



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JULY 26 , 2012

FROM: ENGINEERING

SUBJECT: RESOLUTION NO. _____ APPROVAL OF STATE PROPOSITION 1B TRADE CORRIDORS IMPROVEMENT FUND PROGRAM - CALIFORNIA TRANSPORTATION COMMISSION ALLOCATION AGREEMENT BETWEEN THE CITY OF LOS ANGELES AND THE STATE OF CALIFORNIA FOR WEST BASIN ROAD RAIL ACCESS IMPROVEMENTS – SEGMENT 1 PROJECT (BERTH 200 RAILYARD)

SUMMARY:

In 2008, the California Transportation Commission (CTC) approved \$51.23 million State Proposition 1B Trade Corridors Improvement Fund (TCIF) program funds for the West Basin Railyard (Berth 200 Railyard). The West Basin Railyard is a critical project for the City of Los Angeles Harbor Department (Harbor Department), and is needed for the construction of the planned adjacent TraPac container terminal on-dock railyard. On June 19, 2008, the Board of Harbor Commissioners (Board) approved the CTC required "Baseline Agreement" that set forth project scope, expected benefits, schedule, cost, and a funding plan. On June 22, 2011, the CTC approved an amendment to the existing "Baseline Agreement" which modified the project schedule and cost to account for unforeseen third party utility relocations that are required to construct the project improvements. On March 29, 2012, the CTC approved a second amendment to the Baseline Agreement that allowed the Harbor Department to separate the project into two independent construction contracts to advance construction as soon as possible and mitigate unexpected delays to securing outstanding permits and right of ways. The total TCIF funding remained unchanged at \$51.23 million, and was divided into two segments as follows: Segment 1: \$40.72 million; Segment 2: \$10.51 million.

Additionally, the CTC requires the Harbor Department to fully execute an Allocation Agreement prior to the start of any work for which the Harbor Department will seek reimbursement. The Harbor Department is ready to start work on Segment 1, and seeks Board approval of the Allocation Agreement between the CTC and the Harbor Department for the West Basin Road Rail Access Improvements – Segment 1 (Berth 200 Railyard) in the amount of \$40.72 million.

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RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the Allocation Agreement as to substantial form;
2. Authorize the Executive Director to execute and the Board Secretary to attest to this "Allocation Agreement" for and on behalf of the Board;
3. Authorize the Executive Director to execute, and the Board Secretary to attest to, future amended allocation agreements to account for revised project schedules and reduced project costs, for and on behalf of the Board; subject to the approval of the City Attorney as to form and legality; and
4. Adopt Resolution No. _____.

DISCUSSION:

Allocation Agreement for Segment 1 - In 2008, the California Transportation Commission (CTC) approved \$51.23 million State Proposition 1B Trade Corridors Improvement Fund (TCIF) program funds for the West Basin Railyard (Berth 200 Railyard). The Berth 200 Railyard is a critical project for the Harbor Department, and is needed for the construction of the planned, adjacent TraPac container terminal on-dock railyard. On June 12, 2008, the Board approved the CTC required "Baseline Agreement" that set forth project scope, expected benefits, schedule, cost, and a funding plan. In early 2011, the CTC requested the Baseline Agreement be amended to update the latest schedules and project costs from those approved in 2008. On June 22, 2011, the CTC approved a second amendment to the existing "Baseline Agreement" which allowed the Harbor Department to separate the project into two segments to advance construction as soon as possible and mitigate unexpected delays to securing outstanding permits and right of ways. The total TCIF funding remained unchanged at \$51.23 million, and was divided into two segments as follows: Segment 1: \$40.72 million; Segment 2: \$10.51 million.

