

0150-12287-0000

**T R A N S M I T T A L**

TO Martin L. Adams, General Manager Los Angeles Department of Water and Power	DATE 06/30/2023	COUNCIL FILE
FROM The Mayor	COUNCIL DISTRICT	

**PROPOSED RESOLUTION AND AGREEMENT WITH UNION PACIFIC RAILROAD  
COMPANY TO ALLOW USE OF A SPUR TRACK TO DELIVER CHEMICALS TO  
THE LOS ANGELES AQUEDUCT FILTRATION PLANT**

Transmitted for further processing and Council consideration.  
See the City Administrative Officer report attached.



MAYOR

(Chris Thompson for)

MWS:PJH/JVW:cmm:10230188t

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: June 13, 2023

CAO File No. 0150-12287-0000

Council File No.

Council District:

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Communication from the Department of Water and Power dated February 10, 2023; referred by the Mayor for report on February 10, 2023

Subject: **LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) PROPOSED RESOLUTION AND AGREEMENT WITH UNION PACIFIC RAILROAD COMPANY (UNION PACIFIC) TO ALLOW LADWP USE OF UNION PACIFIC'S SPUR TRACK TO DELIVER CHEMICALS TO THE LOS ANGELES AQUEDUCT FILTRATION PLANT**

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### RECOMMENDATION

That the Mayor:

1. Approve the Los Angeles Department of Water and Power (LADWP) proposed resolution authorizing approval of a proposed Industry Track Agreement with Union Pacific Railroad Company (Union Pacific) to use a portion of Union Pacific's spur track to deliver chemicals to the Los Angeles Aqueduct Filtration Plant for an initial period of one year with automatic month-to-month renewals, thereafter indefinite;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the Los Angeles Board of Water and Power Commissioners that the item is exempt from CEQA pursuant to Section 15060(c)(2) because the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment and Section 15378(b)(5) because the activity does not meet the definition of a project;
3. Authorize and direct, upon proper certification, the Chief Accounting Employee to draw demands on the Water Revenue Fund, over the term of the agreement incurred by such agreement; and
4. Return the proposed Resolution to LADWP for further processing, including Council consideration.

### SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests approval to execute an

Industry Track Amendment with Union Pacific Railroad Company (Union Pacific) for a period of one year with automatic month-to-month renewals. There is no rental fee associated with the proposed agreement, however, an annual fee of \$5,000 will be assessed by Union Pacific if LADWP uses less than 25 cars per year. The agreement provides ingress and egress to LADWP over Union Pacific property to deliver the necessary products to its Los Angeles Aqueduct Filtration Plant (LAAFP).

The proposed agreement has been reviewed and approved as to form by the City Attorney. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds five years. Our office has reviewed the request and recommends approval.

## **BACKGROUND**

LADWP's LAAFP is located in Sylmar, CA and relies on essential chemicals, primarily chlorine, to disinfect and treat water flowing through the filtration plant before it enters the City's water distribution system. The liquid chlorine is received in large volumes and can only be transported via railcar. Failure to receive the chemicals and treat the water would result in health risks to residents of the City and would also result in violations/citations from the State Regional Water Quality Control Board.

Original Agreement – In 1969, LADWP entered into an agreement with Union Pacific for a railroad track located at LAAFP. This original agreement facilitated the construction of the spur track at LAAFP. Union Pacific retained ownership along with ingress and egress rights over a portion of the spur track for their use. This agreement was for an indefinite period of time but was terminated in error, therefore, a new agreement is needed to continue Union Pacific delivery operations at LAAFP. The current spur track is the only rail service route capable of delivering the required volume and frequency of chemicals to LAAFP. It is Union Pacific standard practice that only short term agreements that become month to month are granted. This allows for flexible use of railroad assets.

Proposed Agreement – The proposed agreement will continue to grant LADWP the right of ingress and egress over Union Pacific property to reach its track. Just like the original agreement, the term of the proposed agreement is for one year with automatic month to month renewals, unless terminated by either party. Therefore, the term is considered indefinite. There is no rental fee associated with the proposed agreement. However, if the total number of railcars used to ship or receive the required products falls below 25 per year, a non-use fee of \$5,000 will be assessed by Union Pacific. Currently, LADWP ships and receives one railcar every two months.

*Alternatives Considered* – LADWP considered purchasing the property and track. However, Union Pacific does not sell its property so this is not a viable option. Another option LADWP considered was to not execute a new agreement and use another form of transportation other than by railcar to receive the necessary chemicals. This non-rail option is not viable because no other form of transportation would be able to support the volume and frequency of the required chemicals needed for the operation of LAAFP.

Procuring a new contract was also considered but ultimately is not a viable option. Bringing on new consultants and the transfer of knowledge required will result in delays and additional costs.

## **CITY COMPLIANCE**

The City Attorney has reviewed and approved the proposed agreement as to form. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds five years.

*California Environmental Quality Act (CEQA)* – The Los Angeles Board of Water and Power Commissioners determined that the item is exempt from CEQA pursuant to 15060(c)(2) because the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment and Section 15378(b)(5) because the activity does not meet the definition of a project.

## **FISCAL IMPACT STATEMENT**

There is no impact on the City General Fund. There is no rental fee associated with this proposed agreement. Union Pacific will receive revenue from the use of the track. If the total number of railcars used to ship or receive the required products falls below 25 per year, an annual non-use fee of \$5,000 will be assessed by Union Pacific and this fee will be paid by the Water Revenue Fund.

Attachment – LADWP Board Report, Resolution and Agreement

*MWS:PJH/JVW:cmm:10230188*

February 10, 2023

The Honorable Karen Bass  
Mayor, City of Los Angeles  
Room 303, City Hall  
Mail Stop: 370

Attention: Ms. Heleen Ramirez, Legislative Coordinator

Dear Mayor Bass:

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

In accordance with Executive Directive No. 4, enclosed is a copy of a Board letter and supporting documents recommending approval and transmittal to the Los Angeles City Council of a long-term License Agreement between the Los Angeles Department of Water and Power (LADWP) and Union Pacific Railroad Company (Railroad) to continue to grant LADWP the right of ingress and egress over Railroad property to reach its track in Sylmar, California.

It is respectfully requested that your review be completed as soon as possible. Once the required City Administrative Officer report has been received, the matter will be scheduled for action by the Los Angeles Board of Water and Power Commissioners and forwarded to the Los Angeles City Council for final consideration.

Please contact Mr. Matthew A. Hale, Director of Legislative and Intergovernmental Affairs, at (213) 367-0751 upon completion of the review, if the review will take longer than 30 days, or if there are any questions regarding this item.

Sincerely,



Martin L. Adams  
General Manager and Chief Engineer

ST:jc

Enclosures

c/enc: Mr. Doug Tripp, Office of the Mayor  
Dr. Frederick H. Pickel, Office of Public Accountability  
Board of Water and Power Commissioners  
Mr. Matthew A. Hale