



**THE PORT  
OF LOS ANGELES**

Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: MARCH 17, 2026**

**FROM: ENGINEERING**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVAL OF TRADE CORRIDOR ENHANCEMENT PROGRAM (TCEP) BASELINE AGREEMENT FOR THE PORT OF LOS ANGELES RAIL SYSTEM EFFICIENCY/EMISSIONS REDUCTION PROGRAM – TERMINAL ISLAND RAIL INFRASTRUCTURE PROJECT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND THE CALIFORNIA TRANSPORTATION COMMISSION**

**SUMMARY:**

Staff requests approval of a funding agreement, referred to herein as the Baseline Agreement (Agreement) with the California Transportation Commission (CTC) and the California Department of Transportation (Caltrans) for \$13,391,000 of Trade Corridor Enhancement Program (TCEP) funds for the Port of Los Angeles Rail System Efficiency/Emissions Reduction Program – Terminal Island Rail Infrastructure Project (Project).

To receive the TCEP funds, the City of Los Angeles Harbor Department (Harbor Department) must enter into the proposed Agreement with the CTC and Caltrans. Upon approval by the Board, the Harbor Department will transmit this Agreement to the CTC for final approval, which is expected to occur at its May 2026 meeting. The Harbor Department is financially responsible for funding the Project, net of any grants received.

**RECOMMENDATION:**

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

1. Find that the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) and Article III Class 1(3) of the Los Angeles City CEQA Guidelines;
2. Approve the Port of Los Angeles Rail System Efficiency/Emissions Reduction Program – Terminal Island Rail Infrastructure Project Baseline Agreement;

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- 3. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreement, for and on behalf of the Board;
- 4. Authorize the Executive Director to execute future Baseline Agreement Amendments to account for revised project schedules, and/or revised project costs, for and on behalf of the Board, subject to the approval of the City Attorney as to form and legality; and
- 5. Adopt Resolution No. \_\_\_\_\_ .

**DISCUSSION:**

Background – This project is located on Terminal Island, southwest of the Badger Bridge, and entirely within the Port of Los Angeles (POLA). The project consists of the installation of five new rail crossovers and related rail infrastructure and will result in the improvement of rail operations throughout the entire rail system in and outside the POLA.

On June 26, 2025 the CTC awarded \$13,391,000 of TCEP funds for the Harbor Department’s Port of Los Angeles Rail System Efficiency/Emissions Reduction Program – Terminal Island Rail Infrastructure Project. To receive the TCEP funds, the Harbor Department must enter into the proposed Baseline Agreement (Transmittal 1) with the CTC.

Once approved by the Board, the Harbor Department will transmit the Agreement to the CTC for further processing. Approval by the CTC is expected to occur at its May 2026 meeting. The Agreement is needed in advance of obtaining the actual allocation of the funds, which requires another CTC approval, and is required before the Harbor Department can advertise for construction. The Agreement sets forth the project scope, expected benefits, schedule, costs and funding plan. If there are future changes in the Project’s schedule and/or costs, the Agreement will need to be amended prior to the allocation of funds. The total budget approved for the Project is \$24,000,000. Any expenditures beyond this approved amount require approval from the Project Development Committee (PDC) and Board through the Harbor Department’s Capital Improvement Program (CIP) budget. Any contracts for future design or construction service agreements will require Board approval. Thus, the Executive Director also seeks approval from the Board to execute subsequent amendments to this agreement in the future to account for changes in schedules and project cost. The project currently has one grant funding source from the State under the Trade Corridor Enhancement Program (TCEP) grant program. The following table summarizes the project funding sources.

TCEP	Port Revenue Funds	Total Cost
\$13,391,000	\$10,609,000	\$24,000,000

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The timetable presented in the Agreement document aligns with the schedule initially provided by the Harbor Department in the grant funding application for the TCEP funds as required by the State. The CTC allows for extensions to the project schedule in the future if deemed necessary.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of the Agreement with CTC and Caltrans for TCEP funds for the Port of Los Angeles Rail System Efficiency/Emissions Reduction Program – Terminal Island Rail Infrastructure Project, which is an administrative activity to approve a funding agreement to support the operation, repair, maintenance or minor alteration of existing railroad. Therefore, the Director of Environmental Management has determined that the proposed action is administratively and categorically exempt from the requirements of CEQA in accordance with Article II Section 2(f) and Article III Class 1(3) of the Los Angeles City CEQA Guidelines. On December 18, 2025, Caltrans, acting as the Lead Agency under the National Environmental Policy Act, determined the project is eligible for a categorical exclusion under Section 23 CFR 771.117(c): activity (c)(18).

**FINANCIAL IMPACT:**

Approval of the proposed Agreement will enable the Harbor Department to receive TCEP funding in the amount of \$13,391,000 to complete the Project. The TCEP funds are paid on a regular reimbursement basis which requires the Harbor Department to fund project costs first, then seek reimbursement. The Harbor Department will be responsible for ongoing maintenance and operation costs for the Project.

The table below summarizes anticipated spending associated with the Project:

<b>Fiscal Year</b>	<b>Costs</b>
Previous Year	\$29,703
2025/2026	\$520,000
2026/2027	\$1,480,000
2027/2028	\$12,000,000
2028/2029	\$8,000,000
2029/2030	\$1,970,297
<b>Total</b>	<b>\$24,000,000</b>

Fiscal Year 2025/2026 funding in the amount of \$520,000 is available within Account 161305 (Construction in Progress), Division 00000 (Global Harbor), Project 65000027 (Terminal Island Rail Infrastructure Improvements). Future fiscal year funding will be requested as part of the annual budget adoption process, subject to Board approval. If

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any subsequent fiscal year funds are not appropriated by the Board for the work required by this Agreement, the Agreement shall be terminated. However, such termination shall not relieve the parties of liability for any obligations previously incurred. A funding out clause is included in this Agreement.

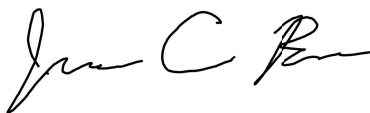
**CITY ATTORNEY:**

The Office of the City Attorney has reviewed and approved the Baseline Agreement as to form and legality.

**TRANSMITTAL:**

1. TCEP Baseline Agreement for the Port of Los Angeles Rail System Efficiency/Emissions Reduction Program – Terminal Island Rail Infrastructure Project (Project).

FIS Approval: JS  
CA Approval: SO



JAMES C. BROWN, P.E.  
Chief Harbor Engineer



DINA ARYAN-ZAHLAN, P.E.  
Deputy Executive Director, Development

APPROVED:

*Erica M. Calhoun* for

EUGENE D. SEROKA  
Executive Director

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