

Memorandum

To: Chair and Commissioners

Date: November 25, 2008

From: JOHN F. BARNA, JR.

File: Reference No. 4.4
Action Item

Ref: Trade Corridors Improvement Fund (TCIF) – Status Report

BACKGROUND: The Commission, at its April 10, 2008 meeting, adopted the TCIF program and directed nominating agencies to provide executed Project Baseline Agreements that set forth the proposed project scope, measurable expected performance benefits, delivery schedule, and project budget and funding plan. The Commission also directed that the Project Baseline Agreements be signed by the Director of the Department of Transportation, the regional agency and nominating agency executive directors, and the CTC Executive Director.

As of December 1, 2008, the Commission has approved 66 Project Baseline Agreements for the 79 TCIF projects. Another 4 Project Baseline Agreements are recommended for approval at the December 10, 2008 Commission Meeting. The status of the remaining projects and the related Project Baseline Agreements is as follows:

- A project nominated by the Department of Transportation, the Track and Tunnel Improvements at Donner Summit, was withdrawn by the Department and formally deleted from the TCIF Program in October. The Northern California Trade Corridors Coalition proposes to replace the Donner Project with the Arch Sperry Road Project in San Joaquin County, currently on the Coalition's Tier 2 list of projects (see attached letter from the Metropolitan Transportation Commission dated November 20, 2008). The project sponsor, the City of Stockton, and the San Joaquin Council of Governments plan to submit the documentation required for a Project Baseline Agreement to the Commission in the first quarter of 2009.
- A project nominated by the Port of Los Angeles, the Ports Rail System – Tier 1 (Pier 400 Second Lead Track), was withdrawn by the Port and formally deleted from the TCIF Program in October. As the TCIF funds from this project were programmed to another Port of Los Angeles TCIF project by the Commission at its October Meeting, the Southern California Consensus Group does not intend to submit a replacement project for the Ports Rail System – Tier 1 (Pier 400 Second Lead Track).
- Another project, the ACE Valley Grade Separation nominated by the San Bernardino Associated Governments (SANBAG), was withdrawn from the TCIF Program by the project sponsor. SANBAG proposed to replace this project with

the South Archibald Avenue Railroad Grade Separation Project and the Commission approved this program amendment at its October Meeting. The Project Baseline Agreement for the South Archibald Avenue Railroad Grade Separation Project was submitted by SANBAG and staff is recommending approval of this Project Baseline Agreement under Agenda Item 19.

- The Project Baseline Agreements for three other grade separation projects in San Bernardino County (North Milliken, South Milliken, and Vineyard) were submitted by SANBAG. Staff is recommending approval these Project Baseline Agreements under Agenda Item 19.
- The Department of Transportation and the Alameda Corridor Transportation Authority are currently finalizing the Project Baseline Agreement for the SR 47 Expressway-Schuyler Heim Bridge Replacement Project. Staff expects that this Project Baseline Agreement will be ready for Commission action at the January 2009 Commission Meeting.
- The Port of Oakland is currently revising the three projects that they nominated, the 7th Street Grade Separation Project, the Martinez Subdivision Rail Improvements Project, and the Outer Harbor Intermodal Terminals (OHIT) Project, based on negotiations with the UP and BNSF Railroads and input from community stakeholders. The Port expects to submit amendment requests to the Commission in January 2009 and Project Baseline Agreements in March 2009 (see attached letter from the Metropolitan Transportation Commission dated November 25, 2008).
- The City of Shafter has entered into an agreement with a consultant to develop a Business Plan for the Intermodal Rail Facility. Following completion of the Business Plan, the City anticipates entering into an MOU with BNSF (see attached letter from the Metropolitan Transportation Commission dated November 25, 2008).
- The County of Stanislaus has received a draft Business/Operating Plan for the San Joaquin Short Haul Rail/Inland Port Project from the developer, West Park, LLC and is currently reviewing the document. The County also anticipates starting formal discussions with UP by the end of December 2008 (see attached letter from Stanislaus County dated November 13, 2008).
- The Department of Transportation continues to discuss the status of the Colton Crossing with the affected railroads and regional stakeholders.



CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

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Chief Operations Officer/
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November 13, 2008

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Dear California Transportation Commissioners:

Pursuant to the recent California Transportation Commission request for information on the status of the Trade Corridor Infrastructure Funding (TCIF) projects in Northern California, I am submitting the following status report for the San Joaquin Short Haul Rail / Inland Port Project sponsored by the County of Stanislaus.

Business and Operational Plan

We are in recent receipt of a detailed San Joaquin Short Haul Rail / West Park Inland Port Business/Operating Plan draft for review of our Public Partnership Committee from our Master Developer West Park, LLC. This report, completed by TranSystems, gives a very detailed and comprehensive projection of both imports and exports out of our new Inland Port at West Park over the period 2012 to 2030, uses those projections to describe the detailed rail and port operations needed to service the projected intermodal containers between the Port of Oakland and West Park, and then translates those operations into detailed rail and port facilities for the project. We are meeting on December 3rd to consider this draft, any necessary refinement, and to finalize.

We have already contacted CTC staff to arrange a meeting after December 3rd to present the final plan as requested by the CTC staff last summer. A major objective of this plan was to prepare the West Park / County team to proceed with early, direct and focused negotiations with the Port of Oakland and the Union Pacific Railroad on our exact operational and facility needs for start up of our project by the end of 2012.

Our engineering design consultant, HDR Engineering, is in the process of taking the TranSystems work and doing detailed engineering due diligence on the facilities that the full West Park management and consulting team has recommended in the Business and Operating Plan. As presented in the bond application, it is still expected that West Park will proceed with all "at risk" engineering design prior to the completion of the environmental process as described below so as to deliver this project on the schedule described in the bond application.

California Environmental Quality Act Compliance

The County of Stanislaus continues to make significant progress on our San Joaquin Short Haul Rail / Inland Port goods movement and congestion relief project. Over the past eight weeks, the County and development partners have:

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- Initiated the CEQA process;
- Completed the Notice of Preparation (NOP) process (August/September);
- Compiled all NOP data and study comments;
- Continue to move forward with CEQA/EIR analysis with an anticipated Draft Environmental Impact Report (DEIR) publication in Spring 2009.

Funding Agreements

One of the primary components to the CTC Baseline Agreement process includes a Board of Supervisors (as project proponent) resolution identifying funding match support and commitment to the programmed TCIF funding. To that end, Stanislaus County has:

- Formalized a Payment Agreement by and between County and Developer;
- Clarified all terms and conditions;
- Completed Resolution language (per Baseline Agreement protocol) which has been confirmed with CTC staff as to form, content and context;
- We anticipate formal review and action by our County Board of Supervisors in December 2008.

Union Pacific Railroad Negotiations

While County negotiations with UPRR have not yet formally started, our consultant and development teams have opened several channels of discussion. We anticipate starting formal Port of Oakland and UPRR discussions by end of the calendar year with significant progress to report at the first quarter 2009.

Finally, as previously discussed, we have contacted CTC staff to meet with CTC in mid-December to present the Business/Operating Plan, present our funding resolution and discuss the negotiations with the Port of Oakland and UPRR. You or your representative may wish to attend that meeting in Sacramento.

As always, please feel free to contact myself or Keith Boggs of County staff whenever you have any questions on our TCIF project. We very much appreciate your role in coordinating and supporting the entire Northern California TCIF program.

Sincerely,



Richard W. Robinson
Chief Executive Officer

cc: County Board of Supervisors
Keith D. Boggs, Deputy Executive Officer, Economic Development



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Bill Dodd, Chair
Napa County and Cities

November 20, 2008

Scott Haggerty, Vice Chair
Alameda County

Mr. John Barna
Executive Director
California Transportation Commission
1120 N Street, MS-52
Sacramento, CA 95814

Tom Amniano
City and County of San Francisco

Tom Azumbrado
U.S. Department of Housing
and Urban Development

Tom Bates
Cities of Alameda County

Bob Blanchard
Sonoma County and Cities

Dear Mr. Barna,

Dean J. Chu
Cities of Santa Clara County

This letter is submitted on behalf of the Northern California Trade Corridor Coalition (Coalition) to update the Commission on our Trade Corridors Improvement Fund (TCIF) program.

