

**ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY**

3760 KILROY AIRPORT WAY, SUITE 200, LONG BEACH, CA 90806 • (562) 247-7777 • FAX (562) 247-7090

June 7, 2017

To: Parties listed on Exhibit A

Subject: Notice of Mutual Agreement No. 2017-2 - Request for Approval under Amended and Restated Alameda Corridor Use and Operating Agreement

Matter: Approval Request to Amend the 2017 Alameda Corridor Maintenance of Way and Operation & Maintenance Budgets for Damage Caused by Redondo Junction Tower Fire on May 28, 2017

Dear Sir or Madam:


Reference is made to that certain Amended and Restated Alameda Corridor Use and Operating Agreement (the Agreement), dated December 15, 2016, by and among the BNSF Railway Company (BNSF), Union Pacific Railroad Company (UP), the City of Los Angeles, acting by and through its Board of Harbor Commissioners (POLA), the City of Long Beach, acting by and through its Board of Harbor Commissioners (POLB), and the Alameda Corridor Transportation Authority (ACTA).

The Agreement governs the use and operation of the Alameda Corridor and, among other things, contains provisions which require certain parties to make decisions from time to time by Mutual Agreement (as defined in the Agreement) or unanimous consent/approval. In particular, Mutual Agreement requires the approval from at least three of the following parties: BNSF, UP, POLB, and POLA, and unanimous consent/approval requires the approval of each of the same four entities. Pursuant to the terms of the Agreement, ACTA as an entity does not approve or disapprove Mutual Agreement matters.

Attached as Exhibit B is Notice of Mutual Agreement (NMA) No. 2017-2, for which approval by the requisite parties is requested at this time. The matter to be approved is described in the attached NMA (the "Matter"). Following consideration of the Matter, please forward to ACTA in writing via email, the response of your respective entity to either approve or disapprove the Matter, no later than June 16, 2017. Once all responses are received, ACTA will send a letter to the four entities with the results.

If there are any questions, please advise.

Sincerely,



John T. Doherty, P.E.
Chief Executive Officer

EXHIBIT A

LIST OF PARTIES

Port of Los Angeles
425 South Palos Verdes Street
San Pedro, California 90733
Attn: Executive Director
Email: gene_seroka@portla.org

Port of Long Beach
4801 Airport Plaza Drive
Long Beach, California 90815
Attn: Executive Director
Email: mario.cordero@polb.com

BNSF Railway Company
2500 Lou Menk Drive
AOG -Garden Level
Fort Worth, Texas 76131
Attn: Assistant Vice President - Contracts
& Joint Facilities
Email: Sarah.bailiff@bnsf.com

Union Pacific Railroad Company
1400 Douglas Street -Stop 1160
Omaha, Nebraska 68179
Attn: Executive Vice President of
Operations
Email: jointfacilitycontracts@up.com

Cc:

Email: Brian.Aman@bnsf.com
Email: MMartinson@UP.com
Email: tgioiello@portla.org
Email: carlo.luzzi@polb.com
Email: hmccloskey@portla.org
Email: Lauren.Misajon@longbeach.gov
Email: duane.kenagy@polb.com

EXHIBIT B

NOTICE OF MUTUAL AGREEMENT

Number: 2017-2

Subject: Approval Request to Amend the 2017 Alameda Corridor Maintenance of Way and Operation & Maintenance Budgets for Damage Caused by the Redondo Junction Tower Fire on May 28, 2017

Recommendation:

1. Approve a new \$750,000 line item in the previously approved 2017 Alameda Corridor Maintenance of Way (MOW) and Operations & Maintenance (O&M) Budgets for repairs and replacement to CP East Redondo due to a fire in Redondo Junction Tower on May 28, 2017, which will be charged to the Capital Maintenance Reserve Account for the 2017 budget only.
2. Restore the original 2017 approved \$200,000 contingency in the O&M Budget which will be used as needed to initiate or complete activities, to its full value following completion of the repairs/replacement.

