designation of the property is Medium Manufacturing (MM).

Land uses that either store or distribute fuel in the MM zone are required to obtain approval of a CUP prior to operation. All projects in the CZ that require approval of a CUP must also have an approved CDP. The City of National City maintains permit jurisdiction for the subject property and, therefore, is able to approve a CDP without a permit application to the California Coastal Commission (CCC). The CCC retains the authority to hear appeals on CDPs when specific conditions or characteristics are present. This project is considered a “major energy facility”<sup>1</sup> and, therefore, appealable pursuant to Section 30603 of the Coastal Act. Due to the characteristics of the proposed project, staff requested an Initial Study (IS) checklist pursuant to the California Environmental Quality Act (CEQA) to be prepared, which was submitted to the City with a draft Mitigated Negative Declaration (MND). The City, as lead agency, decided that the draft MND document was not a sufficient environmental review document for the project and an Environmental Impact Report (EIR) was subsequently prepared.

### **Site Characteristics**

The 7.5-acre site is located along the east side of the BNSF Railway right-of-way between West 18<sup>th</sup> and 19<sup>th</sup> Streets. Railway improvements in conjunction with this project extend north to the Civic Center Drive crossing. Immediately to the east of the property is an alleyway and industrial property with frontage on Cleveland Avenue. Most of the uses in the surrounding area are industrial in nature. However, there are City-owned properties planned for tourist-supporting commercial uses less than a half mile to the south as well as a newly opened cannabis lounge, restaurant, and hotel adjacent to Paradise Marsh. Several legal, non-conforming residential properties also exist within the vicinity of the subject property including the McKinley Apartments approximately 380 feet east and single-family homes approximately 900 feet to the south<sup>2</sup>. It is unclear how many single-family residences remain west of Interstate 5 in the City since some structures have been incorporated into commercial businesses. The nearest school is Kimball Elementary School, which is more than 1,500 feet from the site, on the east side of Interstate 5.

The site itself is comprised of three different sections. First, there is the existing BNSF railway. This is a spur that terminates within Port of San Diego properties to the south. The main Port-related operations are Pasha Group, which receives shipments of new automobiles, and Dixieline Lumber, which receives shipments of new lumber and wood products. Adjacent to the subject site, there are two operational tracks that transition to one rail track to the north, just south of the Civic Center Drive crossing. With anticipation of this proposed project, BNSF has been working on the design and implementation of a second track across Civic Center Drive to maintain operational capacity. Ultimately, BNSF rail traffic enters and exits the region to the north through downtown San Diego and along the coast to Orange County. Second, the middle portion of the site that is proposed for up to eight new tracks leading to the transfer facility is a former Pacific Steel, Incorporated (PSI) remediation site. The Department of Toxic Substance Control (DTSC) is still actively working on remediation from PSI operations, but the land within the subject site has been substantially remediated as of the writing of this report. Finally, the area of the subject site between West 18<sup>th</sup> Street to the north, the alley to the east, West 19<sup>th</sup> Street to the south, and the existing tracks to the west is proposed to be developed with the transfer facility. This land was previously occupied by industrial operations and Harrison Street right-of-way that has already been vacated<sup>3</sup>. All former structures have been demolished and the land in its current state would be considered disturbed.

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<sup>1</sup> Coastal-dependent developments like refineries, power plants, and offshore petroleum facilities that are subject to strict regulation and permitting by the California Coastal Commission due to their potential adverse effects on coastal resources.

<sup>2</sup> New residential uses are not permitted in the MM zone. Existing lawfully constructed residences may remain, subject to NCMC 18.11 (Nonconforming uses, structures, and parcels).

<sup>3</sup> Harrison Avenue in this location was a “paper street”, which only existed on the Assessor’s Parcel Map. No developed right-of-way was located here.

## **Proposed Use**

The applicant proposes to improve the 7.5-acre site for the purposes of operating a fuel transloading facility. This site is located along existing BNSF railroad and on adjacent BNSF-owned land. The fuel transfer operations would take place on the portion of land between West 18<sup>th</sup> and 19<sup>th</sup> Streets, between the existing railroad and industrial properties along Cleveland Avenue. The facility would operate 24 hours a day with 72 trucks per day primarily entering and exiting the site during off-peak hours (6:00 p.m. to 6:00 a.m.). Land uses that either store or distribute fuel are required to obtain approval of a CUP and CDP prior to the commencement of operations. There are no additional specific use regulations in the LUC for this type of facility.

The proposed operator, San Diego Clean Fuels Facility LLC, intends to build the facility to achieve objectives related to increased access to renewable fuels in the San Diego region. The project hopes to achieve or contribute to the following:

- Contribute to the State's commitment to a transition to carbon neutrality by 2045. Renewable fuels will help reduce greenhouse gas emissions and achieve benchmark reductions.
- Expand the availability of renewable fuels to the region by advancing the goal of the State's Low-Carbon Fuels Standard, which is a component of the 2022 California Air Resources Board (CARB) Scoping Plan, and solving geographic imbalances in the availability of cleaner, lower carbon fuel.
- Lowering of emissions compared to existing supply chains by utilizing rail to deliver fuel to the San Diego market.
- Increase the speed at which cleaner fuels can be delivered to the market.
- Generate employment opportunities for National City and surrounding communities.
- Develop underutilized and/or previously contaminated properties while minimizing conflicts with surrounding existing uses.
- Provide an appropriately sized facility that balances business performance while minimizing necessary truck trips.
- Locate the facility in an appropriately zoned property with direct access to Interstate 5 (I-5).
- Provide infrastructure improvements to meet project needs and improve safety along the BNSF railroad.
- Provide additional firefighting capacity in the project area to address quick responses to hazards and emergencies.

The applicant's proposed physical improvements for the project include:

- Construction of railway tracks and turnouts/crossovers to facilitate car movement in/out and within the transload facility.
- Installation of concrete slab pump pads at each transload spot.
- Installation of truck load slabs sloped to drain in the center at each transload spot.
- Installation of pumps and piping to move fuels from rail cars to truck loading spots.
- Containment enclosures for additive totes.
- Concrete-lined containment basin and pipe each load slab drain to the basin.
- Track pans for containment at the rail transloading cars.
- A small office building with control center, restrooms, and driver check-in area.
- All weather paving for the facility and circulation.
- Lighting, as needed.

The approximate throughput capacity of the proposed facility will be 13,800 barrels of fuel daily. While the capacity of the facility was not initially stated by the applicant, there has been a reduction from what was originally proposed in 2023. Additionally, the proposal initially estimated 115 trucks per day would be entering the facility to transport fuel. However, the current proposal is for approximately 72 trucks daily. Therefore, the capacity of the project was reduced by more than a third during the environmental review process. The proposed circulation of the site is for trucks to enter from West 18<sup>th</sup> Street and exit onto West 19<sup>th</sup> Street. The site is in close proximity to I-5. The general circulation pattern would be Civic Center Drive to Tidelands Avenue, West 19<sup>th</sup> Street to Cleveland Avenue and then West 18<sup>th</sup> Street into the site, returning the same way.

In addition to the transfer of fuel, the project includes measures to increase safety and prevent contamination from fuel spills. A 37,700-gallon concrete containment basin is proposed to be constructed below the rail car unloading and truck loading area. The volume of the basin is 110 percent that of a rail car. An Aqueous Film Forming Foam Fluorine Free Firefighting platform and additional fire hydrants will also be installed on site for use in the event of a fire. A Facility Response Plan (FRP) will also be developed to prevent or address spills.