Additionally, the CTC requires the Harbor Department to fully execute an Allocation Agreement prior to the start of any work for which the Harbor Department will seek reimbursement. The Harbor Department is ready to start work on Segment 1, and seeks Board approval for the Allocation Agreement between the CTC and the Harbor Department for the West Basin Road Rail Access Improvements – Segment 1 (Berth 200 Railyard) in the amount of \$40.72 million. The Executive Director also seeks approval from the Board to execute subsequent amended agreements in the future to account for minor changes in the schedules and if total project costs decrease. If project costs increase, staff will seek Board approval again for another amended agreement.

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The Segment 2 project is currently in the final stages of design and will require a separate Allocation Agreement for the \$10.51 million of remaining TCIF grant funds. Approval of the Segment 2 Allocation Agreement will be brought to the Board for approval as a future agenda item when the project is ready for construction.

The total cost of the Segment 1 project is currently estimated at approximately \$117.5 million (including \$94.5 million for the construction phase). The Harbor Department advertised the construction contract for Segment 1 on April 5, 2012, opened bids on May 21, 2012, and the Board awarded a construction contract to Herzog Transit Services, Inc, St. Joseph, MO on June 7, 2012 in the amount of \$94.5 million. The Harbor Department must fully execute the Allocation Agreement with the CTC to be eligible to seek reimbursement for the Segment 1 work up to \$40.72 million. The Harbor Department anticipates issuing a Notice to Proceed in August 2012.

ECONOMIC BENEFITS:

Approval of the proposed Allocation Agreement will have no employment impact. The construction phase of the West Basin Railyard is estimated to generate approximately 1,300 one-year, full-time equivalent direct, indirect, and induced jobs in the five-county southern California region.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an Allocation Agreement with the CTC to allocate Proposition 1B Trade Corridor Improvement funds for the Berth 200 Railyard Project. The potential environmental impacts of the Berth 200 Railyard Project were assessed in the Berths 136-147 [TraPac] Container Terminal Environmental Impact Report, which was certified by the Board on December 6, 2007. As an activity for which the underlying project has previously been evaluated for environmental significance and processed according to the requirements of the California Environmental Quality Act (CEQA), the Director of Environmental Management has determined that the proposed action is exempt from CEQA in accordance with Article II Section 2(i) of the City of Los Angeles CEQA Guidelines.

FINANCIAL IMPACT:

Approval of this Allocation Agreement will reaffirm the commitment of the Harbor Department to fund the project discussed herein. The amount spent to date (as of June 30, 2012) on this project is \$9.8 million. The remaining Harbor Department funds needed for the project have been accounted for in the five-year capital improvement program. Pacific Harbor Line, a short-line railroad operating within the Port of Los Angeles (Port), has an agreement with the Harbor Department to operate and maintain the new railyard in conjunction with moving cargo for Port customers (non-containerized), the Union Pacific Railroad, and the BNSF Railway. The Harbor Department will therefore not be responsible for operational and maintenance costs of the new railyard; however, the Harbor Department will continue to be responsible to maintain the storm drain pump station that is located within the new rail yard site.

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ACCESS IMPROVEMENTS BERTH 200 RAILYARD**

In addition to the \$40.72 million TCIF grant covered by this Allocation Agreement, the following additional federal grants have been approved for the Segment 1 project:

- \$16.00 million under the U.S. Department of Transportation Maritime Administration funds
- \$8.58 million under the Regional Surface Transportation program
- \$13.55 million under the Congestion Mitigation & Air Quality program

The total estimated project cost for Segment 1 is \$117.5 million. The total grant funding approved for the Segment 1 project is \$78.85 million. The Harbor Department's cost share is therefore \$38.65 million.

Segment 1 funds in the amount of \$40.72 million for Fiscal Year 12/13 are available in Center 1172, Program 000.

CITY ATTORNEY:

The City Attorney has approved the Agreement as to form.

TRANSMITTAL:

1. Allocation Agreement



ANTONIO V. GIOIELLO
Chief Harbor Engineer

FIS Approval: KP (initials)
CA Approval: mm (initials)



MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

Author: Ron Groves

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