Dave Cortese
Association of Bay Area Governments

Dorene M. Giacomini
U.S. Department of Transportation

Federal D. Glover
Contra Costa County

Anne W. Halsted
San Francisco Bay Conservation
and Development Commission

Steve Kinsey
Marin County and Cities

Sue Lempert
Cities of San Mateo County

Jon Rubin
San Francisco Mayor's Appointee

The Coalition proposes moving the Arch Sperry Road project in San Joaquin County from the submitted Tier 2 list of projects to the adopted TCIF program.

Bijan Sartipi
State Business, Transportation
and Housing Agency

James P. Spering
Solano County and Cities

Adrienne J. Tissier
San Mateo County

Amy Worth
Cities of Contra Costa County

Ken Yeager
Santa Clara County

Arch Sperry Road (City of Stockton):

The Project will extend Sperry Road approximately 5,300 feet westerly to connect to Interstate 5. The initial project will construct a four-lane roadway and will include bridge crossings of two roadways, a slough, and three railroad grade separations. The completed Project will provide a direct connection to Highway 99 and Interstate 5 for major goods movement industries in Stockton, including the Stockton Metropolitan Airport which includes international cargo service, a BNSF intermodal facility, and a 6,000-acre industrial zone, and the Port of Stockton. Environmental review was completed in 2006, and the project will be ready to advertise for construction by July 2011. The total project cost is \$59.25 million, with the match coming from local funds.

Steve Heminger
Executive Director

Ann Flemer
Deputy Executive Director, Operations

Andrew B. Fremier
Deputy Executive Director,
Bay Area Toll Authority

Therese W. McMillan
Deputy Executive Director, Policy

The project sponsor, the City of Stockton, and the San Joaquin Council of Governments will work with the CTC to submit all necessary documentation to advance to a project baseline agreement in the first quarter of 2009.

The Coalition is writing to express concurrence with the above proposed change to the Coalition's program of projects for the TCIF program. The request for TCIF funds for the Arch Sperry Road project would total approximately \$30 million – less than the \$43 million made available by the withdrawal of the Donner project. Given the over programming included in the adopted TCIF program, and the serious and continuing fiscal challenges facing the State, we believe it is most prudent and fiscally responsible to not overpromise funding to projects by rushing to reprogram to every last dollar. Instead, we would like to consider reprogramming the remaining \$13 million in a strategic and responsible manner. We anticipate coming back to you in January with additional updates.

Finally, many thanks from our Coalition for the tremendous support and guidance provided by Maura Twomey and Andre Boutros of your staff as we work to advance the TCIF program.

Should you have any questions or comments, please contact Carolyn Clevenger of my staff at (510) 817-5736 or cclevenger@mtc.ca.gov.

Sincerely,



Therese W. McMillan

Cc: Northern California Coalition agencies
Maura Twomey, CTC



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November 25, 2008

Mr. John Barna
Executive Director
California Transportation Commission
1120 N Street, MS-52
Sacramento, CA 95814


Dear Mr. Barna,

There are currently five projects in the Northern California program without executed project baseline agreements. The Coalition is working with project sponsors to resolve outstanding issues and evaluate the feasibility of each project to deliver a baseline agreement to the CTC for execution. Project sponsors submitted separate letters updating the Commission on their project status and outlining key milestones and a schedule to reach project baseline agreement execution. Each individual project sponsor is responsible for the execution of their baseline agreements. Below is a high-level summary of key issues the Coalition is tracking. We hope to have all issues resolved and baseline agreements executed in the first quarter of 2009.

Martinez Subdivision Improvements (Port of Oakland, MTC, BNSF, Richmond):

The original Martinez Subdivision Improvements project included building additional mainline capacity, crossovers and signaling improvements. However, due to a combination of factors including a track usage ruling by the Surface Transportation Board, feedback from the local community, and the downturn in the economy, MTC and the Port of Oakland are revising the project scope to reflect current conditions and respond to community concerns.