### Alternative Fuels and Environmental Considerations

The proposed project is in response to the State of California's commitment to improving air quality, reducing emissions from fossil fuels including greenhouse gases (GHG). Achieving State goals can help improve public health and reduce risks related to human-induced climate change. The landmark state bill AB 32, or the Global Warming Solutions Act of 2006, required California to reduce its GHG emission to 1990 levels by 2020. Implementation of AB 32, and subsequent legislation, is primarily the responsibility of the California Air Resources Board (CARB). While zero-emission technology is highly desired, CARB also encourages interim measures to help reduce emissions from current levels. One of these measures is the Low Carbon Fuel Standard (LCFS), which encourages the use of alternative fuel types that can achieve lower emissions.

The applicant proposes to construct the fuel transfer facility to improve the delivery of these fuel types to the San Diego market while also reducing emissions within the supply chain. The proposed fuel for distribution are biofuels, which include renewable diesel, biodiesel, and sustainable aviation fuel (SAF). Renewable diesel and SAF can be produced with new or recycled vegetable oils, animal fats, greases, algae, as well as crop residues or woody biomass. Renewable diesel and SAF are also designated as a "drop-in" biofuel allowing them to fully replace petroleum-based fuels with zero modification to stage facilities or engines. Biodiesel is a renewable, biodegradable fuel manufactured domestically from vegetable oils, animal fats, or recycled restaurant grease. When used in diesel engines, renewable diesel can reduce greenhouse gas emissions by up to 80%. Renewable diesel and a blend of renewable diesel and up to 20% biodiesel can also be used to replace petroleum diesel with no changes to an engine. With the ability to produce biofuels from a wide variety of sources, they are considered 100% sustainable, as opposed to petroleum-based fuels.

While there can be a net benefit from an increase in availability of biofuels in the San Diego region, the same assertion cannot be made for the City of National City, Westside communities, and nearby receptors in the MM zone. There have been multiple efforts within the City to improve the health of residents and reduce dangerous pollutants associated with industrial and light industrial uses. Previous actions include the passage of the Westside Specific Plan and Amortization Program, early adoption of a Health and Environmental Justice Element within the General Plan, designation of the AB 617 Portside Community and passage of the Community Emissions Reduction Plan (CERP), and adoption of the City's Climate Action Plan (CAP). Primarily due to, but not limited to, the project's proposed utilization of diesel-powered truck trips for operations of the facility and the related impacts to greenhouse gas emissions, vehicle miles traveled, and air quality, City staff requested the preparation of an Environmental Impact Report (EIR) for this project.

## **Analysis**

The project was analyzed for impacts pertaining to CEQA in the attached EIR. Some of the more specific details in the EIR will not be discussed in this document, but instead the project will be analyzed as it pertains to existing plans and policies related to the proposed development.

## **General Plan**

The subject property has a General Plan land use designation of Industrial (I). The project proposed is an industrial use. The proposal is also well below the floor area ratio of 2.0 intended for this designation. The General Plan is comprised of several “elements”, of which some have been recently updated through the Focused General Plan Update that was completed in 2024. Several policies from various elements of the General Plan pertain to this project, including:

### **Land Use (LU) Element**

Policy LU-1.3 pertains to urban greening efforts, LU-4.2 encourages various pedestrian-scale urban design strategies, LU-4.4 pertains to the maintenance of sidewalks and bicycle routes, LU-5.3 encourages businesses to employ National City residents, LU 6.5 requires development to be consistent with the Zoning Code and applicable specific plans, LU-6.5 pertains to consistency with the City’s Climate Action Plan (CAP)

The Land Use Element of the General Plan has several policies related to new development. This project relates to public realm improvements regarding sidewalk maintenance, landscaping and other greening efforts, and consistency with various codes and policies as discussed in this report. Conditions of approval ensure that pedestrian areas around the project will remain well-maintained and enhanced with appropriate landscaping elements and tree canopy. The project and associated right-of-way improvements at the railroad crossing at Civic Center Drive will enhance portions of the public realm and avoid conflict with bicycle routes, such as the Bayshore Bikeway. Consistency with the CAP and policies related to community enhancements such as LU-1.3 will be evaluated in subsequent sections of this report.

### **Transportation (T) Element**

Policy T-3.6 relates to the enhanced transit services, Policy T-8.1 pertains to enhancements of infrastructure to facilitate timely movement of goods, particularly intermodal transfers, Policy T-8.4 pertains to the movement of goods by rail, Policy T-9.4 pertains to noise and pollution abatement associated with goods movement.

The project proposes to utilize existing rail to transfer fuel for delivery to retail outlets within the City and in the greater region. Elements of the project ensure that the delivery of fuel will be conducted in an efficient manner such as an improved rail crossing, operations at off-peak hours, and proximity to major truck routes. Truck movements will largely avoid residential properties and other areas with sensitive uses in the City. Policy T-3.6 is related to community enhancements, which will be discussed later in this report.

### **Safety (S) Element**

Policy S-7.3 pertains to the ability to effectively respond to hazardous materials emergencies, S-8.1 pertains to the clean-up and reuse of contaminated sites.

The project proposes to reduce risk from fire hazards will be accomplished through the inclusion of a specialized firefighting platform and additional fire hydrants, as required by the National City Fire Department (NCFD). The project will be located on a vacant, under-utilized, and previously contaminated site, which is encouraged by policy S-8.1.

### Noise and Nuisance (NN) Element

Policies NN-1.9, NN-1.10, NN-2.5, NN-3.1, NN-3.3, and NN-3.4 pertain to impacts related to noise levels and ground borne vibrations via construction, on-site activities, and off-site transportation. Policy NN-4.2 related to the reduction in offensive odors and other noxious substances.

Impacts related to noise and nuisance were evaluated for the proposed project in the EIR. Primarily, a Noise Analysis determined noise thresholds in the City's Noise Ordinance would be met for activities related to the construction and operation of the proposed project. The project location has existing ambient noise levels from nearby freeway traffic and other industrial uses. Staff has proposed conditions of approval requiring adherence to truck routes in the City to prevent increases in traffic-related noises and a six-foot high, solid fence or wall to reduce the potential for noise impacts to adjacent and nearby properties.

The applicant asserts that offensive odors associated with fuels and additives mostly come from combustion, which is not related to the proposed on-site activities. Nuisance odors are also regulated and enforced by San Diego Air Pollution Control District (SDAPCD) Rule 51 (Public Nuisances). A Condition of Approval is recommended requiring adherence to SDAPCD regulations.

### Open Space and Agriculture (OS) Element

Policies OS-1.1, OS-1.2, OS-1.4, OS-2.1, OS-2.2, OS-2.3, OS-2.5, and OS-2.7 pertain to the preservation of open spaces, habitat, biological resources, and environmentally sensitive areas. Policy OS-1-3 encourages the planting of native plants near open spaces. Policies OS-4.2 and OS-4.4 encourage the planting of street trees and promotes the planting of shade trees with substantial canopies. Policies OS-8.4 and OS-8.8 pertain to the preservation of historic and cultural resources.

The EIR analyzed the potential for project impacts to open spaces, biological resources, and environmentally sensitive areas in detail. Adherence to mitigation measures discussed in the report are included as a condition of approval. In addition, staff is recommending Conditions of Approval that require additional landscaping, including the planting of street trees that will enhance the urban tree canopy. Mitigation measures are also required for the monitoring of paleontological or other cultural resources in the event they are discovered during grading or construction.

The Initial Study checklist prepared for this project also identified a potential wetland feature on this site. However, staff has confirmed that the discussed feature no longer exists. This is further discussed in the EIR.

### Conservation and Sustainability (CS) Element

Policy CS-1.1 pertains to the reduction of the urban heat island effect. Policy CS-1.2 pertains to the development of industries that benefit the environment. Policies CS-3.1 and CS-3.3 pertain to stormwater best management practices (BMPs) and low-impact development (LID) practices.

As previously discussed, staff is recommending a condition of approval for the project that would require enhanced street trees to support policy CS-1.1. The project proposes to transport clean fuels, which were discussed in the previous section of this report. The improved access to these alternative fuel types will have benefits for both the local economy and regional air quality. New construction projects are required to meet stormwater requirements and BMPs discussed in the conditions of approval from the Engineering Department.

