

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: December 3, 2021

CAO File No. 0220-05902-0000

Council File No. 21-1073

Council District: 9

To: City Council

From: Matthew W. Szabo, City Administrative Officer



Reference: Request for report from the Transportation and Public Work Committee – Motion (Price – Martinez) related to a proposed Memorandum of Understanding with the Los Angeles County Metropolitan Transportation Authority to fund and construct up to \$30 million in necessary improvements in the City’s right-of-way for the Rail to Rail Corridor Project.

Subject: **RAIL TO RAIL CORRIDOR PROJECT MEMORANDUM OF UNDERSTANDING WITH THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**

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### RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize the President of the Board of Public Works and the General Manager of the Los Angeles Department of Transportation in coordination with the Offices of the City Administrator Officer and the City Attorney to execute the proposed Memorandum of Understanding to fund and construct up to \$30 million in necessary improvements in the City’s right-of-way for the Rail to Rail Corridor Project;
2. Instruct the Bureau of Street Services to submit a budget request for fiscal year 2022-23 by December 24, 2021; and,
3. Instruct the Bureau of Street Services with the assistance of the Bureau of Street Lighting and the Department of Transportation to submit budget requests for fiscal years 2023-24 and 2024-25.

### SUMMARY

At a regular meeting held on October 5, 2021, the Transportation Committee considered a Motion (C.F. 21-1073, Price - Martinez) relative to a proposed Memorandum of Understanding (MOU) with the Los Angeles County Metropolitan Transportation Authority (Metro) that commits the City to fund and construct up to \$30 million in necessary improvements in the City’s right-of-way for the Rail to Rail Corridor Project. This Office was instructed to:

- a. Review the work plan for Segment A of the Rail to Rail Project scope elements in the City's right-of-way to verify the funding amount necessary to complete the work;
- b. Provide a recommendation whether to fulfill the City's contribution via in-kind work or a cash payment to Metro; and,
- c. Negotiate an MOU with Metro, with the final MOU to be presented to Council for approval, which effectuates the above recommendations, memorializes the City's contribution, valued at up to \$30 million, and highlights the roles and responsibilities of the City's construction and that of Metro and their contractor.

Subsequently, on October 13, 2021, the Public Works Committee also considered this matter and concurred with the recommendations made previously by the Transportation Committee.

Approval of this report will authorize the City to enter into a MOU with Metro and commits the City to fund and construct up to \$30 million in necessary improvements in the City's right-of-way for the Rail to Rail Corridor Project.

## **BACKGROUND**

The Active Transportation Rail to Rail Corridor Project consists of one corridor in two phases of development. Segment A is the Rail to Rail component and Segment B is the Rail to River component. Together they form one route, stretching from South Los Angeles to the Los Angeles River. The Rail to Rail segment of the project connects the Metro Blue Line to the future Crenshaw/LAX Line. Approximately 5.6 miles in length, the project stretches east along the Harbor Subdivision rail right-of-way following Slauson Avenue from Inglewood through South Los Angeles to the Blue Line Slauson Station. The project will convert the underutilized railroad right-of-way into a multi-purpose transportation corridor, including creating a new east-west pedestrian and bicycle corridor, connections to numerous transit lines, and enhancing the existing and future bicycle network.

## **DISCUSSION**

This Office met with the Bureau of Street Services, Street Lighting, Engineering, and the Department of Transportation to discuss the work plan and scope elements in the City's right-of-way as well as each department's ability to deliver the scope elements and the cost to do so. After several discussions, this Office recommends that the Bureaus of Street Services and Street Lighting deliver their corresponding scope elements using City staff and the Department of Transportation scope elements be delivered by Metro's contractor with the City providing the funding to Metro for this work.

### Bureau of Street Services

The Bureau of Street Services (BSS) has estimated their cost to deliver the scope elements is approximately \$19.1 million. Scope elements to be delivered by BSS includes 80 curb ramps, 22 intersections, sidewalks, curb and gutter, and paving work along the Slauson corridor, including contingency costs. This includes staffing costs, materials, and equipment. BSS has indicated they would require 104 position authorities (eight crews) to be able to do this work. In addition, BSS

reports that they are unable to utilize existing staff for this work without impacting current work programs such as the Sidewalk Repair, Vision Zero, Complete Streets, Grant, and DWP programs. It is expected that this work will commence in the 2022-23 budget fiscal year. BSS has not submitted a budget request as part of their 2022-23 budget submission but will need to do so no later than December 24, 2021.

