

**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: SEPTEMBER 12, 2013

FROM: GOODS MOVEMENT

**SUBJECT: TEMPORARY ORDER NO. _____ AND PERMANENT ORDER
NO. _____ AMENDING PORT OF LOS ANGELES TARIFF NO. 4,
SECTION 21, ITEM NOS. 2100, 2105, AND 2110 INFRASTRUCTURE
CARGO FEE**

SUMMARY:

In August 2011, the Board of Harbor Commissioners (Board) approved permanent Order No. 11-7086 amending the Port of Los Angeles (POLA) Tariff No. 4, Section 21, Item No. 2105, postponing the Infrastructure Cargo Fee (ICF) collection until January 1, 2014, at an amount to be determined by September 30, 2013. The ICF structure entails the use of fees collected on all loaded containers in both the POLA and the Port of Long Beach (POLB) to fund the design and construction phases of all ICF program projects. The ICF is now recommended to be repealed for reasons included in this report.

The POLB staff is expected to make the same recommendation to their respective board in October.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the amendment to the Port of Los Angeles, Tariff No. 4, repealing Section 21, Infrastructure Fee. This amendment shall be subject to California Association of Port Authorities (CAPA) review and approval, and authorize the Executive Director to present the tariff amendment to CAPA to secure CAPA approval or proceed to take independent action in accordance with CAPA procedure;
2. Adopt Temporary Order No. _____ and Permanent Order No. _____ to amend the Port of Los Angeles Tariff No. 4, to repeal Section 21, Infrastructure Cargo Fee;
3. Authorize the Board Secretary to certify to the adoption of the Temporary Order by the Board of Harbor Commissioners and post the amended Port of Los Angeles Tariff No. 4 in the Legal Notices section of the Port of Los Angeles website;
4. Direct the Board Secretary to transmit to the City Council for approval the Permanent Order and proposed Ordinance approving and authorizing the amendment to Port of Los Angeles Tariff No. 4 pursuant to City Charter 653(a); and

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5. Authorize the Board Secretary to execute the ~~Permanent Board Order~~ and Ordinance amending Port of Los Angeles Tariff No. 4, and upon publication, transmit the Order and Ordinance to the Chief Wharfinger for implementation of the tariff change and posting the amended Port of Los Angeles Tariff No. 4 to the Port of Los Angeles website as regulated by the Federal Maritime Commission.

DISCUSSION:

Background/Context: On January 14, 2008, the Board approved Order No. 6950, which established a new POLA Tariff No. 4, Section 21 for the ICF to commence January 1, 2009, in the amount of \$15/loaded twenty-foot equivalent unit (TEU), to partially fund the local share of following projects:

- I-110 Connectors Program (three projects in POLA)
- Ports Rail System (ten projects in POLA-POLB)
- South Wilmington Grade Separation (POLA)
- SR 47 Expressway (POLA-POLB-Alameda Corridor Transportation Authority)
- Gerald Desmond Bridge Replacement (POLB)
- Navy Way-Seaside Avenue Interchange (POLA)

On December 18, 2008, the Board approved Order No. 6976, which amended the ICF amount to \$6/TEU, with collection to commence on July 1, 2009. On April 16, 2009, the Board approved a Permanent Order and a Temporary Order amending POLA Tariff No. 4, Section 21, Item No. 2105, to amend the date of ICF collection to commence on July 1, 2010, at an amount to be determined by March 31, 2010, at the latest. In April 15, 2010, the Board approved permanent Order No. 10-750 amending the POLA Tariff No. 4, Section 21, Item No. 2105, postponing the ICF collection until January 1, 2012, at an amount to be determined by September 30, 2011. On August 4, 2011, the Board approved permanent Order No. 11-7086 amending the POLA Tariff No. 4, Section 21, Item No. 2105, postponing the ICF collection until January 1, 2014.

Recommended Approval:

The ICF is now recommended to be repealed for the following reasons (also see Table 1):

1. For those projects that could be advanced to the construction phase, funding from the ICF has not been necessary for completion.
 - Four out of the five POLA-only projects are now, or will be, under construction by January 2014. These projects are thus fully funded and programmed in the Harbor Department FY 2013-2014 budget, and five-year Capital Improvement Program. As shown in Table 2, these projects are being funded with \$141,396,000 in Harbor Revenue Funds and \$172,249,600 in federal, state, and regional grant funds (55% of total cost).
 - Three POLB-only projects are under construction, including the Gerald Desmond Bridge Replacement, using POLB and grant funds;

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- Five (5) out of the seventeen (17) ICF projects (one POLA-only and four joint POLA-POLB projects) are projected not to be needed until after the year 2025 based upon recent detailed traffic analyses, and thus can be deferred at this time;
- The remaining five (5) POLB-only projects are either on hold indefinitely, or pending approval of an environmental document.