### Health and Environmental Justice (HEJ) Element

Policy HEJ-1.2, Policy HEJ-1.5, Policy HEJ-2.5, and HEJ-2.6

The HEJ was created to identify public health risk and environmental justice concerns and improve living conditions to foster the physical health and well-being of National City's residents. National City was an early adopter of this category of general plan element and the HEJ precedes the passage of SB 1000, which now requires this type of element for all general plans in the state. At the time of the adoption of the HEJ, National City had some of the worst health outcomes in San Diego County, including high rates of chronic obstructive pulmonary disease (COPD) and asthma. Both breathing disorders have correlation with poor air quality, which is caused by industrial pollution and vehicle emissions. The Westside of National City is particularly impacted by its close proximity to industrial areas west of I-5, port activities, Naval Base San Diego, and freeway traffic. In more recent years, studies have also identified diesel particulate matter (DPM) as a known carcinogen. This has furthered health concerns in areas with heavy truck traffic. Both the Westside and the industrial areas in the City have existing non-conforming uses, which means there are residential uses and sensitive receptors in close proximity to industrial operations, as well as polluting businesses in the middle of residential areas. While the proposed project is not located in a Specific Plan area, impacts to the Westside Specific Plan (WSP) area should also be considered.

Policy HEJ-1.2 states "consider environmental justice issues as they are related to potential health impacts associated with land use decisions, including enforcement action, to reduce the adverse health effects of hazardous materials, industrial activities, and other undesirable land uses on residents regardless of age, culture, ethnicity, gender, race, socioeconomic status, or geographic location." In this instance, health concerns have been identified for communities in National City at both the local and state levels pertaining to new industrial uses and increased truck traffic. However, the EIR that was prepared for the proposed project included a Health Risk Assessment (HRA) that concluded that such impacts from the project specifically were less than significant. The three primary assessments were cancer risk, chronic health hazards, and acute health hazards.

Cancer risk is calculated by exposure periods with 70-year (lifetime risk calculation) and 30-year (individual risk calculation) periods for residents and 25-year periods for workers. Health risks for residents were based on the nearest residential use, the McKinley Apartments at West 18<sup>th</sup> Street and McKinley Avenue. Findings from the assessment are found in Table 3.1.7 of the EIR, which shows activities from construction and operation of the proposed fuel transfer facility. Results show the project would not result in a significant contribution to cancer risk to this community. Findings of significance were the same for chronic and acute health hazards, as shown in Table 3.1.8 of the EIR.

This policy encourages the City to consider actions to *reduce* potential health impacts. It is the opinion of staff that the policies related to the City's updated CAP and the AB 617 Portside Community's CERP are best suited to determine conformance with this HEJ policy, which are discussed below.

Policy HEJ-1.5 promotes the inclusion of potentially affected community residents in the decision-making process. The Planning Division has followed standard guidelines for both the environmental review process and the ongoing public hearing process. In addition, information on the project has been posted on the City website and staff had frequent email communications with interested parties. Both the applicant and the District 1 Councilmember, Luz Molina, have also worked to provide the public information and updates on the proposed project.

The project was initially submitted in 2023 with a draft Initial Study (IS) and Mitigated Negative Declaration (MND) prepared by an environmental consultant. Planning staff posted these documents for a 30-day public review period on the State Clearinghouse website beginning on June 2, 2023 in accordance to CEQA guidelines. Several comments were provided to the City during this period. After further discussions with the environmental consultant and modifications

to the draft MND, the City ultimately decided a more thorough review of the project was required and a Draft Environmental Impact Report (EIR) was requested. While the review process was being worked on with the consultant, Councilmember Molina also invited City staff to provide information on the project at town hall meetings in September and October of 2023. The public documents from the original MND generated significant interest in the project even though no public hearings had been announced at the time.

The earliest meeting that was noticed to the general public was a scoping meeting for the Draft EIR held on May 23, 2024, which coincided with the posting of the revised Initial Study and Notice of Preparation on the State Clearinghouse website. The purpose of this meeting was to solicit feedback on the scope of the review to be conducted for the Draft EIR. 27 comment cards were submitted by the public at this meeting as well as another 11 comment letters. Comments were summarized within the draft EIR.

The latest meeting with the general public was a Community Open House held August 14, 2024. This meeting was prompted by the applicant and their desire to have more community engagement in advance of any public hearings. Once again, Councilmember Molina collaborated with this event since the project is proposed within District 1.

Staff has been in regular communication with other agencies, organizations such as the Environmental Health Coalition, and interested residents throughout the review process. In particular, the public has been concerned with the timing of public hearings as staff worked with the environmental consultant and applicant to complete revisions to the draft documents. At the same time, the applicant has also had numerous meetings with City leaders and organizations regarding this project. The first public hearing was ultimately noticed for the Planning Commission meeting on June 2, 2025. However, the item was pulled due to significant concerns presented in a public comment by the California Coastal Commission (CCC).

The topic of environmental justice was one of the concerns of the CCC, which stated in its letter that they were recommending “a more thorough analysis of environmental justice impacts and improved outreach for this project”. As summarized, outreach for this project has been consistent with the City’s policy HEJ-1.5, although not always through the Planning Division, in that residents have been provided with consistent access to information regarding the project and how to participate in the decision-making process. Furthermore, the primary forum for public participation is the public hearing for which this report has been drafted. The project is also potentially subject to an appeal to the California Coastal Commission after the City Council has taken action.

Policy HEJ-2.5 encourages the protection of existing sensitive land uses through feasible measures such as separation/setbacks, landscaping, barriers, ventilation systems, air filters/clears, and/or other effective measures to minimize potential impacts from air pollution. While this policy discusses existing land uses, it also speaks to the importance of setbacks, landscaping, and other measures that can be utilized by a new project.

Policy HEJ-2.6, similarly to HEJ-1.2, requires to City to consider air quality impacts, including cumulative impacts, from existing and new development when making land use decisions and limit the number of industrial facilities or uses to prevent cumulative air pollution impacts. While the EIR includes findings that the proposed project will not result in significant health impacts, it cannot be ruled out that the operations and truck traffic associated with the proposed fuel transfer facility will not contribute to cumulative impacts resulting from existing and new industrial developments within the City. Once again, the CAP and CERP are the best mechanisms by which to evaluate this proposal.

#### Local Coastal Program (LCP)

The LCP is comprised of two sections: the Implementation Plan and the Land Use Plan. The Land Use Plan was recently updated in 2023 and certified by the CCC in March of this year. However, the Implementation Plan update, which is currently underway, is yet to be approved.

The Implementation Plan of the LCP discusses permit jurisdiction, applicability of CDPs, required findings, and applicable development standards. The proposed project is located within the City's adopted exclusion area, where new development is generally exempt from a CDP. However, the need for a discretionary permit (e.g., CUP) triggers the need for a CDP. The Implementation section also requires that new development provide coastal access, where required, and to not impede coastal access. The site is in the middle of the City's industrial area and does not require, or have the possibility to interfere with, access to coastal areas. Applicable development standards in the current adopted LCP reference Municipal Code sections related to new structures, uses, parking, landscaping, etc. Since these references pertain to the previous version of the LUC, development standards that would be considered defunct in the rest of the City remain in effect. Conformance with these standards are discussed in the following section. The two required findings of approval for CDPs are as follows:

- That granting said Coastal Development Permit will be consistent with all other plans and ordinances of the City of National City.
- That the granting of said Coastal Development Permit will be consistent with an implements the Certified Local Coastal Program.