The revisions are outlined in more detail in a separate letter from MTC and will be presented to the Commission as a formal amendment in January. The revised scope is expected to consist of: 1) an at-grade connector for BNSF near San Pablo, and 2) a grade separation at Marina Bay Parkway in Richmond. This revised scope will improve the efficiency of goods movement in the corridor while also reducing negative impacts on the adjacent community. The baseline agreement and supporting documents for the Marina Bay Parkway grade separation project have been submitted to the CTC staff. We anticipate the project baseline agreement for the Marina Bay Grade Separation to be executed shortly.

The project team is working towards a baseline agreement by March 2009 for the at-grade connector. Key milestones for reaching an executed baseline agreement include:

- Amend TCIF project scope – January 2009
- Revise project cost – February 2009
- Finalize funding plan, MOU and benefits analysis – March 2009

Outer Harbor Intermodal Terminals (OHIT, Port of Oakland):

The Port of Oakland is working to update the project description and funding plan for OHIT. Since the Port initially submitted a baseline agreement in July, the Donner Project was withdrawn, and UP has decided not to be a funding partner for the project. To address the funding plan gap, the Port is currently considering a number of options and remains committed to providing the local match for this project. The Port is working to finalize the implementation schedule but will still meet the 2013 construction start date required by the TCIF program. The Port will prepare an updated project baseline agreement and supporting materials, including an updated funding plan, early next year.

Key milestones for reaching an executed baseline agreement include:

- Finalize scope updates – January 2009
- Sign MOU with railroads who will be users of the facility – February 2009
- Submit final baseline agreement – March 2009

7th Street Grade Separation (Port of Oakland):

The Port of Oakland is moving forward with the 7th Street Grade Separation project, following a detailed internal review of the baseline agreement submitted in July to ensure the schedule was still accurate given the changes to the OHIT project outlined above. The Port of Oakland has worked to bring down the total cost of the project through value engineering and design changes. The Port of Oakland will submit an amendment to the project scope and budget shortly and will seek Commission approval for the amendment in January.

Shafter Intermodal Rail Facility (City of Shafter):

The City of Shafter has made significant progress towards meeting the requirements for an executed baseline agreement. The environmental and land entitlement processes are completed, and the City has a signed resolution committing the matching funds to the project. As requested by the CTC, the City is finalizing a business and operations plan, which included the participation of BNSF as well as major shippers, as well as performing public/private benefit analysis. Following the completion of the business and operational plan, the City anticipates entering into an MOU with BNSF.

Key milestones as we move towards an executed baseline agreement include:

- Complete business and operations plan, 1st quarter 2009
- Execute MOU with BNSF, 1st quarter 2009
- Execute baseline agreement, March 2009

San Joaquin Valley Short Haul Rail/Inland Port Project (Stanislaus County):

Although they do not have a signed baseline agreement, the County of Stanislaus has made significant progress in advancing their project. Over the past eight weeks the County and development partners have initiated the CEQA process, with an anticipated Draft Environmental Impact Report (DEIR) publication in May 2009. In addition, the County has finalized local resolutions for both the local match and the private sector contribution for the project, and anticipates the Board of Supervisors will act on the resolution in December.

CTC staff also requested the County include a detailed Business Plan and Operations Planning document including early engineering analysis and fiscal analysis. This is currently in final review and should be made public in early December. While County negotiations with UP have not yet formally started, they anticipate starting formal discussions by end of the calendar year.

Key milestones as we move towards an executed baseline agreement include:

- County resolution committing the funding plan, December 2008
- Complete business and operations plan, December 2008
- Finalize negotiations with UP, March 2009

The Coalition will continue to work with all project sponsors to finalize their baseline agreements. By ensuring the baseline agreements include accurate and up to date information, we hope to avoid excessive amendments as we move forward with project implementation.

Should you have any questions or comments, please contact Carolyn Clevenger of my staff at (510) 817-5736 or cclevenger@mtc.ca.gov.

Sincerely,



Therese W. McMillan

Cc: Northern California Coalition agencies
Maura Twomey, CTC