Discussion:

In December 2016, the Railroads and Ports approved the 2017 Maintenance of Way Budget and Operations & Maintenance (O&M) Budget through Mutual Agreement No. 2016-1. See Background Section below for a general description of these budgets.

The 2017 O&M Budget includes a \$200,000 contingency to be allocated as necessary during the year for unbudgeted, under-budgeted, or unplanned emergency work. Unplanned emergency work at CP East Redondo is required that is estimated to far exceed the previously approved contingency amount.

Event

On Sunday, May 28, 2017 a fire occurred at the old abandoned Redondo Junction Tower at the North End of the Corridor. The old wooden structure, which was built in 1906, was completely destroyed. In addition, an adjacent signal cabinet containing vital equipment controlling the signals and switches at the West Redondo Junction Interlocking suffered major damage. The tower is owned by METRO, but ACTA will be arranging and coordinating its removal as it endangers the work site and the expeditious restoration of normal controlled operations at this location. The damaged signal house and its contents are owned by ACTA.

The signal cabinet and its contents will have to be replaced in their entirety as soon as possible. ACTA's Maintenance Contractor is working work with the UPRR signal group to arrange for the fabrication of a new replacement signal house using UPRR's signal

equipment supplier. Trains in the meantime are being routed through the interlocking with the switches locked in one position, limiting routing flexibility to manual control. This temporary condition must be remedied as quickly as possible.

Scope and Estimated Cost

Required activities and purchases may include, but are not limited to, environmental assessment and testing of the damaged structures for hazardous materials, securing governmental/regulatory permits, environmental cleanup, demolition, site cleanup, and purchase and installation of new electronic equipment.

The work is estimated at this time to cost \$750,000, which includes \$300,000 for the new replacement signal house (plus a 50% or \$150,000 contingency for overtime to expedite fabrication and delivery) using UPRR's supplier, RCL Wiring; \$30,000 for environmental evaluation and cleanup using ACTA's environmental consultant, Tetra Tech; \$25,000 for design and installation oversight and testing using ACTA's signal design consultant (Pacific Railway Enterprises); \$215,000 for signal house installation including contingency using ACTA's Corridor Maintenance Contractor, Balfour Beatty Infrastructure, Inc. (BBII); and \$30,000 for oversight support by ACTA's program management consultant, Alameda Corridor Engineering Team (ACET).

Request

It is requested that the Ports and Railroads, pursuant to the terms of the Use and Operating Agreement, expeditiously amend the 2017 MOW and O&M Operations Budgets to add a \$750,000 line item for this Capital Replacement which will be funded from the \$15 million Reserve Account. Insurance recovery will be sought, as appropriate. Insurance recoveries, if any, will be applied as reimbursement to the Reserve Account. If approved, the revised overall 2017 O&M Budget, which contains both the MOW Budget and other estimated annual O&M expenses, will be \$ 11,632,432 (\$10,882,432 + \$750,000).

Background:

The Amended and Restated Use and Operating Agreement (Agreement) requires that the Ports and Railroads through Mutual Agreement approve an Annual Maintenance and Capital Improvement Plan and Budget prior to January 1 of each year. The Plan and Budget are comprised of two documents.

The first is the **Maintenance of Way (MOW) Budget** as prepared by the Maintenance Contractor, which includes the projected maintenance and capital costs to be incurred by the Contractor for the coming year. The second is the overall **Operations and Maintenance (O&M) Budget**, which incorporates the MOW Budget, as well as other estimated O&M expenses, including but not limited to insurance, dispatching, security, utilities, and support costs.

Major items within the MOW and O&M Budgets include allocation of costs between the Rail and Non-Rail maintenance categories, Capital Expenses made in accordance with the approved definition of Capital Expenses, and proposed Maintenance Contractor staffing levels.

Please provide your acceptance and approval by affixing your signature, name and title below:

Port of Los Angeles

Port of Long Beach

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

BNSF Railway Company

Union Pacific Railroad Company

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____