The Land Use Plan of the LCP provides both policy recommendations and a land use plan map. Significant concerns for this plan include coastal access, preservation of habitat areas, supportive land uses, and coastal hazards. In addition, the Land Use Plan requires that development in the CZ adhere to policies found in Chapter 3 of the Coastal Act. The industrial section of the CZ is largely regulated by the existing development standards in the LUC for the manufacturing zones. These standards are relied upon to ensure that new development is visually appropriate. In addition, there is a policy stating that new development should consider proximity to the Bayshore Bikeway for the purposes of maximizing the recreational potential of the area. The project proponents have coordinated with City staff to ensure the upgraded rail crossings at Civic Center Drive will not interfere with improvements to this bikeway.

The City's LCP mostly relies upon the previous LUC to regulate industrial uses to ensure they do not cause nuisances, both through the CUP approval process and through adherence to existing development standards. Other than additional policies noted in this section, the project's conformance with the two required findings for approval of a CDP are analyzed in other sections of this report.

#### *California Coastal Commission and the Coastal Act*

The proposed project requires the approval of a CDP and is therefore subject to the Coastal Act and appeal procedures of the California Coastal Commission (CCC). Though the City retains permit jurisdiction, projects with certain characteristics remain appealable to the CCC. In this instance, the project is considered a "major energy facility" and can be appealed to the CCC within 10 working days of a final local action notice. Final action is not taken until the project is approved or denied by the City Council by consent or at a public hearing.

Policies of the City's LCP are inclusive of more general policies in Chapter 3 of the Coastal Act. In some instances, the LCP adds more specificity. Overall policies in the Coastal Act address public access, recreation, the marine environment, land resources, and development. The LCP included City-specific policies on public access, recreation, marsh preservation, visual resources, industrial development, and environmental hazards.

The project is located within the middle of the City's existing and zoned industrial properties. Both the project site and all adjacent properties are zoned Medium Manufacturing (MM). The nearest recreational amenities are more than 1,500 feet to the south of the site and access to San Diego Bay to the west is largely restricted by Naval Base San Diego and Port of San Diego properties. While both the LCP and Coastal Act have polices related to public access, it is not required for this project or impeded by this project. No facilities related to coastal access are provided or needed.

Chapter IV of the LCP and Sections 30220 through 30224 of the Coastal Act have specific polices related to recreation. As previously mentioned, the subject site is in an industrialized area and the Land Use Plan for the LCP encourages the provision of recreational opportunities in other areas of the City's CZ.

The marine environment, land resources, and marshes are largely unaffected by the proposed development. The project location is not adjacent to any marine resources and there are no known land resources such as habitat, agricultural land, or archaeological or paleontological resources. The project proposes a new development in an existing industrial area. Storm Water Best Management Practices will be required by the Engineering Department, which will ensure that nearby waterways, including the bay and marsh, are protected from pollutants. Mitigation requirements will be in place to protect archaeological or paleontological resources should they be present during construction activities.

The Coastal Act and Chapter VI of the LCP calls for the protection of the scenic and visual qualities of coastal areas, and, where feasible, to restore and enhance the visual quality in visually degraded areas. The proposed new development will improve visual quality of the area by cleaning up a blighted property. Screening fences/walls will also be required to reduce the visibility of the transfer station in a reasonable manner.

#### *Wetland*

In a comment letter provided by the CCC on June 2, 2025, it was stated that *the project site includes at least one single-parameter wetland*. Wetlands in coastal areas can be designated by the presence of just one indicator. A wetland on the project site would have resulted in the following: the presence would establish appeal jurisdiction with the CCC for the project, the project would become infeasible due to buffering requirements found in the LCP, and the EIR would have needed to discuss justifications for the fill of the wetland and mitigation measures. As discussed earlier, the project is already appealable to the CCC since it includes a proposed "major energy facility".

An *Aquatic Resources Delineation* was completed for the proposed project in July of 2022, which is included as Appendix D of the Draft EIR. This study discussed "Feature 3", which was a depressional feature indicated by aerial imagery and site visits. Dried algal mats were present, but the EIR described this feature as "an isolated puddle." Staff visited the site on January 30, 2025 and the depression was no longer present. Soil remediation activities have been occurring on the northern portion of the site due to the presence of pollutants from the neighboring metal recycling facility and heavy earth-moving equipment is presumed to have altered the ground level since the original survey of the depression was conducted. Due to concerns from the CCC, the environmental consultant conducted an additional field survey and assessment of "Feature 3" on July 31, 2025 and concluded the feature is no longer present on site and the "location met neither vegetation, soils, or hydrologic parameters of being a wetland under its current condition."

#### *Environmental Justice*

The CCC also expressed concerns about the analysis of the project's environmental justice impacts. An Environmental Justice Policy was adopted by the CCC in 2019 that includes, among other statements, the following: *The Commission will use its legal authority to ensure equitable access to clean, healthy, and accessible coastal environments for communities that have been disproportionately overburdened by pollution or with natural resources that have been subjected to*

*permanent damage for the benefit of wealthier communities. Coastal development should be inclusive for all who work, live, and recreate on California's coast and provide equitable benefits for communities that have historically been excluded, marginalized, or harmed by coastal development.* Staff's analysis of this project largely addresses environmental justice concerns through the City's Health and Environmental Justice Element of the General Plan, the updated Climate Action Plan, and the AB 617 Portside Community's Community Emissions Reduction Plan. These documents are supportive of the CCC's policy and staff has modified this report for clarity.

### *Coastal Hazards*

Chapter VIII of the Land Use Plan discusses environmental hazards, as required by Section 30253 of the Coastal Act. This chapter includes several policies related to the specific hazard of sea level rise (SLR), which require additional discussion due to the location of the proposed project. The following are relevant sections of the Coastal Act that should be taken into consideration as they relate to SLR:

Section 30235 of the Coastal Act states:

Revetments, breakwaters, groins, harbor channels, seawalls, cliff retaining walls, and other such construction that alters natural shoreline processes shall be permitted when required to serve coastal-dependent uses or to protect existing structures or public beaches in danger from erosion, and when designed to eliminate or mitigate adverse impacts on local shoreline sand supply. Existing marine structures causing water stagnation contributing to pollution problems and fish kills should be phased out or upgraded where feasible.

Section 30253 of the Coastal Act states:

New development shall do all of the following:

- a) Minimize risks to life and property in areas of high geologic, flood, and fire hazard.
- b) Assure stability and structural integrity, and neither create nor contribute significantly to erosion, geologic instability, or destruction of the site or surrounding area or in any way require the construction of protective devices that would substantially alter natural landforms along bluffs and cliffs

Section 30270 of the Coastal Act states:

The commission shall take into account the effects of sea level rise in coastal resources planning and management policies and activities in order to identify, assess, and, to the extent feasible, avoid and mitigate the adverse effects of sea level rise.

The project location is more than 1,500 feet from the shoreline of San Diego Bay, which is mostly occupied by Naval Base San Diego and the Port of San Diego within National City. The proposed improvements for the fuel transfer facility do not include any shoreline protection devices due to the project location. It is unknown if, at any time during the life of the proposed project, nearby facilities would pursue or implement any modification of the coastline that could alter the possibility of hazards affecting the subject site.

Based on information provided by the applicant, the project's design life is 30 years. The statewide SLR guidance for critical infrastructure recommends taking a precautionary approach by considering and planning for higher-end SLR scenarios and long-term (e.g., 100-year) planning horizons. In the past century, the average global temperature has increased by about 1.1°C, and global sea levels have increased by 7 to 8 inches (17 to 21 cm). In addition, SLR has been accelerating in recent decades, with the global rate of SLR tripling since 1971 (IPCC, 2021). There is strong scientific consensus that SLR will continue over the coming millennia regardless of future human actions, but

the exact rate and amount will depend on the amount of future greenhouse gas emissions as well as the exact contribution from sources such as the Antarctic and Greenland ice sheets, which are areas of continuing research. While planning coastal development under this uncertainty presents challenges, it is widely documented that underestimating SLR could result in costly damages and adverse outcomes to coastal resources. Planning and development decisions on the California coast must, therefore, be appropriately precautionary and made with the full understanding that SLR will change coastal landscapes and hazard conditions. Not only will siting and design decisions regarding proposed coastal development influence the future safety of the development and overall resiliency of the California coast, but such decisions will also affect the way that coastal resources protected under the Coastal Act respond to changing sea levels over time.

