



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JULY 17, 2018

FROM: ENGINEERING

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF TRADE CORRIDOR ENHANCEMENT PROGRAM (TCEP) MULTI-PARTY BASELINE AGREEMENT FOR SOUTHERN CALIFORNIA RAIL PROJECT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT (LAHD) AND THE CALIFORNIA TRANSPORTATION COMMISSION (CTC); AND APPROVAL OF THE MASTER AGREEMENT BETWEEN LAHD AND CALIFORNIA DEPARTMENT OF TRANSPORTATION FOR AWARD AND ADMINISTRATION OF FUNDING FOR THE TERMINAL ISLAND RAILYARD ENHANCEMENT AND ALAMEDA CORRIDOR SOUTHERN TERMINUS GAP CLOSURE PROJECTS

SUMMARY:

Staff requests that the Board of Harbor Commissioners (Board) approve a multi-party funding agreement (referred herein as the Baseline Agreement (BA) – Transmittal 1) with the California Transportation Commission (CTC) and the California Department of Transportation (Caltrans) and the Master Agreement Administering Agency State Agreement (MA) (Transmittal 2) for state funded projects with Caltrans.

On May 16, 2018, the CTC awarded \$27,637,000 in Trade Corridor Enhancement Program (TCEP) funds to the Southern California Rail Project, including funding for the City of Los Angeles Harbor Department's (Harbor Department) Terminal Island Railyard Enhancement project (\$21,645,000) and Alameda Corridor Southern Terminus Gap Closure project (\$5,992,000) as denoted on the attached 2018 TCEP Final Adopted Program of Projects (Transmittal 3). The Harbor Department's two projects were part of a joint application for the Southern California Rail Project which included four other projects from the following three partnering agencies: the City of Long Beach Harbor Department (POLB), the San Gabriel Valley Council of Governments (SGVCOG), and the Los Angeles County Metropolitan Transportation Authority (Metro).

To receive the TCEP funds, the Harbor Department must enter into the proposed multi-party BA with the CTC, Caltrans, and the aforementioned agencies. The Harbor Department also must enter into the MA for the purpose of administering and reimbursing state transportation funds to the Harbor Department. Upon approval by the Board, the Harbor Department will transmit the BA to the CTC for final approval, which is expected to occur at its October 17, 2018 meeting. The Harbor Department is financially responsible for \$15,907,000 in matching funds as part of the BA.

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RECOMMENDATION:

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

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the Southern California Rail Project Baseline Agreement;
3. Approve the Master Agreement Administering Agency State Agreement for State Funded Projects;
4. Authorize the Executive Director to execute and the Board Secretary to attest to said agreements, for and on behalf of the Board;
5. Authorize the Executive Director to execute future Baseline Agreement and Master Agreement Amendments to account for revised project schedules, and/or reduced project costs, for and on behalf of the Board, subject to the approval of the City Attorney as to form and legality;
6. Authorize the Executive Director to execute future project specific Program Supplement Agreements, subject to approval of the City Attorney as to form and legality; and
7. Adopt Resolution No. _____.

DISCUSSION:

Background - On May 16, 2018, the CTC awarded \$27,637,000 of TCEP funds to six Southern California Rail Projects, including the Harbor Department's Terminal Island Railyard Enhancement project (\$21,645,000) and Alameda Corridor Southern Terminus Gap Closure project (\$5,992,000). To receive the TCEP funds, the Harbor Department must enter into a multi-party BA with the aforementioned agencies and the CTC.

The Harbor Department must also enter into a MA with Caltrans to administer and receive the funds. The MA sets forth Caltrans' requirements with regard to state and federal laws, regulations, policies and procedures relative to the design, environmental compliance, construction, and maintenance of the funded facility. The MA is not project specific and is required when Caltrans funds a local agency's project with state or federal funds. When the CTC allocation of the funding occurs, project specific Program Supplements will be issued identifying the types and amounts of funds used to finance the project.

Once approved by the Board, the Harbor Department will transmit the BA to the CTC for further processing, which is expected to occur after approval by the CTC at its October 17,

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2018 meeting. The BA is needed in advance of obtaining the actual allocation of the funds which requires another CTC approval, and is required before the Harbor Department can advertise for construction. The BA sets forth the project scope, expected benefits, schedule, cost, and funding plan. If there are future changes in the projects' schedules and/or costs, the BA will need to be amended prior to the allocation of funds. Thus, the Executive Director also seeks approval from the Board to execute subsequent amended agreements in the future to account for changes in schedules and project costs decreases. The table below summarizes the costs (including pre-construction costs) for the two projects.

