



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: JULY 19, 2012

FROM: GOODS MOVEMENT

**SUBJECT: RESOLUTION NO. _____ APPROVAL OF STATE PROPOSITION 1B
TRADE CORRIDORS IMPROVEMENT FUND PROGRAM - CALIFORNIA
TRANSPORTATION COMMISSION "BASELINE AGREEMENTS" BETWEEN
THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND THE STATE OF
CALIFORNIA**

SUMMARY:

In February 2012, the California Transportation Commission (CTC) approved programming of \$56.581 million of State Proposition 1B Trade Corridors Improvement Fund (TCIF) program funds for the following two planned City of Los Angeles Harbor Department (Harbor Department) projects (for the construction phase):

- Alameda Corridor West Terminus Intermodal Railyard (TraPac Terminal on-dock railyard): \$20.712 million
- Port of Los Angeles (POLA) Cargo Transportation Improvement-Emission Reduction Program (TraPac Terminal-automated component): \$35.869 million

As part of the TCIF program, each recipient agency is required to enter into a "Baseline Agreement" with the CTC for each project. The "Baseline Agreement" is needed in advance of seeking the actual allocation of the funds, which requires another CTC approval. The "Baseline Agreement" 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 "Baseline Agreements" will need to be amended prior to the allocation of funds. Once approved by the Board of Harbor Commissioners (Board), these "Baseline Agreements" will be transmitted to the CTC for their approval which is expected to occur at their August 22, 2012 meeting.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the following two "Baseline Agreements" substantially as to form; a) Alameda Corridor West Terminus Intermodal Railyard "Baseline Agreement" and Port of Los Angeles Cargo Transportation Improvement-Emission Reduction Program "Baseline Agreement";
2. Authorize the Executive Director to execute, and the Board Secretary to attest to, these two "Baseline Agreements," for and on behalf of the Board;
3. Authorize the Executive Director to execute, and the Board Secretary to attest to, future "Baseline Agreements" to account for revised project schedules and reduced project costs,

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for and on behalf of the Board; subject to the approval of the City Attorney as to form and legality; and

4. Adopt Resolution No. _____.

DISCUSSION:

In February 2012, the CTC approved programming of \$56.581 million of State Proposition 1B Trade Corridors Improvement Fund (TCIF) program funds for the above two TraPac Terminal projects. Both projects are contained in the approved Fiscal Year (FY) 12-13 budget, and five-year capital improvement plan (CIP). As part of the TCIF program, each recipient agency is required to enter into a "Baseline Agreement" (Transmittals 1 and 2) with the CTC for each project. The "Baseline Agreement" is needed in advance of seeking the actual allocation of the funds, which requires another CTC approval. The "Baseline Agreement" 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 "Baseline Agreements" 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 minor changes in schedules and if total project costs decrease. If project costs increase, staff will seek Board approval again for another amended agreement. The table below summarizes the costs (including pre-construction costs) for the two projects.

| Project | Total Cost (\$ millions) | TCIF (\$ millions) |
|---|-----------------------------|-----------------------|
| 1. Alameda Corridor West Terminus Intermodal Railyard (TraPac Terminal on-dock railyard) | \$43.716 | \$20.712 |
| 2. POLA Cargo Transportation Improvement-Emission Reduction Program (TraPac Terminal - automated terminal area) | \$112.709 | \$35.869 |

The attached Project Programming Request (PPR) forms of Transmittal 1, which are required for the "Baseline Agreement", provide annual cash flow/source of funds details. Construction on these two projects is expected to commence as follows:

| Project | Construction Advetise | Construction Completion |
|---|--------------------------|----------------------------|
| 1. TraPac Terminal on-dock railyard | June 2013 | April 2015 |
| 2. TraPac Terminal - automated terminal area: Phase 1 | Oct. 2012 | May 2014 |
| TraPac Terminal - automated terminal area: Phase 2 | June 2013 | Nov. 2016 |

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ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of "Baseline Agreements" with the State of California, to eventually enable the CTC to allocate TCIF funds for the two TraPac Terminal projects. The potential environmental impacts of the two projects were assessed in the Berths 136-147 [TraPac] Container Terminal Project Final Environmental Impact Statement/Environmental Impact Report (FEIS/FEIR) that was certified by the Board in December 2007 and an addendum to the FEIS/FEIR that was posted in June 2012.

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 the proposed action is exempt from CEQA in accordance with Article II, Section 2(i) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

The construction phase of the entire TraPac terminal is estimated to generate about 5,300 one-year, full-time equivalent direct, indirect, and induced jobs in the five-county southern California region.

FINANCIAL IMPACT:

Approval of these "Baseline Agreements" will affirm commitment of the Harbor Department to fund the projects discussed herein. The CTC allocation of the programmed funds will be requested prior to advertising for construction. Although the CTC is presently approving TCIF allocation requests (which was done recently for the Berth 200 Railyard and South Wilmington Grade Separation projects), there is not complete certainty this will continue, due to the ongoing State fiscal situation. Hence, the Harbor Department may need to seek a *Letter of No Prejudice* (LONP) just prior to when the projects are ready for advertising for construction. Thus, to be conservative on cash flow needs, the LONP instrument was assumed, and thus the approved FY12-13 budget for these two projects does not include receipt of TCIF funds until the subsequent FY (i.e., receipt of the TCIF is assumed in subsequent years of our five-year CIP). With a LONP, the Harbor Department will eventually be reimbursed by the State, as the TCIF funds were voter approved, and would require voter approval again to be repealed. The amount of Harbor Department funds programmed in FY12-13 for these two projects is as follows:

| Project | Center | Program | Account | FY12-13 Budget (\$ millions) |
|--|--------|---------|---------|------------------------------------|
| 1. TraPac Terminal on-dock railyard | 1161 | 000 | 54510 | \$0.630 |
| 2. TraPac Terminal - automated terminal area | 1103 | 000 | 54510 | \$2.009 |

The TraPac Terminal on-dock railyard project cost is estimated at \$43.72 million, of which \$20.71 million is grant reimbursable, leaving a Harbor Department cost share of \$23.01 million. The TraPac Terminal automated terminal area project is estimated at \$112.71 million, of which \$35.87 million is grant reimbursable, leaving a Harbor Department cost share of \$76.84 million.

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The grants are reimbursement grants so the Harbor Department must first front-fund project costs and subsequently request reimbursement.

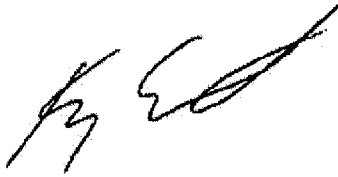
CITY ATTORNEY:

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

TRANSMITTALS:

1. Alameda Corridor West Terminus Intermodal Railyard "Baseline Agreement"
2. POLA Cargo Transportation Improvement-Emission Reduction Program "Baseline Agreement"

FIS Approval: WR (initials)
CA Approval: gm (initials)



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.
Attachments
KC:dg