

DATE: NOVEMBER 2, 2023
FROM: GOODS MOVEMENT
**SUBJECT: RESOLUTION NO. _____ APPROVAL OF NOTICE OF
MUTUAL AGREEMENT FOR ALAMEDA CORRIDOR CY2024
OPERATIONS AND MAINTENANCE BUDGET**

SUMMARY:

Staff requests adoption of a Resolution approving and providing mutual agreement, via a Notice of Mutual Agreement (NMA) #2023-1, for the Calendar Year (CY) 2024 Alameda Corridor (AC) Operations and Maintenance (O&M) budget in the total amount of \$33,962,740. 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 CY 2024 O&M budget in the total amount of \$33,962,740;
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 (MOW) 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: 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).

In September and October 2023, POLA, POLB, BNSF, UPRR, and ACTA staff met to review and concur on the proposed CY 2024 budget. The proposed CY 2024 O&M budget in the amount of \$33,962,740 is summarized as follows:

	Amended CY 2023	Proposed CY 2024	Change	% Change
Maintenance of Way				
Labor	\$ 4,173,019	\$ 4,234,233	\$ 61,214	1.5%
O&M	\$ 8,992,373	\$ 10,197,879	\$ 1,205,506	13.4%
Capital	\$ 6,211,540	\$ 10,462,511	\$ 4,250,971	68.4%
Subtotal	\$ 19,376,932	\$ 24,894,623	\$ 5,517,691	28.5%
Other Operating	\$ 5,789,269	\$ 8,568,117	\$ 2,778,848	48.0%
Contingency	\$ 500,000	\$ 500,000	-	-
Budget Total	\$ 25,666,201	\$ 33,962,740	\$ 8,296,539	32.3%

The increase in MOW costs from CY 2023 is primarily due to a requirement to modify the centralized train control signal components to be compliant with manufacturer support. The "Other Operating" cost increase is primarily attributable to increased security and insurance costs, and signal system design costs.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the NMA that represents approval of the CY 2024 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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SUBJECT: ALAMEDA CORRIDOR OPERATIONS AND MAINTENANCE BUDGET

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. 2023-1

FIS Approval: MB
CA Approval: SO



KERRY CARTWRIGHT, P.E.
Director of Goods Movement

Michael DiBernardo

MICHAEL DIBERNARDO
Deputy Executive Director

APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director

KC:GM