

Memorandum

To: CHAIR AND COMMISSIONERS

Date: November 30, 2009

From: BIMLA G. RHINEHART

File: Reference No. 2.1c(5)
Action

Ref: Trade Corridors Improvement Fund (TCIF) – Program Amendments
Resolution TCIF-P-0910-05

ISSUE: Should the Commission approve the proposed TCIF Program Amendments as requested by the Northern California Trade Corridors Coalition and detailed below?

RECOMMENDATION: Commission staff recommends that the Commission approve the proposed TCIF Program Amendments.

BACKGROUND: The Northern California Trade Corridors Coalition (NCTCC), in conjunction with the Port of Oakland, proposes to amend the TCIF Program (see attached letter dated November 23, 2009) as follows:

TCIF Project 1: 7th Street Grade Separation Project

The NCTCC and the Port of Oakland propose to revise the scope of TCIF Project 1: 7th Street Grade Separation Project and reduce the amount of TCIF programmed on this project by \$65 million. The Port is also requesting a change in the construction start date from September 2009 to November 2011.

7th Street is the key roadway accessing the Port of Oakland from the east, running below I-880 and an old railroad bridge. The proposed 7th Street Grade Separation will elevate 7th Street above the rail lines that will connect the BNSF and UP terminals to the new, expanded rail yard of the Outer Harbor Intermodal Terminals. The project will also improve traffic operations and expand roadway capacity through the reconstruction of 7th Street along a new alignment between I-880 and Maritime Street.

The initial scope of the project was to replace the existing underpass with a new undercrossing. The Port's amended proposal includes a flyover which elevates 7th Street above the old Southern Pacific bridge. 7th Street would remain elevated as it continues to the west, and then descends back to grade at Maritime Street. The improved design avoids significant costs related to underground utility conflicts, complicated phased construction and risks related to environmental hazards. The revised project continues to provide the same benefits described initially, including improved rail connectivity, safety, bicycle and pedestrian access, traffic congestion mitigation and emissions reductions.

The revised 7th Street project design also provides a significant cost savings due to the reduced construction impacts. The total estimated cost of the original project was \$427 million, with \$175 million programmed from TCIF, representing a match ratio of 59% local to 41% state. The total estimated cost of the revised 7th Street project is \$220.504 million and the requested TCIF share \$110.252 million, representing a match ration of 50% local to 50% state. Although the Port attempted to maintain the original match ratio, current economic conditions and the nature of the project make it extremely difficult to fund a nearly 60% local contribution. The Port's request, however, represents a nearly \$65 million reduction in TCIF funds for the project.

The NCTCC approves the changes requested by the Port of Oakland and requests the Commission's concurrence (see attached letter dated November 23, 2009).

TCIF Project 3: *Outer Harbor Intermodal Terminals*

The NCTCC and the Port of Oakland propose to revise the scope of TCIF Project 2: *Outer Harbor Intermodal Terminals* and increase the amount of TCIF programmed on this project by \$21.889 million. The Port is also requesting a change in the construction start date from March 2011 to November 2011.

The Port and its partners propose a broader project for the intermodal terminal including 4 key components: the rail yard, a surrounding trade and logistics complex, rehabilitation of Maritime Street, and grade separated access to the neighboring Berths 20-24 marine terminal.

The rail yard will operate similarly to the Port's initial application, which includes electric powered cranes and low emission switch engines. Adjacent to the tracks will be a trade and logistics complex, housing a variety of Port businesses such as transload, crossdock, cold storage, distribution and consolidation facilities. These functions will support the rail yard and the Port as a whole by providing a location within the Port for businesses that are otherwise forced to move cargo to off-Port logistics sites. Development will include demolition, site remediation and utility work.

The rail yard will be most effectively utilized if cargo can move from ship to train expeditiously. The rail yard will have a main gate for Port traffic off Maritime Street and will include a new grade separation across Maritime Street to the Berths 20-24 marine terminal. This new connection allows cargo to be moved from ship to train without delay, bypassing the marine terminal exit gate and the rail yard entry gate thereby reducing local truck traffic on Maritime Street. The planned improvements to the Berths 20-24 marine terminal will further improve utilization of the rail yard by ensuring adequate container handling capabilities on the marine side.

Maritime Street, which will be the main access to the rail yard and logistics complex, requires new utility services, public access, and pavement improvements. The OHIT

project now includes a rehabilitation of the public street into an attractive and efficient gateway for the Port and the project.

As a result of this more comprehensive approach, OHIT's total estimated cost has increased from \$220 million to \$274 million, of which the Port is requesting \$131.889 million from the TCIF program, an increase of \$21.889 million from the Port's initial request.

In summary, the revised TCIF Project 1: *7th Street Grade Separation* and TCIF Project 3: *Outer Harbor Intermodal Terminals* represent a \$242.141 million state funding request. This is a reduction of \$42.859 million from the original programming allocation of \$285 million for the two Port of Oakland projects.

The NCTCC approves the changes requested by the Port of Oakland and requests the Commission's concurrence (see attached letter dated November 23, 2009).



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November 23, 2009

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Dear Ms. Rhinehart,

The Northern California Trade Corridors Coalition (Coalition) is in support of the Port of Oakland's (Port) requests to amend the project scopes and budgets for the 7th Street Grade Separation (7th Street) and Outer Harbor Intermodal Terminals (OHIT). We respectfully request your concurrence with these changes and your approval of the project baseline agreements.

The two projects before you today are key elements of the Northern California Trade Corridors program. The projects will improve the efficiency of goods movement at the Port, which serves a critical role supporting goods movement not only in Northern California but throughout the entire state. The projects will also reduce impacts on local communities by reducing truck moves within the Port and surrounding community, utilizing green intermodal terminal technologies, and providing two key grade separations.

Over the past year, the Port has worked with its development partners and facility users to develop project scopes and budgets that provide significant benefits for a reduced overall cost. With the proposed budget changes to 7th Street and OHIT, the total TCIF request for these two projects is reduced by \$42 million. The savings will assist the Coalition in addressing the overprogramming included in the TCIF program. Should the Commission approve these two projects as proposed, the Coalition will have identified \$87 million in reductions, accounting for over half of the roughly \$125 million of overprogramming in the Northern California projects.

Should you have any questions or comments, please contact Carolyn Clevenger of my staff at (510) 817-5736 or clevenger@mtc.ca.gov. As always, many thanks from our Coalition for the tremendous support and guidance provided by your staff as we work to advance the TCIF program.

Sincerely,

Ann Flemer
Deputy Executive Director, Policy

Cc: Maura Twomey, CTC
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