Currently, the best available science on SLR projections in California is provided in the State of California Sea Level Rise Guidance (OPC 2024). The state guidance adopts the same framework and approach used by the Federal government and provides five sea level rise scenarios that have been regionalized for California-specific use. The state guidance also includes a decision framework to guide selection of appropriate sea level scenarios, primarily recommending evaluation of the intermediate, intermediate-high, and/or high scenarios depending on the context of the planning effort/project. This information is reflected in the Coastal Commission’s Sea Level Rise Policy Guidance (CCC 2024). The table below shows the sea level rise scenarios for the San Diego tide gauge, the closest tide gauge to the project site.

**TABLE 14. Sea Level Scenarios for San Diego.**

*Median values of Sea Level Scenarios, in feet, for each decade from 2020 to 2150, with a baseline of 2000. All median scenario values incorporate the local estimate of vertical land motion.*

YEAR	LOW	INT-LOW	INTERMEDIATE	INT-HIGH	HIGH
2020	0.2	0.2	0.3	0.3	0.3
2030	0.3	0.4	0.4	0.5	0.5
2040	0.4	0.5	0.6	0.7	0.8
2050	0.5	0.7	0.8	1.1	1.3
2060	0.6	0.9	1.1	1.6	2.0
2070	0.7	1.0	1.4	2.3	3.0
2080	0.8	1.2	1.9	3.1	4.1
2090	0.9	1.4	2.5	3.9	5.4
2100	1.0	1.6	3.2	4.9	6.7
2110	1.1	1.8	3.9	5.7	8.0
2120	1.2	2.1	4.5	6.5	9.1
2130	1.3	2.3	5.0	7.1	10.0
2140	1.3	2.5	5.6	7.7	11.0
2150	1.4	2.7	6.1	8.3	11.9

The existing elevation throughout the Project Site ranges from approximately 8 to 13 feet above mean sea level. Based on CoSMoS, as shown on the Our Coast Our Future Hazards Map, the project site could begin to experience flooding impacts starting with 2.5 feet of SLR combined with a 100-year storm. Starting with 4.1 feet of SLR, portions of the site may be flooded under normal, non-storm conditions. Based on the same mapping, the main pathway for flooding appears to be from the 7th Street Channel to the north, such that the northern portions of the project site would be impacted sooner/with less SLR. With increasing SLR (or with increasing SLR plus storm conditions), more portions of the project site could be flooded. CoSMoS/OCOF also provides information on groundwater changes resulting from sea level rise. The project site is already in an area with a

shallow groundwater table, and SLR could result in an emergent groundwater table (i.e., groundwater flooding) in portions of the project site with 2.5 feet of SLR.

As the table above shows, 2.0 to 3.0 feet of SLR could occur somewhere between 2060 and 2070 under the High scenario, or closer to 2090 (or later) under the more likely Intermediate Scenario. Similarly, 4.1 feet of SLR could occur as soon as 2080 under the High Scenario, or after 2110 under the Intermediate Scenario. As noted above, the Project lifetime is expected to be 30 years, but could have a potential useful life of up to 100 years.

It should be noted that the proposed project is largely influenced by State policies in place or under consideration. The Advanced Clean Fleets Regulations are proposed by CARB to accelerate a large-scale transition to zero-emission medium- and heavy-duty vehicles and works in conjunction with the Advanced Clean Trucks Regulation, the Truck and Bus Regulation, and the Transport Refrigeration Unit (TRU) Regulation to meet statewide air pollution reduction goals including economy-wide carbon neutrality by 2045. The Advanced Clean Fleets Regulations was adopted by CARB in April 2023; however, the Office of Administrative Law has not yet approved the regulation.

The Advanced Clean Cars II Regulations are a set of rules proposed by the CARB to ban the sale of internal-combustion passenger vehicles and light trucks by 2035 and require an increasing number of zero-emission vehicles (ZEVs) and plug-in hybrid electric vehicles (PHEVs) starting from the 2026 model year. The regulations were approved by the Office of Administrative Law on November 22, 2022 and effective the same day.

The purposes of the regulations are to reduce air pollution and greenhouse gas emissions from the transportation sector and are aligned with Governor Newsom's 2020 Executive Order N-79-20. Given the aggressive schedule to comply with CARB's ZEV program and ultimately phase out all internal combustion trucks and cars with ZEVs, it is reasonable to assume that the Project lifetime would not be 100 years.

As such, it appears as though the project site and the proposed development would not be exposed to hazards over the anticipated 30-year lifetime, but could start to be exposed to flooding soon after under a high scenario. Even under the High Scenario though, initial risks to proposed development may not be significant. As identified above, initial flooding impacts would occur as a result of 2.5ft of SLR combined with a 100-year storm. Thus, flooding would be a rare, short-duration event rather than a routine, prolonged condition. Moreover, these earliest impacts would be primarily confined to the northern portion of the project site (north of W. 16th Street). This portion of the project site would only include construction of railroad tracks, which would likely be able to withstand occasional storm flooding impacts.

Additionally, some project design features incorporated into the Project already take into account SLR adaptation strategies, including the relocation and elevation of utility infrastructure and placement of the fuel transload facilities and equipment to areas outside of the risk for coastal flooding conditions. Specifically, fuel transload facilities and equipment and other proposed development are primarily located on the eastern portions of the project site, which would not be exposed to flood impacts under 2.5 feet of SLR (even with a 100-year storm).

Overall, the proposed development will adequately minimize risks associated with flooding, including as exacerbated by sea level rise, over the proposed 30-year anticipated lifetime. However, coastal hazards risks would increase in the following years with additional sea level rise. As such, it is appropriate to limit the authorization of the proposed development to 30 years and to require the development of a coastal hazards adaptation and implementation plan by the end of that time horizon that identifies any strategies necessary for protecting, relocating, or otherwise adapting the development authorized by the CDP as necessary to maintain safety from flooding and other coastal hazards. Special conditions of approval related to coastal hazards are included in the draft resolution.

### Land Use Code (LUC)

As discussed in the preceding section, the project is located in a section of the CZ where the City retains permit jurisdiction and the development standards applied to the proposed development are contained within the previous version of the LUC. The project is located within the MM zone, which is regulated by Chapter 18.18 of the previous LUC. Land uses in the previous code are listed as permitted or permitted with a CUP under “use groups” that organize similar land uses into broader categories. Use Group 23 – Medium Manufacturing, which is allowed in the MM zone, permits the storage and distribution of oil-based products with the approval of a CUP.

The proposal has also been reviewed for conformance with applicable design regulations. The site is sufficient in size for the proposed use and meets the minimum required lot area and frontage. The proposed development adheres to all required minimum setbacks. The office for the facility is proposed to be a small, 512 square-foot pre-manufactured structure. Per the conditions of approval, this structure will need to be reviewed and permitted by the Building Division as a permanent structure. The proposed elevations of the office do not meet the minimum aesthetic standards of Section 18.18.240 of the (previous) Land Use Code and will need to be upgraded with additional exterior materials when plans are submitted for permits. Since the use primarily takes place using industrial equipment outdoors, the project is well below both the maximum height and floor area ratio. As previously discussed, staff is recommending increased screening since most on-site activities will take place outside of an enclosed structure.

