



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MARCH 27, 2018

FROM: GOODS MOVEMENT

**SUBJECT: RESOLUTION NO. _____ APPROVE COST SHARE
AGREEMENT WITH PORT OF LONG BEACH FOR JOINT RAIL STUDY**

SUMMARY:

Staff requests that the Board of Harbor Commissioners approve a cost share agreement with the Port of Long Beach (POLB) for consulting services to assist the two Ports in preparing a comprehensive update to the previous 2006 joint Ports' rail study. The term of this cost share agreement will commence on the date last signed by either Port, and terminate on September 30, 2020 (approximately 2.5 years). The Harbor Department's cost share amount is not to exceed \$329,946.50. The POLB shall be lead contract administrator for a contract with AECOM, jointly selected through a competitive process. The POLB Board of Harbor Commissioners approved the AECOM contract and this cost share agreement on March 26, 2018. The Harbor Department is financially responsible for payment of up to \$329,946.50 under the proposed cost share agreement.

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 Cost Share Agreement with the Port of Long Beach, in the amount \$329,946.50;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said agreement, for and on behalf of the Board; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background/Context: In 2006, the Harbor Department and the Port of Long Beach (Ports) jointly adopted the San Pedro Bay Ports Clean Air Action Plan (CAAP), with major updates in 2010 and 2017. To facilitate the various joint activities under the CAAP, in 2007 the Ports entered into a Master Cost Sharing Agreement (Harbor Department Agreement No. 2546). Specific cost sharing agreements are adopted under which one port acts as contract administrator and the parties agree to share costs, sometimes split equally, or otherwise as negotiated.

Maximizing the amount of containers moved via on-dock rail is one of the strategies of the 2017 CAAP Update. It is also a key strategy of the California Sustainable Freight Action Plan and California Freight Mobility Plan. To maximize on-dock rail use, infrastructure and operational improvements are needed over time, and on an on-going basis. Implementing such rail system projects is also a key facet of the joint Ports' "Supply Chain Optimization" (SCO) effort, initiated in 2015.

Rail Study Update: In 2006, the Ports jointly developed and published a joint rail study to assist with rail facility planning. In 2017, the Ports' staff agreed to conduct a comprehensive update to the 2006 joint rail study, with its primary purpose as follows:

- Identify rail system infrastructure needs and potential operational and logistics system enhancements/changes over the next 20 years, in conjunction with terminal operators, Union Pacific Railroad, Burlington Northern-Santa Fe Railway, Pacific Harbor Line, ocean carriers, shippers, and other key stakeholders

To define these rail system needs, the following primary tasks are required:

- Rail system demand assessment, accounting for the joint Ports' long-term cargo forecasts and recent work conducted by the Goods Movement Division (GMD)
- Rail system capacity assessment, including micro-simulation modeling
- Rail system demand vs. capacity assessment using simulation models universally utilized by Class I railroads and ports throughout North America

The primary need for the consultant is to update the system capacities and perform the simulation work, as neither Port have the necessary software or sufficient number of technical staff, given other workload requirements. The consultant will also assist the Goods Movement and Engineering division staff in developing infrastructure project and operational improvement recommendations. The POLB will administer the contract with AECOM (see below), while both Ports will equally co-manage the study. The rail study update has several co-benefits and uses, as follows:

- Data and output are critical elements for grant applications as follows:
 - Previous rail study results used to obtain about \$150 million for the following completed rail projects: Berth 200 Railyard, South Wilmington Grade Separation, TraPac Terminal on-dock railyard, and YTI Terminal on-dock railyard expansion

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- Aforementioned simulation model was used for 2017 USDOT INFRA and 2018 State Trade Corridor Enhancement Program (TCEP) grant applications
- Rail study will be used for next USDOT INFRA (anticipated late 2018) and State TECP application solicitations (anticipated early 2020)
- Rail study will be used for future Los Angeles Metropolitan Transportation Authority (METRO) competitive grant program (anticipated in 2020)
- Critical data used in all Harbor Department environmental documents for container terminals and rail projects
- Critical data used in many outside transportation studies and environmental documents, including but not limited to METRO I-710 South Corridor Project and Southern California Association of Governments Regional Transportation Plan
- Input to on-going SCO efforts

Cost Share Agreement: The GMD is requesting approval for a cost share agreement with the POLB for a joint rail study update as described above. The term of this cost share agreement will commence on the date last signed by either Port, and terminate on September 30, 2020 (approximately 2.5 years). The Harbor Department's share is a maximum amount not to exceed \$329,946.50 (\$299,951.50 plus a contingency of \$29,995). The Ports shall work together on a coordinated basis to jointly manage the study and approve of, and publish the work product(s).

Consultant (AECOM) Agreement managed by POLB: In June 2017, the POLB issued a Request for Proposals. Five firms submitted proposals and were evaluated jointly with the POLB. Three of the five firms were selected for oral interviews. Based upon the combined written proposal and interview scores, AECOM was jointly selected to enter into cost negotiations. The Director of the GMD and POLB held several meetings to clarify scope and minimize the cost as much as possible. The AECOM agreement with the POLB will expire on September 30, 2020, has a not to exceed amount of \$711,085, with work/costs split into two phases as follows:

- Phase 1 is certain work for POLB only, and not needed by the Harbor Department, and therefore will be solely paid for by the POLB, in the amount of \$51,192.
- Phase 2 comprises the joint work, for which the Ports each agreed to pay 50% of the cost of \$659,893 (\$599,903 plus contingency of \$59,990). Each Port's share is therefore \$329,946.50 (\$299,951.50 plus a contingency of \$29,995).

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a cost share agreement between the City of Los Angeles Harbor Department and the POLB for a joint rail study, which is an administrative activity. Therefore, 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.

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FINANCIAL IMPACT:

The Harbor Department is responsible for payment of the Cost Share Agreement amount not to exceed a total of \$329,946.50 (\$299,951.50 plus a contingency of \$29,995). The amount to be used for the cost share agreement is subject to annual budget constraints. The cost share agreement will require up to \$329,946.50 in budget funding over approximately a two-year period, and would be provided from the following account:

| Budget Source | Amount |
|---|------------------|
| FY18 outside services; Center: 0442; Account: 54290; Program: 000 | \$20,000 |
| FY19 Goods Movement outside services (assumed & to be requested) | \$190,000 |
| FY20 Goods Movement outside services (assumed & to be requested) | \$119,947 |
| Total | \$329,947 |

Assuming the FY18 GMD budget for outside services remains constant, sufficient budget funding is expected to cover the proposed costs, if incurred. Future fiscal year funds will be requested as part of the Harbor Departments annual budget process.

CITY ATTORNEY:

The Office of the City Attorney has prepared and approved the cost share agreement as to form and legality.

TRANSMITTALS:

1. Cost Share Agreement
2. POLB-AECOM Contract/Scope of Work

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



KERRY CARTWRIGHT, P.E.
Director of Goods Movement



ANTONIO V GIOIELLO, P.E.
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

KC:s

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