Project	Total Cost	TCEP	Harbor Funds
1. Terminal Island Railyard Enhancement	\$34,015,000	\$21,645,000	\$12,370,000
2. Alameda Corridor Southern Terminus Gap Closure	\$9,529,000	\$5,992,000	\$3,537,000
Total for both Harbor Department Projects	\$43,544,000	\$27,637,000	\$15,907,000

The Project Programming Request (PPR) attachments to the BA provide annual cash flow/source of funds details. Following project approval by the Board of Harbor Commissioners, construction on these two projects is expected to commence as follows:

Project	Construction Advertise	Construction Completion
1. Terminal Island Railyard Enhancement	01/02/2020	12/31/2021
2. Alameda Corridor Southern Terminus Gap Closure	08/01/2019	02/28/2021

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ENVIRONMENTAL ASSESSMENT:

On December 6, 2007, the Board certified the Berths 136-147 [TraPac] Container Terminal Project Final Environmental Impact Report (FEIR). Subsequently, on June 30, 2016 the Harbor Department prepared an Addendum to the TraPac FEIR (Addendum #2) that analyzed installing rail improvements to address bottlenecks in the network serving TraPac and the West Basin Container Terminal. The rail improvements, now identified as the Alameda Corridor Southern Terminus Gap Closure project, were found to not cause any new significant environmental effects or substantially more severe effects than previously analyzed in the certified FEIR. The Addendum #2 was posted on the Port’s website for public disclosure. Harbor Department staff will return to the Board at a future date to request approval of the Addendum #2 and Alameda Corridor Southern Terminus Gap Closure project.

An environmental document (Initial Study/Mitigated Negative Declaration) is currently being prepared for the Terminal Island Railyard Enhancement project in accordance with the requirements of the California Environmental Quality Act (CEQA). In addition, because both rail projects may utilize federal funding, federal environmental review in accordance with the National Environmental Policy Act (NEPA) will be required by the federal lead agency.

At this time, the proposed action is solely limited to the approval of a BA with the State of California and three other parties to receive the TCEP funds and a MA with Caltrans to administer and receive the funds. Approval of the BA and MA does not bind or predetermine CEQA or project approval. Therefore, as an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from CEQA in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The TCEP funds are paid on a monthly reimbursement basis which requires the Harbor Department to fund project costs first, and then seek reimbursement. The tenant (APMT) will be responsible for on-going operations and maintenance (O&M) costs for the Terminal Island Railyard Enhancement project. Pacific Harbor Line (PHL) will be responsible for on-going O&M costs for the Alameda Corridor Southern Terminus Gap Closure project. The table below summarizes the cash flow needs for the two Harbor Department projects:

		Prior FY	FY 2018/2019	FY 2019/2020	Total
Source	TCEP	\$0	\$0	\$27,637,000	\$27,637,000
	Harbor Department	\$500,000	\$3,003,000	\$12,404,000	\$15,907,000

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Funding detail (including source of funding) for the projects will be detailed in future Board actions requesting approval of the construction contract(s). At this time, the \$3,003,000 expected to be incurred by the Harbor Department in FY 2019 is anticipated to be derived from the Unallocated Capital Improvement Fund, Division No. 1000, Project No. 190000, subject to approval by the Project Development Committee.

CITY ATTORNEY:

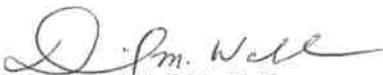
The Office of the City Attorney has reviewed and approved the Baseline Agreement and Master Agreement as to form and legality.


TRANSMITTAL:

1. Southern California Rail Project Baseline Agreement
2. Master Agreement Administering Agency State Agreement for State Funded Projects
3. 2018 TCEP Final Adopted Program of Projects dated May 16, 2018
4. Sample Program Supplement Agreement


FIS Approval: 

CA Approval: 


DAVID M. WALSH, P.E.
Chief Harbor Engineer


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

APPROVED:


EUGENE D. SEROKA
Executive Director

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