The applicant is proposing five parking spaces on site with at least one ADA van accessible space and one EV-ready space. Parking is not required per State law AB 2097, due to the project's proximity to the 24<sup>th</sup> Street Trolley Station. Most of the area surrounding the fuel transfer facility is open, paved surface to maximize the maneuverability of trucks and fire access. Landscaping is required for setback areas in the MM zone and the site provides approximately 8 to 12 feet of landscaping along the West 18<sup>th</sup> and 19<sup>th</sup> Street frontages and the adjacent alley, where only four feet would be required for front and exterior side yard setbacks. No landscaping is currently proposed for the four-foot setback on the west side of West 18<sup>th</sup> Street. Planning staff will need to consult with the applicant and the Engineering Department during permitting on the feasibility of adding landscaping in this location. Other general design regulations required by the (previous) LUC are related to outdoor lighting, the screening of mechanical equipment, and trash and recycling. Conditions of Approval are included in the draft resolution ensuring conformance with these additional sections.

### A Note on Non-Conforming Land Uses

The proposed project is a new construction fuel transfer facility on a site zoned for medium intensity manufacturing uses. The storage and distribution of fuel is permitted in the MM zone with approval of a CUP. In National City, many industrial uses are close to sensitive receptors such as residences, schools, and day care facilities. This proximity exacerbates air quality and health issues within the City and the proposed fuel transfer facility raises concerns about increased cumulative impacts. However, incompatible land uses are largely the result of land use decisions in the past and most of the examples in the City would not currently be permitted. Today, there are several residential properties within industrial zone districts, including the McKinley Apartments. Should any of these residential properties be redeveloped, they would not be allowed to remain residential. Similarly, the Westside Specific Plan Area of the City is home to dozens of nonconforming commercial and industrial properties. The Westside Specific Plan was created to help resolve the most egregious examples of land use incompatibility within the City and includes stricter requirements on non-conforming land uses. Air quality issues within this portion of the City *should* decrease over time as incompatible businesses cease operation. An amortization program exists in the City to help expedite this process and so far two nonconforming businesses have been amortized. However, this program

requires dedicated funding and staff to implement, and no new businesses have been amortized in recent years.

### Climate Action Plan (CAP)

The City's first CAP was first adopted in 2011 to align with State goals related to the reduction in greenhouse gas (GHG) emissions. As of 2018, the City had only achieved 40% of the reduction goal for 2020. In 2023, the Climate Action Plan Update (subsequently referred to as CAP) was adopted with renewed goals and an updated emissions inventory. New goals are to reduce GHG from 2018 baseline levels 40% by 2030 and 80% by 2050 in alignment with current Statewide targets. The proposed project will result in a release of approximately 282 metric tons/year of GHG during construction activities and approximately 1,633 metric tons/year from operations of the fuel transfer facility. Almost all emissions from the facility will be from mobile sources (truck and rail). The amount of GHG emissions anticipated by the facility is below the threshold to be considered significant for a singular project in accordance with the methodologies recommended in the CAP. The project will also deliver a higher volume of cleaner diesel fuels to the market, which can significantly reduce GHG from emissions (up to 70% from standard diesel fuels) regionally. An estimate of the project's overall contribution to GHG reductions has not been provided. For the purposes of this report, the project will be evaluated based on specific strategies in the CAP.

As discussed above, the project is not considered significant for the purposes of GHG emissions. Thresholds are discussed in detail in the attached EIR. However, it should be noted that industrial developments, such as the proposed project were incorporated into the GHG analysis used to develop the CAP based on existing General Plan land use categories. The project does not exceed the intensity of use for the types of development permitted on the subject site and that was analyzed and evaluated in the CAP and the General Plan. Due to the anticipated emissions from this project, while not considered significant, opportunities to incorporate CAP strategies should be greatly encouraged for this project. The EIR includes Mitigation Measure (MM) GHG-1 to ensure consistency with the strategies that have been identified as applicable to the project. All mitigation measures identified in the EIR are included as conditions of approval in the draft resolution. In addition, there are other strategies in the CAP that are outside the scope of this project that will be discussed below.

### Community Emissions Reduction Plan (CERP)

State Assembly Bill 617 (AB 617) was passed in 2017 and led the California Air Resources Board (CARB) to create a new community-focused and community-driven action to reduce air pollution and improve public health in communities that experience disproportionate burdens from exposures to air pollutants. San Diego Air Pollution Control District (SDAPCD) nominated the Portside Community for the AB 617 program, which is comprised of the neighborhoods of Barrio Logan, Logan Heights, and Sherman Heights in the City of San Diego and West National City within the City of National City. At the time, the State's CalEnviroScreen 3.0 tool was used to evaluate the communities most vulnerable to the effects of pollution based on environmental, health, and socioeconomic data for AB 617. All census tracts for the Portside Community ranked at or above the 85th percentile for vulnerability using this tool.

The most recent version of this tool, version 4.0, continues to indicate a very high pollution burden within these communities. As discussed earlier, pollution and poor air quality in National City and the adjacent San Diego neighborhoods are the result of mobile sources such as heavy truck traffic serving the port and along I-5 as well as stationary sources such as heavy industries. Harbor vehicles and activities at Naval Base San Diego also contribute. DPM, a known carcinogen, is an acute concern due to the wide variety of diesel-powered vehicles and equipment operated within and near the Portside Community. The census tract within National City experiences DPM exposure that is greater than 91% of the census tracts in the state. As a result, measurable health

impacts such as the number of residents suffering from asthma far exceed other communities. The Portside Community is also disadvantaged economically with significantly higher rates of poverty and households that are cost-burdened with housing. Residents, are therefore, less likely to have the resources to pay additional costs associated with health problems, move to areas with less pollution exposure, or upgrade their residences with high quality air filters or other improvements that could improve their quality of life.

AB 617 was intended to be a community-driven program and the SDAPCD assisted with a robust community outreach and engagement initiative to help the Portside Community with the development a Community Emissions Reduction Plan (CERP). The plan was adopted in 2021. As a member of the Steering Committee, the City of National City participated in the adoption of this plan. The LCP Implementation Plan requires for the granting of a CDP that the permit will be consistent with all other plans and ordinances of the City of National City. Although the CERP is not an official plan of the City, staff strongly encourages the consideration of this plan in determining the Project's consistency due to the City's direct participation in the CERP's adoption.

As stated in the EIR, most of the action items associated with the CERP strategies direct agencies such as SANDAG, SDAPCD, and local cities to develop and implement the outlined strategies. The document presents a pathway to reduced air pollution in the Portside Community, but some of the specific programs or projects necessary to do so still need to be worked out. Of the more concrete action items in the CERP, the EIR identifies adherence to truck routes as applicable to the fuel transfer facility project. A recommended Condition of Approval for this Project requires the applicant to provide an operations plan that identifies the truck routes all trucks servicing the facility are required to utilize.

Notable goals of the CERP include a reduction in DPM levels to 80% of baseline levels from 2018 by 2031 and 100% zero emissions vehicles for medium and heavy-duty trucks five years ahead of State requirements (currently 2045). The City of National City is identified in the CERP under the implementation responsibility of *encourage prioritization of deployment of ZEVs*. National City currently contributes funding to the operation of the Free Ride Around National City (FRANC) Neighborhood Electric Vehicle (NEV) on-demand shuttle service. National City's most significant contribution to the CERP to date has been the continued planning and implementation of important active transportation projects.

While the proposed project can be found in conformance with the CERP based on the action and strategies listed in the plan, it is also in conflict with the overall goals of the plan to reduce air pollution and improve health outcomes. 72 additional heavy-duty, diesel-powered trucks will be traversing the Portside Community should this project be approved in addition to emissions related to the on-site operations and movement of rail cars. While not significant according to the evaluation in the EIR, the project does contribute to an *increase* in emissions while the CERP was created with the intention to *decrease* emissions over time. Staff concludes that, despite the findings of insignificant impacts by the EIR, the proposed project is nevertheless not fully consistent with all plans the project would be subject to, based on the overall goals of the CERP.

Uniquely for this project, there is also a conflict between two state laws that National City must contend with. While the project does not fully meet the aspirational goals of the CERP, it *does* help to achieve the goals of AB 32 through the LCFS program, as discussed under the "Alternative Fuels and Environmental Considerations" heading under the "Proposed Use" section above.

