



**THE PORT  
OF LOS ANGELES**  
Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: DECEMBER 31, 2013**

**FROM: EXECUTIVE OFFICE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - JOINT CONSENT TO  
ASSIGNMENT BY UNION PACIFIC RAILROAD OF CERTAIN RIGHTS  
AND DUTIES TO PACIFIC HARBOR LINE UNDER ALAMEDA  
CORRIDOR DRILL TRACK AGREEMENT AND USE AND OPERATING  
AGREEMENT**

**SUMMARY:**

Staff recommends approving the joint letter of consent among the City of Los Angeles Harbor Department (Harbor Department), Port of Long Beach (POLB), and the Alameda Corridor Transportation Authority (ACTA) to the assignment of certain rights and duties by Union Pacific Railroad Company (UP) to the Pacific Harbor Line (PHL) under the Alameda Corridor Drill Track Use and Operating Agreement dated as of December 31, 2002 and the Alameda Corridor Use and Operating Agreement dated October 12, 1998.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Approve the joint letter of consent among the City of Los Angeles Harbor Department, Port of Long Beach, and the Alameda Corridor Transportation Authority to the assignment of certain rights and duties by Union Pacific Railroad to the Pacific Harbor Line under the (i) Alameda Corridor Drill Track Use and Operating Agreement dated as of December 31, 2002, by and among UP, ACTA, Harbor Department, and POLB; and (ii) Alameda Corridor Use and Operating Agreement dated October 12, 1998, by and among UP, ACTA, the Harbor Department and POLB; and
2. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreement for and on behalf of the Board; and
3. Adopt Resolution No. \_\_\_\_\_.

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**DISCUSSION:**

Background/Context – UP has requested that ACTA, the Harbor Department and POLB consent to UP's grant of certain use rights to PHL under the Alameda Corridor Drill Track Agreement Use and Operating Agreement dated as of December 31, 2002 (Drill Track Agreement), and the Alameda Corridor Use and Operating Agreement dated October 12, 1998 (Use and Operating Agreement). In particular, UP desires to grant to PHL a nonexclusive track lease on the Santa Ana By-Pass Track (SAB) and certain connecting industry spur tracks, commonly known as the Carson Industrial Lead/K-Pac and the Reyes Industrial Lead (collectively, the Subject Tracks). In order to access the Subject Tracks, PHL (as does UP) must cross over (traverse) a portion of the Alameda Corridor and a parallel track commonly known as the Drill Track as depicted on Exhibit B to the Joint Consent Letter (Transmittal 1).

UP has historically provided rail service to certain industrial customers located along the Subject Tracks, but now proposes to hire PHL to perform these services on UP's behalf, as further described in three track leases attached as Exhibit A to the Joint Consent Letter (PHL Track Leases). In order for PHL to operate on the Subject Tracks and perform such rail services on behalf of UP, UP is required to obtain the prior written consent of ACTA, the Harbor Department, and the POLB, as provided in two key agreements that were entered into in connection with the construction and operation of the Alameda Corridor.

The SAB is governed under the terms of the Drill Track Agreement and the Use and Operating Agreement. Section 11.1(a) of the Drill Track Agreement and Section 15.1(c) of the Use and Operating Agreement each require that UP get the written consent of the Harbor Department, POLB, and ACTA prior to assigning any of its rights under those agreements, including the right of a third party to use the Subject Tracks.

The Joint Consent Letter provides the written consent required by the above agreements but also contains certain important terms and conditions for the benefit and protection of ACTA, the Harbor Department and POLB, including:

1. A requirement that, in connection with PHL's use of the Subject Tracks, UP will cause PHL to comply with all dispatching, use and operating requirements applicable to the Alameda Corridor and the Drill Track under the above agreements.
2. A requirement that, notwithstanding the grant of use rights from UP to PHL, UP will continue to be fully responsible for all of its obligations under the above agreements.

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3. The Joint Consent Letter may be revoked at any time following 30 days' written notice by ACTA, the Harbor Department and POLB, should they jointly determine (in their sole discretion) that the performance by PHL under the proposed PHL Track Leases has an adverse effect on the operations contemplated under the above agreements or under any other agreement between each the Harbor Department, POLB, and PHL.

ACTA's Governing Board has approved the proposed arrangements between UP and PHL. The Board of Harbor Commissioners of the Port of Long Beach intends to consider this matter at its January 13, 2014 meeting.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is an approval of a joint letter of consent among the Harbor Department, POLB, and ACTA to the assignment of certain rights and duties by UP to PHL under the Alameda Corridor Drill Track Agreement. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

No fiscal impact to the Harbor Department is expected should the proposed consent be approved and executed. Union Pacific, notwithstanding the grant of use rights to Pacific Harbor Line, will continue to be responsible for its obligations under its existing agreements. The consent is also revocable following 30 days' written notice if it results in performance by Pacific Harbor Line that has an adverse impact on the rail operations contemplated.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the subject Joint Letter of Consent to Assignment of Certain Rights and Duties by UP to PHL as to form and legality.

TRANSMITTAL:

1. Letter of Consent to Assignment of Certain Rights and Duties by UP to PHL under Alameda Corridor Drill Track Agreement and exhibits thereto (Articles of Agreement dated January 18, 2013)

FIS Approval: KS (initials)  
CA Approval: JM (initials)



MICHAEL R. CHRISTENSEN  
Deputy Executive Director

APPROVED:



GARY LEE MOORE, P.E.  
Interim Executive Director

AUTHOR: T. Zuliani  
BOARD MEETING: 1/9/2014