

ADMINISTRATIVE EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to proposed second amendment to a permit for the Trapac Terminal Program to undertake cargo handling operations at Berths 136-147.

Recommendations for Council action:

1. ADOPT the determination by the Los Angeles Harbor Department that the proposed action is exempt under the California Environmental Quality Act (CEQA) as provided in Article II, Section 2(i) of the Los Angeles City CEQA Guidelines.
2. APPROVE the second amendment to a permit for the Trapac Terminal Program to undertake cargo handling operations at Berths 136-147, in accordance with Section 606 and 654(a)(1) of the Los Angeles City Charter.
3. RATIFY all previous Executive Director and Board actions undertaken in connection with the improvements Permit No. 881 obligating the City to construct and deliver (including, but not limited to, appropriations and expenditures of funds, contract solicitation and award, and grant funding), so that such actions shall be deemed to have been made pursuant to Permit No. 881 as amended by this second amendment.
4. INSTRUCT the Los Angeles Harbor Department to report in 90 days with:
 - a. Specific procedural changes that will be made to rectify the issues raised in the reporting of this program to ensure that such issues to not reoccur.
 - b. A study on the impacts of automation, specifically on the impacts on the port, workforce, community, etc.; and a cost/benefit analysis that takes into consideration the competitive challenges facing the port.
 - c. A plan for integrating a liason between Labor and the Los Angeles Harbor Department vendors.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that Harbor Department (Port) estimates that the approximate revenue from the income producing property of the TraPac lease is \$2.26 billion over the life of the 30-year contract term. This amount is assuming an 8.75 percent Rate of Return, with compound growth rate for twenty-foot equivalent units (TEUs). The proposed second amendment to the agreement with TraPac Inc. will commit existing Port land and facilities assets, plus an additional capital expenditure to expand, improve and modernize Port-owned container cargo terminals, wharf and backland properties at Berths 136-147. The proposed amendment will increase TraPac's current budget of \$364,495,525, by a proposed amount of \$145,916,813, for a total budget of approximately \$510.4 million over a 30-year lease agreement. The Port secured grant funding of \$60,081,000, which will be used to off-set the Port of Los Angeles's projected shared budget to a net cost of \$450,331,388 for the TraPac Program. The Port will incorporate into future year's budget requests sufficient funds to address the proposed increase. All revenues will be deposited into the Harbor Revenue Fund and will have no financial impact on the City General Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE - DECEMBER 8, 2013

(LAST DAY FOR COUNCIL ACTION - DECEMBER 6, 2013)

SUMMARY

At a regular meeting held on November 19, 2013, your Trade, Commerce and Tourism Committee considered a Port transmittal relative to the proposed second amendment to Permit No. 881 with TraPac Inc., to design, develop and construct container terminal facilities at Port Berths 136-147. The CAO reports that the proposed amendment will allow the Port to modify and amend the TraPac Terminal Program's scope of work and budget, as follows: incorporate new automated container terminal operations; include corrections, clarifications, and technical changes (to the project scope); and increase the current \$364,495,525, budget by a proposed 45,916,813, for a total budget of approximately \$510.4 million over a 30-year lease agreement. The modified TraPac Program consists of 10 capital projects for wharves, rail facilities, building and gate complexes, an Alternative Maritime Power (AMP) system, an intermodal container transfer facility (ICTF), and the first automated terminal on the West Coast.

The ICTF serves to enhance the efficient flow of intermodal (truck and rail) cargo through the Port of Los Angeles and Port of Long Beach. These projects are intended to increase the efficiency of Port operations and will allow for the greater use of Port land and facilities in the future.

An opportunity for public comment was held. After a brief discussion, the Committee moved to approve the recommendations contained in the transmittal as amended in Committee as stated above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

TRADE, COMMERCE, AND TOURISM COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
LABONGE:	YES
BUSCAINO:	YES
BONIN:	YES

-NOT OFFICIAL UNTIL COUNCIL ACTS-