



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: AUGUST 28, 2013

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 2 PROJECT
(BERTH 200 RAIL YARD TRACK CONNECTIONS)**

SUMMARY:

The California Transportation Commission (CTC) requires the City of Los Angeles Harbor Department (Harbor Department) to fully execute an Allocation Agreement prior to the start of any work on the West Basin Road Rail Access Improvements – Segment 2 Project. An Allocation Agreement with the CTC for Segment 1 was approved by the Board of Harbor Commissioners (Board) on July 26, 2012. The Harbor Department is ready to start work on Segment 2, and seeks Board approval of the Allocation Agreement between the CTC and the Harbor Department for the West Basin Road Rail Access Improvements – Segment 2 (Berth 200 Railyard Track Connections) in the amount of \$10.51 million.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the Allocation Agreement as in 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; and
3. Adopt Resolution No. _____.

DISCUSSION:

Background/Context: In 2008, the CTC approved \$51.23 million State Proposition 1B Trade Corridors Improvement Fund (TCIF) program funds for the West Basin Railyard

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(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 19, 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. An Allocation Agreement with the CTC for Segment 1 was approved by the Board on July 26, 2012. Construction subsequently commenced for Segment 1 on August 27, 2012, and is expected to be completed during Fiscal Year (FY) 2013/2014. The Harbor Department is now ready to start work on Segment 2, and seeks Board approval for the Allocation Agreement between the CTC and the Harbor Department for the West Basin Road Rail Access Improvements – Segment 2 (Berth 200 Railyard Track Connections) in the amount of \$10.51 million in reimbursement grants.

The construction cost of the Segment 2 project is currently estimated at \$20,141,303. The Harbor Department advertised the construction contract for Segment 2 on April 23, 2013, opened bids on June 20, 2013, and the Board awarded a construction contract to Herzog Transit Services, Inc. on July 25, 2013, in the amount of \$20,141,303. The Harbor Department must fully execute the Allocation Agreement with the CTC to be eligible to seek reimbursement for the Segment 2 work up to \$10.51 million. The Harbor Department anticipates issuing a Notice to Proceed in September 2013 and anticipates project completion during FY 2013/2014.

ECONOMIC BENEFITS:

Approval of the proposed Resolution will have no employment impact. The construction phase of the Berth 200 Railyard is estimated to support approximately 1,300 direct and secondary jobs in the five-county region.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an Allocation Agreement with the City for CTC TCIF program funds for the Berth 200 Railyard Project. The potential environmental impacts of the project were assessed as part of the Berths 136-147 [TraPac] Container Terminal Project Final Environmental Impact Statement/Environmental Impact Report (FEIS/EIR) that was certified by the Board in December 2007. Therefore, 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 the Requirements of CEQA in accordance with Article II Section 2 (I) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of this Allocation Agreement will reaffirm commitment of the Harbor Department to fund the Segment 2 project discussed herein; the Allocation Agreement with the CTC that commits funding for Segment 1 was approved by the Board on July 26, 2012. The Segment 1 project construction cost is estimated at \$94.5 million while the Segment 2 project construction cost is estimated at \$20.1 million for a combined total of \$114.63 million. Of this total amount, \$89.0 million is grant reimbursable leaving a Harbor Department cost share of \$25.63 million for both segments. The amount spent-to-date (as of June 30, 2013) on the Segment 1 project is \$64.445 million, and the amount spent-to-date on the Segment 2 project is \$565,000. The Harbor Department has received \$16,998,870 in grant funding reimbursement for the Segment 1 project expenses incurred and is still currently in construction. Therefore of the \$78.8 million in total reimbursement grants awarded for the Segment 1 project, \$61.8 million remains such that reimbursement drawdowns will be requested as the Harbor Department submits requests for such reimbursements as the Segment 1 project progresses. The remaining Harbor Department funds needed for the Segment 1 and 2 projects 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 railyard site.

Segment 2 funds in the amount of \$20.14 million for FY 2013/2014 are available in Center 1172, Program 000. A funding out clause is included in the agreement.

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The following is a summary of the Harbor Department's cost share net of reimbursement grant funding for the Berth 200 Railyard –Segment 1 project and the Berth 200 Railyard Track Connections-Segment 2 project:

Segment 1: Berth 200 Railyard

Funding Sources	Subtotal Grant Reimbursement Funding Available per FY			Total
	11/12	12/13	13/14	
Harbor Department Front Funding	\$ 16,722,670	\$ 61,085,030	\$ 16,682,641	\$ 94,490,341
- Trade Corridor Improvement Fund	\$ 13,856,370	\$ 26,861,630	\$ -	\$ 40,718,000
-RSTP	\$ 2,417,300	\$ 6,167,400	\$ -	\$ 8,584,700
-Transportation Investment Generating Economic Recovery II (TIGER II)	\$ 250,000	\$ 15,750,000	\$ -	\$ 16,000,000
-CMAQ	\$ -	\$ 7,050,000	\$ 6,503,994	\$ 13,553,994
=Harbor Department Cost Share Net of Reimbursement Grants	\$ 199,000	\$ 5,256,000	\$ 10,178,647	\$ 15,633,647

Segment 2: Berth 200 Railyard Track Connections

Funding Sources	Subtotal Grant Reimbursement Funding Available per FY			Total
	11/12	12/13	13/14	
Harbor Department Front Funding	\$ -	\$ -	\$ 20,141,303	\$ 20,141,303
-Transportation Investment Generating Economic Recovery II (TIGER II)	\$ -	\$ -	\$ 10,512,000	\$ 10,512,000
=Harbor Department Cost Share Net of Reimbursement Grants	\$ -	\$ -	\$ 9,629,303	\$ 9,629,303

Total Harbor Department Cost Share Net of Reimbursement Grants for Segment 1 and Segment 2	\$ 199,000	\$ 5,256,000	\$ 19,807,950	\$ 25,262,950
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RAILYARD

CITY ATTORNEY:

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

TRANSMITTAL:

1. Allocation Agreement

FIS Approval: KB (initials)
CA Approval: KB (initials)



ANTONIO V. GIOIELLO
Chief Harbor Engineer

FOR 

MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:



for GERALDINE KNATZ, Ph.D.
Executive Director

Author: Ron Groves

RG:rj
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