

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 30, 2022

CAO File No. 0220-05902-0001

Council File No. 21-1073

Council District: 9

To: The Mayor
The City Council

From: Matthew W. Szabo,  City Administrative Officer

Reference: Request for report from the Mayor's Office 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**

RECOMMENDATIONS

That the Council, subject to approval of the Mayor:

1. Rescind prior approval of the proposed Memorandum of Understanding between the City and the Los Angeles County Metropolitan Transportation Authority (Metro) approved by the Council on January 12, 2022 (CF 21-1073);
2. Authorize the City Administrative Officer and the General Manager of the Los Angeles Department of Transportation in coordination with the Office of the City Attorney to execute the second proposed Memorandum of Understanding (MOU) with the Los Angeles County Metropolitan Transportation Authority (Metro) to fund up to \$27,295,000 in necessary improvements in the City's right-of-way for the Rail to Rail Corridor Project;
3. Authorize the General Manager of the Department of Transportation to make the agreed upon payments to Metro; and,
4. Approve the 67th Street and West Blvd Street Improvement Project with an estimated project cost of \$4.3 million, an estimated completion date of December 2024 and with the Bureau of Street Services as the project manager.
5. Authorize the City Administrative Officer to make technical corrections to the MOU to effectuate the intent of the Council and Mayor.

SUMMARY

At a regular meeting held on January 12, 2022, the City Council approved the execution of a proposed Memorandum of Understanding (MOU) with the Los Angeles County Metropolitan Transportation Authority (Metro) that committed the City to construct up to \$30 million of necessary improvements in the City's right-of-way for the Rail to Rail Corridor Project using City staff.

Immediately upon approval of the Council, the Bureau of Street Services engaged Metro staff in an effort to carry out the instructions of the Council and execute the MOU. Discussion began and then quickly turned into a disagreement that resulted in Metro insisting on the City paying Metro cash so that the Metro contractor could do the work instead of the City performing the work.

This Office was not involved in those discussions. Metro staff informed us that City staff refused to do the work requested. City staff informed us that Metro had not been transparent and complete in describing the work the City was being requested to perform in prior negotiations with the City. While both sides agree that the City forces were to perform the work in the City right-of-way, the scope elements at issue were the removal of railroad tracks and the associated remediation of contaminated soil, construction of storm drains and the relocation of unknown utilities.

On January 26, 2022, the Mayor's Office received an email from Metro stating that the Metro Chief Executive Officer supports "a \$25.8 million cash contribution from the City and in return Metro will do all PROW (Public Right of Way) work with exception of the City re-paving/stripping work on the west end." (Parentheses added for clarity) The west end work referenced is work that the Bureau of Street Services has agreed to perform between Crenshaw Blvd and the City of Inglewood. The project scope runs along 67th Street from 111th Avenue to West Blvd and along West Blvd from 67th Street to the Los Angeles Railway Right of Way. The Mayor's Office then asked this Office to renegotiate the Rail to Rail Project MOU to reflect the payment of cash for the Project instead of the use of City staff to construct the portions of the Project in the public right-of-way.

On January 27, 2022, Metro approved a construction contract for the Rail to Rail Project. Metro is anxious to get started on construction as they received a grant to help fund the construction and must complete construction by December 2024.

This Office worked with Metro, the Bureau of Street Services, the Bureau of Street Lighting, the Department of Transportation, the Mayor's Office and the City Attorney to develop an alternative MOU for consideration by the Council that includes a more complete scope of the commitments the City has made relating to the Rail to Rail Project. Overall, that commitment exceeds the original \$30 million commitment discussed with the Council in December 2021 and January 2022. The provisions of the new proposed MOU are as follows:

- The City will provide Metro with up to \$27.295 million for Rail to Rail Project work in the City public right of way only. The original \$25.8 million scope of work was detailed in prior discussions between Metro and the City and Metro plans have been approved by various City agencies. The City will also pay Metro up to a total of \$1.495 million for additional construction/repair of access ramps and some related curb, gutter, sidewalk, driveway approaches and pavement for nine intersections on the south side of Slauson Avenue

opposite the Project alignment. This work was included in the Metro contractor bid as an alternative scope of work and will allow greater access to the Project for pedestrians and the disabled. This includes \$130,000 of contingency that will only be paid if needed;

- One of the benefits of the City performing the work under the prior proposed MOU was the ability for the City to spread the costs out over the course of three fiscal years. The new proposed MOU will continue to allow the City to spread the costs over three fiscal years while meeting the financial commitment. A schedule for payment is identified as follows:

<u>Fiscal Year</u>	<u>Payment Amount</u>	<u>Payment Due By</u>
2021-22	\$ 6,800,000	May 31, 2022
2022-23	\$ 9,000,000	August 31, 2022
2023-24	\$11,495,000	August 31, 2023

- The City recognizes that the Project is Metro’s Project to manage and the City will not participate in any cost increases; and,
- The City will agree to complete the work along 67th Street and West Blvd. The Bureau of Street Services estimates the cost of this work to be \$4.3 million. This Project is scheduled to be designed using existing Street Services staff during 2022-23 and will be constructed using existing Street Services and City Department of Transportation staff during 2023-24. To assist with the completion of this Project, Metro’s contractor may be used to remove some tracks and remediate any associated contaminated soil. The City will pay Metro actual costs incurred by the Metro contractor, should the City decide to use the Metro contractor for this work. The City will be responsible for any cost increases in the 67th Street and West Blvd Project.

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. The City Attorney has reviewed the proposed MOU. Council approval is required to execute this new proposed MOU in place of the prior proposed MOU approved by the Council. Additionally, Council approval is required to formally establish the 67th Street and West Blvd Project so that the Bureau of Street Services may begin work on the project.

BACKGROUND

The Project

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. The estimated Project completion date is December 2024.

Funding Summary

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 \$20.465 million in City funds to be identified over the 2022-23 and 2023-24 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.

City Legislative History

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.

This Office worked with Metro and developed a first proposed MOU that committed the City to perform the Rail to Rail Project work in the City public right of way. A report was issued on December 3, 2021 reflecting this Agreement. This was approved by the Council Public Works Committee on December 8, 2021. The Council Transportation Committee then waived consideration of the matter. The full Council approved the execution of the first proposed MOU on January 12, 2022, upon returning from the holiday recess.

FISCAL IMPACT STATEMENT

Approval of this report will authorize the City to enter into a MOU with Metro and commits the City to fund up to \$27.295 million in necessary improvements in the City public right-of-way for the Rail to Rail Corridor Project. There may be an impact to the General Fund in future fiscal years from approval of these recommendations, although, special funds may be used to satisfy this obligation. The City has \$6.83 million in funds already appropriated for this Project. An additional \$20.335

million to \$20.465 million in City funds needs to be identified in fiscal years 2023-24 and 2024-25. Approval of the 67th Street and West Blvd Project is estimated to obligate the City to another \$4.3 million in costs. This Project is expected to be constructed by City staff.

FINANCIAL POLICIES STATEMENT

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

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