Staffing and the ability to hire has been a concern for BSS within the last year. BSS reports that they have been seeing a more favorable labor market for some classifications. Recently, they have been able to hire carpenters, cement finishers, and laborers from hiring halls. They also have active lists for these classifications that they can hire from.

Although adding a significant number of new positions for one project is generally not supported, there will likely be sufficient future work to continue to employ these crews once the Rail to Rail Corridor project is complete. Potential future projects include those to be funded by the recently approved Federal Infrastructure Bill, Metro, transportation grant programs, City capital projects and increased funds in the Street Damage Restoration Fund.

#### Bureau of Street Lighting

The Bureau of Street Lighting (BSL) has estimated that their cost to deliver the scope elements is approximately \$1.685 million. This includes staffing costs, materials, equipment and contingency. BSL has indicated they would need three position authorities to be able to do this work and a budget request for these positions has been submitted as part of their 2022-23 budget submission.

Should BSL be provided with the three position authorities to do this work, these positions can easily be absorbed by the Bureau once this work is completed as their annual average attrition rate is 26 positions.

#### Department of Transportation

The estimated cost to deliver the Department of Transportation's (DOT) scope elements is approximately \$5.0 million. DOT has indicated that they continue to experience challenges in the ability to hire staff for existing departmental work programs. Any new staff hired would be utilized for existing work programs and projects. In the 2020-21 fiscal year, DOT built approximately 15 signals and 29 beacons, the Rail to Rail Corridor project would require DOT to build approximately 20 new signals alone and would require all of its existing signal staff to work solely on this project to deliver it by the estimated completion date of December 2024.

DOT is currently managing a \$40 million traffic signal program that includes 90 new traffic controls Citywide, with an anticipated completion date of December 2026. Diverting DOT staff from funded projects will delay critical public safety improvements.

For these reasons, this Office recommends that the DOT scope elements be delivered by Metro's contractor with the City providing the funding to Metro for this work.

## Funding

The estimated project completion date is December 2024. Therefore, funding for this project can be spread over three fiscal years (2022-23, 2023-24, 2024-25). The total estimated costs of the scope elements located in the public right-of-way is approximately \$25.8 million. Although the MOU indicates that the City will provide up to \$30 million in funding, the City will only be required to fund the actual costs associated with delivering the project, which are currently estimated to be \$25.8 million.

There is a total of \$6.83 million in City funds already identified for this project, \$3.0 million in SB1 Road Maintenance and Rehabilitation Program funds and \$3.83 million in Central City Multi-year Sub Regional Program funds, leaving an additional \$21.97 million in City funds to be identified over the next three fiscal years.

The Rail to Rail Corridor Project total cost is approximately \$140 million. Metro has indicated they have secured \$77 million in funding to date. With the City providing up to \$30 million in funding, Metro will still have a funding gap of \$33 million.

With the recently approved Federal Infrastructure Bill, Metro is hoping to close the funding gap. Metro should reimburse the City for funds expended on this project should they be awarded enough Federal grant money.

## Memorandum of Understanding

The Memorandum of Understanding (MOU) between the City and Metro commits the City to fund and construct up to \$30 million of work within the City's right-of-way within the 5.6 mile stretch of the Rail to Rail Corridor Project. The draft MOU will need to be revised to include the proposed delivery methods of the work in the City's right-of-way as delineated in the sections above. It is this Office's recommendation that President of the Board of Public Works and the General Manager of the Los Angeles Department of Transportation, in coordination with the Offices of the City Administrator Officer and the City Attorney, execute the proposed MOU once these revisions are completed.

The Office of the City Administrative Officer, Risk Management Group has reviewed the proposed MOU and has determined the mutual indemnity language is appropriate and acceptable. We have discussed these recommendations with Metro and they can accept the recommended strategy.

## **FISCAL IMPACT STATEMENT**

There may be an impact to the General Fund in future fiscal years from approval of these recommendations. An additional \$21.97 million in City funds to be identified in fiscal years 2022-23, 2023-24, 2024-25.

## **FINANCIAL POLICIES STATEMENT**

The actions recommended in this report comply with the City's Financial Policies.