

**DATE: NOVEMBER 12, 2024**

**FROM: GOODS MOVEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ APPROVAL OF NOTICE OF  
MUTUAL AGREEMENT FOR ALAMEDA CORRIDOR CY2025  
OPERATIONS AND MAINTENANCE BUDGET**

**SUMMARY:**

Staff requests adoption of a Resolution approving and providing mutual agreement, via a Notice of Mutual Agreement No. 2024-4 (NMA), for the Calendar Year (CY) 2025 Alameda Corridor (AC) Operations and Maintenance (O&M) budget in the total amount of \$37,776,278.16. Funding for the O&M budget is provided by the BNSF Railway (BNSF), the Union Pacific Railroad (UPRR), and the Alameda Corridor Transportation Authority (ACTA) Reserve Account. There will be no financial impact to the Harbor Department if this NMA is approved.

**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 requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve and provide Mutual Agreement for the CY2025 O&M budget in the total amount of \$37,776,278.16;
3. Authorize the Executive Director or designee with delegated authority to approve subsequent Mutual Agreements for the allocation and use of contingency funds within the total budget, and for the transfer of funds to/from Maintenance of Way budget items as needed;
4. Direct the Executive Director to transmit this Resolution to ACTA for further action pursuant to the Amended and Restated Alameda Corridor Use and Operating Agreement; and
5. Adopt Resolution No. \_\_\_\_\_.

## SUBJECT: ALAMEDA CORRIDOR OPERATIONS AND MAINTENANCE BUDGET

**DISCUSSION:**

The Amended and Restated Alameda Corridor Use and Operating Agreement dated December 15, 2016, requires that the Port of Los Angeles (POLA), Port of Long Beach (POLB), BNSF, and UPRR approve an annual AC O&M budget prior to January 1 of each year, via an NMA. The O&M budget incorporates the following elements: Maintenance of Way (MOW); contingency; and other costs that include, but are not limited to insurance, dispatching, security, and utilities. The MOW costs include the following: inspection, maintenance, repairs, replacement infrastructure, and new infrastructure for the AC and some adjacent Port-owned trackage outside the POLA-POLB complex. The AC O&M budget is contained in ACTA's overall annual budget ([Budgets - Finance - ACTA](#)), which also includes ACTA's administrative operating costs (e.g.; salaries, administrative costs, professional service contracts, fees, and other expenses).

On October 16, 2024 and November 1, 2024, POLA, POLB, BNSF, UPRR, and ACTA staff met to review and concur on the proposed CY2025 budget. The proposed CY2025 O&M budget in the amount of \$37,776,278 is summarized as follows:

	Amended CY 2024	Proposed CY 2025	Change	% Change
Maintenance of Way				
Labor	\$ 4,230,741	\$ 4,342,620	\$ 111,879	2.6%
O&M	\$ 10,201,371	\$ 12,277,693	\$ 2,076,322	20.4%
Capital	\$ 8,762,511	\$ 10,445,202	\$ 1,682,691	19.2%
Subtotal	<b>\$ 23,194,623</b>	<b>\$ 27,065,515</b>	<b>\$ 3,870,892</b>	<b>16.7%</b>
Other Operating	\$ 12,548,117	\$ 10,210,763	\$ (2,337,354)	(18.6)%
Contingency	\$ 500,000	\$ 500,000	-	-
<b>Budget Total</b>	<b>\$ 36,242,740</b>	<b>\$ 37,776,278</b>	<b>\$ 1,533,538</b>	<b>4.2%</b>

The increase in MOW costs from CY2024 is primarily due to a requirement to modify the centralized train control signal components to be compliant with manufacturer support.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of the NMA that represents approval of the CY2025 AC O&M budget, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

There will be no financial impact to the Harbor Department if this NMA is approved. Funding for the AC O&M budget is provided directly by the BNSF, UPRR, and the ACTA Reserve Account. The Reserve Account is funded with AC use fees collected from the BNSF and UPRR.

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**CITY ATTORNEY:**

The Office of the City Attorney has reviewed this Board Report and has determined that there are no legal issues.

**TRANSMITTALS:**

1. Notice of Mutual Agreement No. 2024-4

FIS Approval: JS  
CA Approval: SO



KERRY CARTWRIGHT, P.E.  
Director of Goods Movement

*Michael DiBernardo*

MICHAEL DIBERNARDO  
Deputy Executive Director

APPROVED:

*Erica M. Calhoun* for

EUGENE D. SEROKA  
Executive Director

KC:GM