



Executive Director's
Report to the

Board of Harbor Commissioners

DATE: JUNE 9, 2011

FROM: GOODS MOVEMENT DIVISION

SUBJECT: RESOLUTION NO. _____ APPROVAL OF STATE PROPOSITION 1B TRADE CORRIDORS IMPROVEMENT FUND PROGRAM - CALIFORNIA TRANSPORTATION COMMISSION "AMENDED BASELINE AGREEMENT" BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND THE STATE OF CALIFORNIA, AND "LETTER OF NO PREJUDICE" REQUEST TO THE CALIFORNIA TRANSPORTATION COMMISSION

SUMMARY:

In 2008, the California Transportation Commission (CTC) approved \$40 million of State Proposition 1B Trade Corridors Improvement Fund (TCIF) program funds for the following three City of Los Angeles Harbor Department (Harbor Department) transportation projects: South Wilmington Grade Separation; Interstate (I)-110 C Street Interchange; and I-110/John S. Gibson Street Interchange & Southbound (SB) State Route (SR) 47/Northbound (NB) I-110 Connector Ramp Improvements. On June 19, 2008, the Board of Harbor Commissioners (Board) approved the CTC required "Baseline Agreements" that set forth project scope, expected benefits, schedule, cost, and a funding plan. The CTC has requested that these baseline agreements be amended to update the latest schedules and project costs from those that were approved in 2008. These amendments, along with possible future amendments revising schedules and costs, are also needed prior to seeking a formal allocation of the funds from the CTC.

The Harbor Department will also need to request a "Letter of No Prejudice" (LONP) from the CTC, which permits construction to commence prior to the issuance of the bond funds and formal CTC allocation.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the three "Amended Baseline Agreements" substantially as to form;
2. Authorize the Executive Director to execute, and the Board Secretary to attest to, these three "Amended Baseline Agreements," for and on behalf of the Board;
3. Authorize the Executive Director to execute, and the Board Secretary to attest to, future amended baseline agreements to account for revised project schedules and reduced

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project costs, for and on behalf of the Board;

4. Authorize the Executive Director to request “Letters of No Prejudice” from the California Transportation Commission for the three projects; and
5. Adopt Resolution No. _____.

DISCUSSION:

Amended Baseline Agreement

In 2008, the California Transportation Commission approved \$40 million of State Proposition 1B Trade Corridors Improvement Fund program funds for following three Harbor Department transportation projects:

- South Wilmington Grade Separation (\$17 million)
- I-110 C Street Interchange (\$8.3 million)
- I-110/John S. Gibson Street Interchange & SB SR 47/NB I-110 Connector Ramp Improvements (\$14.7 million)

On June 19, 2008, the Board approved the CTC required “Baseline Agreements” that set forth project scope, expected benefits, schedule, cost, and a funding plan. The CTC has requested that these baseline agreements be amended (Transmittal 1) to update the latest schedules and project costs from those that were approved in 2008. These amendments are also needed prior to seeking a formal allocation of the funds from the CTC. The Harbor Department expects to seek TCIF allocations for the South Wilmington Grade Separation and the two I-110 interchange projects in October 2011 and mid-2012, respectively. Consequently, we may need to amend the baseline agreements one more time for the two interchange projects because of the extended schedule. Thus, the Executive Director also seeks approval from the Board to execute subsequent amended agreements in the future to account for minor changes in schedules and if total project costs decrease. If project costs increase, staff will seek Board approval again for another amended agreement.

Due to the uncertainty of State bond issuance for the TCIF program, the Harbor Department will also need to request “Letters of No Prejudice” from the CTC, which permits construction to commence prior to the issuance of the bond funds and formal CTC allocation. Therefore, the Executive Director also seeks approval to request LONPs for these three projects (the Board has previously approved an LONP request for the West Basin/Berth 200 Railyard in March 2011).

The total cost for the three projects is currently estimated at about \$149 million (including \$135 million for the construction phases) of which \$93 million is grant-funded. The attached Project Programming Request forms of Transmittal 1 summarize the cash flow/source of funds.

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ECONOMIC BENEFITS:

The construction phase of the South Wilmington Grade Separation; I-110 C Street Interchange; and I-110/John S. Gibson Street Interchange & SB SR 47/NB I-110 Connector Ramp Improvements are estimated to generate over 2,100 one-year, full-time equivalent direct, indirect, and induced jobs in the five-county southern California region.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of an amendment to the Baseline Agreement with the State of California for the CTC to allocate TCIF funds for the South Wilmington Grade Separation, I-110 C Street Interchange and the John S. Gibson Boulevard/I-110 Interchange and SB SR 47/NB I-110 Connector Ramp Improvements. The proposed action does not include approval of the environmental documentation for the subject projects which will be considered and approved as separate actions subject to the California Environmental Quality Act (CEQA). As an administrative activity, the Director of Environmental Management has determined the proposed action is exempt from CEQA in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of this Amended Baseline Agreement will reaffirm commitment of the Harbor Department to fund the project discussed herein. According to CTC staff, it's uncertain when TCIF bond funds will be available, due to the State budget problems that prevents the State Treasurer from issuing new bonds. There may be a new bond sale in the spring of 2012. However, there are many projects that have already been approved for allocations and LONP that are in the queue, and will be funded first if new bonds are issued. Thus, the fiscal year 2011-12 budget does not include receipt of TCIF funds, and \$3.7 million combined for all three projects are included in the budget. The Harbor Department may need to cover the awarded TCIF funds until at least project completion, depending upon the State's budget situation. However, with the LONP, we will eventually be reimbursed by the State once bonds are issued, as the TCIF funds were voter approved, and would require voter approval again to be repealed.

The amount spent to date (as of March 31, 2011) for Engineering Design Services (Account No. 54220) and Environmental Consulting Services (Account No. 54260) on these projects is as follows: \$4.6 million for South Wilmington Grade Separation; \$2.3 million for I-110 C Street Interchange; and \$3.8 million for I-110/John S. Gibson Street Interchange & SB SR 47/NB I-110 Connector Ramp Improvements (\$10.7 million total). The remaining Harbor Department funds needed for the project have been accounted for in the five-year capital improvement program. It should be noted that the Harbor Department funds also include a total of approximately \$1.7 million for in-house (ergo “soft”) costs, which also include grant

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improvement program. It should be noted that the Harbor Department funds also include a total of approximately \$1.7 million for in-house (ergo "soft") costs, which also include grant administration costs.

The Goods Movement Division is seeking yet additional funding for the I-110 C Street Interchange (about \$6 million) from the Los Angeles County Metropolitan Transportation Authority through their biennial Call for Projects program. A grant application was submitted in January 2011. Any additional grant funding received would offset the \$19.3 million in Harbor Department funds.

CITY ATTORNEY:

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

TRANSMITTALS:

- 1A. I-110 C Street Interchange Amended Baseline Agreement
- 1B. I-110/John S. Gibson Street Interchange & SB SR 47/NB I-110 Connector Ramp Improvements Amended Baseline Agreement
- 1C. South Wilmington Grade Separation Amended Baseline Agreement



KERRY CARTWRIGHT, P.E.
Director of Goods Movement



MICHAEL R. CHRISTENSEN
Deputy Executive Director

FIS: KP
CA: TAP
by CAB

APPROVED:


GERALDINE KNATZ, Ph.D.
Executive Director