2. To at least maintain or increase discretionary container market share in North America, especially given the impending completion of the Panama Canal Widening in 2015, the ICF is recommended to be repealed.

The proposed Tariff Amendment, Temporary Order, Permanent Order, and Ordinance are attached herein as Transmittals 1-4, respectively.

Table 1

Ports Rail System Project		Status
• Pier B Street Realignment	POLB	Under development; pending Environmental Impact Report (EIR)
• Pier B Street Railyard Expansion	POLB	Under development; pending EIR
• Cerritos Channel Rail Trackage	Joint	On hold; may not be needed until year 2025; to be assessed in impending rail study
• Pier F Support Yard	POLB	Under construction
• Terminal Island Wye Track Realignment	POLB	On hold; pending Pier S EIR
• Track Realignment @ Ocean Blvd.	POLB	Under construction
• Berth 200 Railyard	POLA	Under construction
• Control Point (CP) Mole	Joint	On hold; may not be needed until year 2025; to be assessed in impending rail study
• Reeves Avenue Grade Separation	POLB	On hold
• Navy Mole Road Storage Yard	POLB	On hold
Port-Area Highway Project		Status
• Gerald Desmond Bridge Replacement	POLB	Under construction
• SR 47 Expressway	ACTA-Joint	On-hold; not needed in next 5-10 years; may be needed over time due to rail volume increases on Alameda Corridor rail line #3; rail volumes to be studied as part of impending rail study
• South Wilmington Grade Separation	POLA	Under construction
• I-110/C Street Interchange	POLA	Award construction contract CY 2013-Q4
• I-110/SR 47 Interchange	POLA	Award construction contract CY 2013-Q4
• New SR 47 WB Off-Ramp	POLA	To be monitored/studied; recent analysis indicates need post year 2025; to be verified in upcoming EIR in CY 2014-Q1
• Navy Way/Seaside Avenue Interchange	Joint	To be studied/monitored; recent analysis indicates need post year 2025; to be verified in Yusen Terminal, Inc. EIR in CY 2103-Q3

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ECONOMIC BENEFITS:

This Board action will have no employment impact.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an Order amending the Port of Los Angeles Tariff No. 4, Section 21, Item No. 2105. As an activity involving the modification of a fee for the use of existing municipal facilities involving negligible or no expansion of use, 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 III Class 1 (31) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The Harbor Department has never included ICF revenue in the budget as it has been postponed several times. Four out of the five POLA-only projects are now, or will be, under construction by January 2014. These projects are thus fully funded and programmed in the Harbor Department FY13-14 budget, and five-year Capital Improvement Program. As shown in Table 2, these projects are being funded with \$141,396,000 in Harbor Revenue Funds and \$172,249,600 in federal, state, and regional grant funds (55% of total cost). The grant funds are reimbursable to the Harbor Department on a monthly basis.

Table 2

Project	Total Cost	POLA Funds	Grants
Berth 200 Railyard	\$154,582,600	\$65,214,600	\$89,368,000
South Wilmington Grade Separation	\$71,272,100	\$34,984,100	\$36,288,000
I-110/SR 47 Interchange	\$43,030,300	\$17,310,700	\$25,719,600
I-110/C Street Interchange	\$44,760,600	\$23,886,600	\$20,874,000
Totals	\$313,645,600	\$141,396,000	\$172,249,600

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CITY ATTORNEY:

The Office of the City Attorney has prepared and approved as to form and legality, the Tariff, Orders, and Ordinance.

FIS Approval:  (initials)

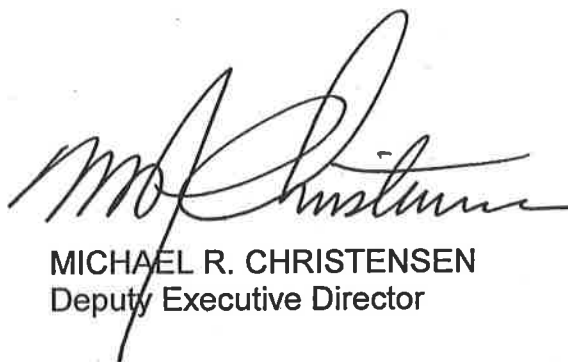
CA Approval:  (initials)

TRANSMITTALS:

1. Tariff Section 21
2. Temporary Order
3. Permanent Order
4. Ordinance



KERRY CARTWRIGHT, P.E.
Director of Goods Movement



MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

AUTHOR: Kerry Cartwright, P.E.
KC:dg