



RESOLUTION NO. 024 023

BOARD LETTER APPROVAL

Jonathan K Leung for
Jonathan K Leung for (Jul 20, 2023 11:33 PDT)

ANSELMO G. COLLINS
Senior Assistant General Manager -
Water System

Aram Benyamin
Aram Benyamin (Jul 21, 2023 12:13 PDT)

ARAM BENYAMIN
Chief Operating Officer

MARTIN L. ADAMS
General Manager and Chief Engineer

DATE: July 17, 2023

SUBJECT: Renewal of Industry Track Agreement with Union Pacific Railroad Company – LADWP File No. P-53255

SUMMARY

The Los Angeles Aqueduct Filtration Plant (LAAFP) located in Sylmar, California relies on essential chemical delivery service provided by the Union Pacific Railroad Company (Railroad) in order to facilitate treatment operations and supply water to the City of Los Angeles.

The proposed Industry Track Agreement (Agreement) will continue to grant LADWP the right of ingress and egress over Railroad property to reach its track. The term of the Agreement is for a period of one year with automatic month-to-month renewals, unless terminated by either party. Since the Agreement does not have an expiration date, the term is considered indefinite.

There is no rental or maintenance obligation for LADWP. However, Railroad reserves the right to charge an annual overhaul fee of \$5,000 if the usage of track is less than 25 cars per year.

City Council approval is required pursuant to Los Angeles City Charter Section 373 and Los Angeles Administrative Code Section 10.5.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners adopt the attached Resolution recommending City Council's approval of the execution of the Agreement with Railroad in accordance with Los Angeles City Charter Section 373 and Los Angeles Administrative Code Section 10.5.

ALTERNATIVES CONSIDERED

The following alternatives were considered:

- Purchase the property and track: Railroad does not sell its property; therefore, this is not a viable option.
- Do Not Renew the Agreement: If another mode of transportation is used besides railroad delivery, LADWP will not be able to obtain the volume and frequency of the required goods needed on a daily basis for the operation of LAAFP.

FINANCIAL INFORMATION

There is no rental fee associated with this Agreement. Railroad will derive a road haul revenue from the usage of the track which is tied to the number of cars used to ship or receive the required products. If the total number of cars falls below 25 per year, Railroad will assess an annual fee of \$5,000, considering it as a non-use access fee. Currently, LADWP ships and receives one railcar every two months. The fee, if assessed to LADWP, will be paid by the Water Revenue Fund.

BACKGROUND

LAAFP receives liquid chlorine in volume amounts only transportable via railcar. Chlorine is the primary disinfectant utilized to treat the water flowing through the filtration plant before entering Los Angeles's water distribution system. Failure to successfully treat the water would result in health risk to residents and violations/citations from the State Regional Water Quality Control Board.

LADWP entered into an agreement with Railroad in 1969 (Prior Agreement) for a railroad track located at LAAFP in Sylmar, California. The spur track is the sole rail service route capable of delivering the required volume and frequency of chemicals to LAAFP.

Under the Prior Agreement, Railroad and LADWP agreed to the construction of the railroad spur track on LADWP property. Railroad retained ownership along with ingress and egress rights over a portion of the spur track for their use, as delineated in Exhibit A of the Agreement. The Prior Agreement was for an indefinite period of time, and was terminated in error. Therefore, a new agreement is needed to continue Railroad delivery operations to LAAFP.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's Report was approved on June 30, 2023.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to CEQA Guidelines Section 15060(c)(2). In accordance with this section, an activity is not subject to CEQA if it will not result in a direct or reasonably foreseeable indirect physical change in the environment. Section 15378(b)(5) states that organizational or administrative activities that will not result in direct or indirect physical changes in the environment do not meet that definition. Renewing a road spur track agreement will not result in any physical change in the environment, therefore, this activity is not subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney (CAO) has reviewed and approved the Resolution and Agreement as to form and legality.

ATTACHMENTS

- Resolution
- Agreement
- CAO Report