#### Other Considerations

As stated in the beginning of this staff report, the staff recommendation is the approval of this project subject to the Conditions of Approval in the attached draft resolution. However, this recommendation is not fully based on the analysis above, which identifies concerns with the project's consistency with the CERP, but also voluntary commitments made by the project

applicant to provide community benefits. The project proponent, in addition to the construction and operation of the fuel transfer facility, has agreed to enter into an economic benefit agreement with the City of National City in the amount of \$200,000 per year for the life of the project. This is included in the draft resolution as a Condition of Approval. Should these funds be added to the City's General Fund, they could potentially be spent on pensions, new hires, office supplies, or other resources related to the day-to-day operations of a municipality. However, staff is recommending that the applicant's proposed economic benefit be directly used to implement strategies aimed at the reduction of emissions and the improving the quality of life within neighborhoods in the vicinity of the proposed facility. General Plan policies and programs related to urban greening, enhanced transit options, development of pedestrian and bike networks could all be funded or implemented using the economic benefit. As an example, the FRANC could receive consistent funding for the life of the proposed project to ensure continued operations, or even an expansion of the program. Another possibility would be funding the City's amortization program, which would allow for an accelerated timeline for the discontinuance of polluting business operating next door to residences in the Westside. Both programs are related to and further the goals of the CAP and the CERP.

### **Mailing**

All property owners and occupants within 300 feet of the property are required to be notified of a public hearing for CUP and CDP applications. Notice of this public hearing was sent to 122 occupants and owners.

### **California Environmental Quality Act (CEQA)**

Section 5.1 of the attached FEIR discusses the findings that, with the mitigation measures identified in the EIR, impacts from the construction and/or operation of the proposed project would be reduced to below the level of significance or eliminated. Mitigation measures are included as part of the Mitigation Monitoring and Reporting Program (MMRP). All mitigation measures have also been included as separate Conditions of Approval in the draft resolution. Potential significant impacts from the project that were identified include the following:

#### *Biological Resources*

- **Substantial Adverse Effect on any Candidate, Sensitive, or Special Status Species**
  - Direct impacts to Nuttall's Acmispon (*Acmispon Prostratus*), a special status plant species, may occur as a result of the proposed project due to ground-disturbing and vegetation removal activities in the project area.
  - There is a low likelihood of ospreys nesting within the project area or buffer of the project area, which use the nearby bay for foraging. Project activities could cause indirect impacts while under development.
  - Palm trees within the project area may provide roosting habitats for bat species including the western yellow bat, a species of special concern. Direct impacts could result from ground-disturbing and vegetative removal activities.
  - The vegetation within the proposed project and infrastructure adjacent to the project area could provide nesting habitat for nesting birds and raptors and also provide foraging habitat for songbird and raptor species. Ground-disturbing construction activities could directly affect protected birds and their nests through the removal of habitat on the proposed project, and indirectly through increased noise, ground vibrations, and increased human activity.

#### *Greenhouse Gas Emissions*

- **Conflict with an Applicable Plan, Policy, or Regulation for Reducing Greenhouse Gas Emissions**
  - At the time of submittal of the proposed project, the City's CAP Update had not been completed. The project would need to incorporate all applicable actions from this

adopted plan to demonstrate consistency with the City's climate action planning efforts.

### *Tribal Cultural Resources*

- Cause a substantial adverse change in the significance of a tribal cultural resource, as defined in Public Resources Code Section 21074 as either a site, feature, place, cultural landscape that is defined in terms of the size and scope of the landscape, sacred place, or object of cultural value to a California Native American tribe
  - A small area located in the southeastern portion of the project area is mapped as young alluvial floodplain deposits dating from the Late Pleistocene to the Holocene. The Holocene surface sediments are consistent with the strata that precontact archeological deposits have been previously identified and documented in the region. Due to the presence of sediments contemporaneous with human occupation of the region and the presence of previously recorded precontact resources in the surrounding area and within the project area, the potential for subsurface resources in previously undisturbed soils is considered moderate. Therefore, ground-disturbing activities have the potential to result in the discovery of, or inadvertent damage to, archaeological contexts.

The proposed mitigation measures include salvage of rare plants, pre-construction survey for nesting birds, compliance with tree-trimming procedures to ensure protection for roosting bats, compliance with specific GHG-reducing measures identified in the City's CAP Update, and archaeological and Native American monitoring during construction activities.

### Environmental Review Process

The applicant was advised by staff during preliminary application discussions that an Initial Study (IS) checklist would be required for the project submittal. Air quality was an early concern due to the number of diesel-powered trucks that would be serving the site. The project proposal originally called for 115 trucks entering the site daily, which was later reduced to 72. A completed IS was submitted along with a draft Mitigated Negative Declaration (MND). The IS screened out the following resources that the project would have either a Less than Significant or No Impact finding: Aesthetics, Agricultural and Forestry Resources, Geology and Soils, Hydrology and Water Quality, Mineral Resources, Population and Housing, Public Services, Recreation, Utilities and Service Systems, and Wildlife. Due to the heavily urbanized nature of the City, potential impacts from most projects are likely to be narrow in scope.

In accordance with CEQA procedures, the draft MND documents were posted for public review and comment for 30 days beginning on June 2, 2023. Several comments were submitted including letters from San Diego Air Pollution Control Board (SDAPCD), the CCC, CARB, Caltrans, and the Environmental Health Coalition (EHC). Staff worked with the environmental consultant to address these comments in the draft MND, but ultimately it was decided that an EIR would be needed for the project with specific concerns about air quality, GHG emissions, and vehicle miles traveled (VMT).

As part of the review process and comment period for the EIR, the document was reviewed both internally and externally. Internal City reviews were done by the Planning Division and the City Attorney's office. The EIR was also routed for external professional review by a neutral third party, who provided feedback and comment on the draft EIR. All comments were considered and addressed in the Final EIR document.

A scoping meeting was held for the DEIR on May 23, 2024 along with a 30-day comment period for the Notice of Preparation (NOP) and IS. At the scoping meeting 27 comment cards were submitted along with 11 comment letters from the comment period. These comments are summarized in the DEIR. The areas of controversy, or primary issues raised, were in regard to air quality, GHG

emissions, hazards and hazardous materials, noise, and transportation. The areas of biological resources, energy, land use and planning, and tribal cultural resources were also evaluated for potential environmental effects from the proposed project. The EIR also analyzed project alternatives including a no project alternative, a reduced intensity alternative, and an offsite location alternative.

The DEIR was published on December 6, 2024, and had a 54-day public review and comment period. An extended review period was provided due to the overlap with the City's two-week holiday furlough. With the mitigation measures discussed above, the EIR determined that the proposed project would have a less than significant impact or no impact on the resources discussed in the report. In the analysis of project alternatives, the reduced intensity alternative was considered to be environmentally superior because it would decrease the magnitude of impacts. However, this alternative would not meet project objectives and the proposed project would not result in any significant and unavoidable environmental impacts. During the review period, seven comments letters were received. No subsequent changes were made to the EIR. Responses to the comment letters can be found in the FEIR.

### Environmental Summary

Through an extensive review process conducted under CEQA, the proposed project has not been found to result in any significant environmental impacts with incorporation of the proposed mitigation measures. The EIR was prepared by an environmental professional and staff concurs with the findings in the report and supporting documents. While the Planning Commission voted to certify the EIR at a public hearing on September 15, 2025, due to the appeal of the project denial, the City Council will be required to take action on the EIR. The draft resolution to certify the Final EIR is attached as Exhibit H and includes the same findings as the resolution adopted by the Planning Commission.

