



DATE: DECEMBER 14, 2017

FROM: EXECUTIVE OFFICE

**SUBJECT: RESOLUTION NO. _____ APPROVAL OF AMENDED
AND RESTATED ALAMEDA CORRIDOR CAPITAL EXPENSE
GUIDELINES FROM JANUARY 1, 2018 THROUGH DECEMBER 31,
2022**

SUMMARY:

Staff requests the Board of Harbor Commissioners adopt a Resolution approving and providing mutual agreement to the Amended and Restated Alameda Corridor Capital Expense Guidelines for the five-year period of January 1, 2018 through December 31, 2022. The previously established Capital Expense Guidelines dated June 30, 2012 will expire on December 31, 2017.

RECOMMENDATION:

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

1. Find that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Approve and provide mutual agreement to the Amended and Restated Alameda Corridor Capital Expense Guidelines;
3. Direct the Executive Director to transmit this Resolution to Alameda Corridor Transportation Authority (ACTA) for further action pursuant to the Amended and Restated Alameda Corridor Use and Operating Agreement; and
4. Adopt Resolution No. _____.

DISCUSSION:

On October 24, 2016, the Board approved the Amended and Restated Alameda Corridor Use and Operating Agreement (Amended and Restated UOA). The Amended and Restated UOA included revisions to the original Use and Operating Agreement, and among other things, replaced the former Alameda Corridor Operating Committee comprised of one representative from the Port of Los Angeles and Port of Long Beach (Ports) and a representative from the Union Pacific Railroad and the Burlington

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Northern Santa Fe Railroad (Railroads) with direct decision making authority by the Ports and Railroads.

Section 2.5(b) of the Amended and Restated UOA dated as of December 15, 2016 provides guidelines previously established by the Ports and Railroads with respect to capital expenses and may be updated or modified from time to time through Mutual Agreement of the Owner and Railroads. The previously established Capital Expense Guidelines dated June 30, 2012 expire on December 31, 2017 and the Ports and Railroads are hereby requested to review and approve the Amended and Restated Alameda Corridor Capital Expense Guidelines for the period from January 1, 2018 through December 31, 2022 attached hereto. ACTA's November 14, 2017 Notice of Mutual Agreement (NMA 2017-4) is attached as Transmittal No. 1 for reference.

The Alameda Corridor Capital Expense Guidelines set criteria for determining whether the replacement of components of the Track and Track Support Structures on the Alameda Corridor will be treated as a capital item, and paid as a Capital Expense, or be treated as a maintenance item, and paid as an M&O (Maintenance and Operations) Charge under each approved annual budget. Items treated as Capital Expenses are paid from the Reserve Account which is funded from Use Fees and Container Charges. Items not treated as Capital Expenses are paid directly by the Railroads through monthly M&O Charges.

The proposed Amended and Restated Alameda Corridor Capital Expense Guidelines (Transmittal 2) contains changes that are administrative in nature and include elimination of language referencing the Alameda Corridor Operating Committee to make the guidelines consistent with the Amended and Restated UOA. Other changes include minor revisions and clarifications.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of Capital Expense Guidelines. As an administrative activity, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA), under Article II, Section 2(f) of the City of Los Angeles CEQA Guidelines.

FINANCIAL IMPACT:

Approval of this proposed Board item is not expected to have a financial impact on the Harbor Department. The funds for this modification are provided by the Railroads and the ACTA Reserve Account. The Reserve Account is funded by fees collected from the Railroads. No Harbor Department funds are required.

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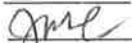
CITY ATTORNEY:

The Office of the City Attorney has reviewed this Board Report and has determined there are no legal issues at this time.

TRANSMITTALS:

1. Notice of Mutual Agreement No. 2017-4
2. Amended and Restated Alameda Corridor Capital Expense Guidelines

FIS Approval:  (initials)

CA Approval:  (initials)



ANTONIO V. GIOIELLO, P.E.
Deputy Executive Director

APPROVED:

 FOR

EUGENE D. SEROKA
Executive Director

Author: Daniel Samaro