### **Recommended Findings for the CUP and CDP should City Council Approve the Appeal**

#### Required Findings for Approval

The (previous) Municipal Code contains four required findings for CUPs:

1. The site for the proposed use is adequate in size and shape: The project is proposed for an approximately 7.5-acre site comprised of railroad right-of-way and adjacent property owned by BNSF railway. While the site exceeds the minimum lot area of 5,000 square feet for the Medium Manufacturing (MM) zone, only one small office structure is proposed with the majority of the site being occupied by new railways, pumping equipment to transfer fuel, and an appropriately-size paved service to allow for the ingress and egress of trucks. All proposed improvements adhere to minimum setback and site design requirements.
2. The site has sufficient access to streets and highways that are adequate in width and pavement type to carry the quantity and quality of traffic generated by the proposed use: The project location is on the west side of the City where adequate truck routes exist along Bay Marina Drive, Civic Center Drive, and Tidelands Avenue. Interstate 5 is directly accessible from these streets. In addition, the site has access from West 18<sup>th</sup> and West 19<sup>th</sup> Streets for ingress and egress of truck traffic. As a condition of approval, the West 18<sup>th</sup> Street right-of-way is required to be improved to the satisfaction of the City Engineer. A traffic impact study was completed for the proposed project and the trip generation of the proposed use was determined to be minimal.
3. The proposed use will not have an adverse effect upon adjacent or abutting properties: The proposed project is an industrial use consistent with the Medium Manufacturing (MM) zone description in the General Plan and will be subject to conditions of approval that ensure safe operation of the facility. Adjacent and abutting properties are occupied by similar industrial and manufacturing uses. As a condition of approval, the project is required to include a

screening wall or fence and enhanced landscaping to reduce visual impacts. The project is also required to conform to all development standards and design guidelines of the MM zone, as well as all the requirements of the Mitigation Monitoring and Reporting Program developed for this Project and incorporated as conditions in the CUP.

4. The proposed use is deemed essential and desirable to the public convenience or welfare: The project proposes to further advance State goals to reduce the carbon-based emissions in the transportation sector. The proposed fuel transfer facility will bring approximately 13,800 barrels of biofuels to the regional market daily. Renewable biofuels can contribute to up to an 80% decrease in emissions from standard diesel fuel. The public will benefit from access to a cleaner-burning fuel as well as increased air quality and a reduction of GHG emissions. The use is consistent with the MM zone description, which is intended for uses in areas in which activities involve some degree of noise, vibration, air pollution, radiation, glare phenomena, and/or fire and explosive hazards. In addition, the project proponent will enter into an economic benefit agreement with the City that will generate funds for the purpose of reducing emissions and improving the quality of life for residents.

In addition, projects in the Coastal Zone require two conditions related to CDPs:

1. The granting of said Coastal Development Permit will be consistent with all other plans and ordinances of the City of National City: The proposed use is permitted, subject to a CUP, by the Land Use Code, which is consistent with the General Plan. As discussed in the staff report, several policies in the Land Use, Transportation, Safety, Noise and Nuisance, Open Space and Agriculture, and Conservation and Sustainability Elements of the General Plan are being met by the project. The project, subject to the condition of approval related to the establishment of an economic development agreement, is consistent with the policies of the Health and Environmental Justice Element because the additional funds can be used for the implementation of policies and programs to reduce emissions and improve the welfare of residents in the vicinity of the project area. The proposed economic benefit can also be used to further the goals of the AB 617 Portside Community's Community Emissions Reduction Plan (CERP). The project, subject to the approved mitigation measures requiring conformance with specific Climate Action Plan (CAP) policies, is also consistent with the CAP Update.
2. The granting of said Coastal Development Permit will be consistent with and implements the Certified Local Coastal Program: The project is located in an area generally exempt from a Coastal Development Permit; involves a fuel storage and distribution use, which is conditionally allowed in the MM zone; and will not prohibit coastal access or obstruct views.

#### **Department Comments and Conditions of Approval**

Comments were received from the Building Division, Engineering Department, and Fire Department. The Building Division provided a standard comment related to conformance with applicable codes, which is included as a condition of approval. The Engineering Department provided standard requirements related to new developments and grading. Comments also addressed required right-of-way improvements for the proposed project, which are included as conditions of approval. The Fire Department provided comments related to required access and the design of fire-suppression equipment. Specialized equipment in the event of fire is also required due the presence of hazardous materials at the proposed facility. The Planning Division has also included comments related to development standards and design requirements for new developments in the MM zone. Additional conditions are related to compliance with the mitigation measures required by the EIR, the project proponent's economic benefit agreement, and operational standards for the proposed facility. All comments have been incorporated as

conditions of approval as well as general conditions related to CUPs and CDPs and can be found in the attached draft resolution for approval.

### **Summary**

The proposed project is a fuel transfer facility to be located on and adjacent to an existing BNSF railway that will help bring clean, renewable biofuels to the San Diego market. The project was evaluated for potential environmental impacts in the attached EIR and impacts were found to be less than significant with incorporation of the proposed fully enforceable mitigation measures. While the project will introduce new emissions from rail activity and up to 72 diesel-powered trucks entering the site daily, the emissions do not exceed applicable thresholds and can potentially be offset by other implementation measures identified in the City's General Plan, CAP Update, and the AB 617 Portside Community CERP. The project proponent will be required to enter into an economic benefit agreement that could fund programs such as amortization or the Free Ride Around National City (FRANC).

### **Options for Certification of the EIR**

1. Certify that the Final EIR for the Proposed Project has been completed and processed in compliance with the requirements of CEQA; the City Council, as the decision-making body for the City, reviewed and considered the information contained in the EIR prior to approving the Proposed Project; and the EIR reflects the City's independent judgement and analysis, based on findings included in the Resolution, or findings to be determined by the City Council; or
2. Find that the Final EIR for the Proposed Project has not been completed and processed in compliance with the requirements of CEQA based on findings to be determined by the City Council; or
3. Continue the item to a specific date in order to obtain additional information.

### **Options for the Appeal**

1. Approve the appeal, reversing the Planning Commission decision, thereby approving 2023-03 CUP, CDP, subject to the conditions listed within the resolution to approve or modified conditions, and based on the findings listed in the resolution to approve, or findings to be determined by the City Council; or
2. Deny the appeal and uphold the Planning Commission decision to deny 2023-03 CUP, CDP based on the Planning Commission findings as listed in the resolution to deny, or findings to be determined by the City Council; or
3. Continue the item to a specific date in order to obtain additional information.

### **FINANCIAL STATEMENT:**

Application fees in the amount of \$5,602.50 was paid with the submittal of the subject CUP and CDP and costs associated with the preparation and review of supporting environmental documents were paid by the applicant at cost. An appeal fee of \$1,500 was also paid by the applicant. Fees are anticipated to cover the cost of staff review time and processing of the permit.

### **RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:**

Balanced Budget and Economic Development

### **ENVIRONMENTAL REVIEW:**

This is a project under CEQA and requires full environmental review and the preparation of an environmental impact report. CCR 15362.

**PUBLIC NOTIFICATION:**

The Agenda Report was posted at least 72 hours before the Regular Meeting date and time, and 24 hours before a Special Meeting in accordance with the Ralph M. Brown Act

**ORDINANCE:**

Not Applicable

**EXHIBITS:**

Exhibit A – Overhead Map

Exhibit B – PC Resolution No. 2025-13

Exhibit C – PC Resolution No. 2025-14

Exhibit D – PC Public Comments

Exhibit E – Appeal Request Letter

Exhibit F – Exhibit A to the PC Report – Plans

Exhibit G – PowerPoint Slides from PC meeting

Exhibit H – Final EIR without Appendices –

Link to view the Appendices and Studies:

<https://fc.nationalcityca.gov/url/FINALEIRSDCLEANFIELDSELLC>

Exhibit I – Resolution – CERTIFY EIR

Exhibit J – Resolution – AFFIRM APPEAL

Exhibit K – Resolution – DENY APPEAL