

# Memorandum

**To:** Chair and Commissioners

**Date:** February 24, 2008

**From:** JOHN F. BARNA, JR.

**File:** Reference No. 2.1c(5c)  
Action Item

**Ref:** Trade Corridors Improvement Fund (TCIF) – Program Amendment

**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 Metropolitan Transportation Commission, the Port of Oakland, and the City of Richmond, proposes to amend the TCIF Program (see attached letter dated February 24, 2009) as follows:

## Port of Oakland

### **TCIF Project 1: *7<sup>th</sup> Street Grade Separation Project***

The NCTCC and the Port of Oakland propose to revise the scope of TCIF Project 1: *7<sup>th</sup> Street Grade Separation Project* and reduce the amount of TCIF programmed on this project by \$31.5 million. The Port is also requesting a change in the construction start date from September 2009 to September 2011.

*7<sup>th</sup> Street* is the key roadway accessing the Port of Oakland from the east. The *7<sup>th</sup> Street Grade Separation Project* will construct two new bridges to improve rail access into Oakland's two intermodal terminals, while reducing traffic delay between the Port facilities and I-880. The *7<sup>th</sup> Street* and Maritime Street intersection will be modified into a new configuration which will better accommodate projected traffic flow. The new grade separated crossings will also provide direct access between the Port's rail terminals for greater coordination and functionality of the facilities. The project will also improve safety for pedestrian, bicycle and automobile movements to and from Middle Harbor Shoreline Park, a major public access point along the shore of San Francisco Bay.

Subsequent to the adoption of the TCIF Program in April 2008, the Port of Oakland evaluated opportunities to value engineer the *7<sup>th</sup> Street Grade Separation Project*.

Through the proposed engineering and design changes, the Port of Oakland has reduced the total project cost by \$77 million, from \$427 million to \$350 million. The project will still provide the benefits to the goods movement system originally envisioned, reducing congestion and delays at a major chokepoint entering and leaving the Port of Oakland. The cost savings will be split proportionally so that the original TCIF/local match ratio remains the same. The reduced cost of the 7<sup>th</sup> Street Grade Separation Project will reduce the TCIF from \$175 million to \$143.5 million, saving the program \$31.5 million.

The NCTCC approves the changes requested by the Port of Oakland and requests the Commission's concurrence (see attached letter dated February 24, 2009).

### **Metropolitan Transportation Commission & City of Richmond**

#### ***TCIF Project 2: Martinez Subdivision Rail Improvements Project***

The NCTCC, the Metropolitan Transportation Commission, and the City of Richmond propose to revise the scope of TCIF Project 2: *Martinez Subdivision Rail Improvements Project* and reduce the amount of TCIF programmed on this project by \$56.5 million. In addition, the NCTCC and the City of Richmond propose to add the *Marina Bay Parkway Grade Separation Project* to the TCIF Program, using \$18.975 million of the \$56.5 million TCIF deprogrammed from the *Martinez Subdivision Rail Improvements Project* to program this project.

The *Martinez Subdivision Rail Improvements Project* was originally developed working with both BNSF and UPRR. The Martinez Subdivision is owned by UPRR but also used by BNSF, Capital Corridors, and Amtrak. The project originally included new mainline tracks and operating improvements on the Martinez Subdivision, running north of the Port of Oakland along the Central Corridor. In May 2008, the Surface Transportation Board determined that BNSF does not currently have federal authority to operate certain of its intermodal trains on the Martinez Subdivision north of Stege (south Richmond). This ruling changed the routing of BNSF trains in the corridor and resulted in a sudden increase of trains through residential and commercial areas surrounding downtown Richmond, resulting in significant negative impacts on local residents. These changes caused the reevaluation of the *Martinez Subdivision Rail Improvements Project*.

The project scope of the revised *Martinez Subdivision Rail Improvements Project* and the proposed *Marina Bay Parkway Grade Separation Project* will consist of an at-grade connector between UPRR's Martinez Subdivision and BNSF's Stockton Subdivision near San Pablo and a grade separation at Marina Bay Parkway in Richmond. The revised *Martinez Subdivision Rail Improvements Project* is an at-grade rail connection between the BNSF' Stockton Subdivision and UPRR's Martinez Subdivision near San Pablo, just north of Richmond. The project is needed to accommodate and better serve both current and future freight traffic on the corridor while reducing the impacts on the local community. The proposed at-grade rail connection would eliminate the need for a number of long BNSF trains to continue to travel through downtown Richmond

(traversing nine at-grade crossings) to and from the Port of Oakland and serving industrial businesses in the area. A revised rail configuration in the area would address impacts to the City of Richmond, including elimination of long traffic delays at the grade crossings thereby reducing vehicle emission from idling at grade crossings and noise impacts.

The scope of the *Marina Bay Parkway Grade Separation Project* is to construct a roadway under crossing in place of an existing grade crossing at Marina Bay Parkway between Regetta Boulevard and Meeker Avenue in Richmond. This grade separation project is intended to resolve major traffic as well as health and safety issues in the City of Richmond. In the South Richmond Shoreline area, low maximum train speeds result in traffic blockages for 20-30 minutes at a time with no alternate access. A reconfigured crossing at Marina Bay Parkway will reduce traffic congestion and allow emergency vehicles to access the Marina Bay area unimpeded. In addition, the project would improve air quality by reducing the emissions of idling vehicles. This project was conditionally programmed by the Commission in the Highway Railroad Crossing Safety Account (HRCSA) and if TCIF funding is approved, the City of Richmond will withdraw its request for HRCSA funding.

The NCTCC approves the proposed changes to the *Martinez Subdivision Rail Improvements Project* as well as the addition of the *Marina Bay Grade Separation Project* and requests the Commission's concurrence (see attached letter dated February 24, 2009).



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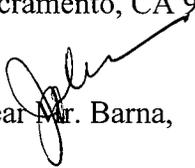
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February 24, 2009

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

  
Dear Mr. Barna,

Nearly a year ago, the Commission adopted the Trade Corridors Improvement Fund (TCIF) program. This letter seeks to update you on the TCIF program developed by the Northern California Trade Corridors Coalition (Coalition), and also outline how we anticipate proceeding over the next six months. More detailed information on projects discussed below can be found in project-specific letters submitted by the project sponsors.

### Background

In January 2008, the Coalition worked together to develop a strategic vision, coupled with a specific program of projects, to address the growing needs of goods movement in Northern California. The program of projects centered around two primary trade corridors - the Central Corridor and the Altamont Corridor. The Central Corridor runs from the Port of Oakland roughly along I-80 to Sacramento and across the Sierra Nevada Mountains on to Chicago, while the Altamont Corridor runs from the Bay Area along I-880/238/580 to the Central Valley, connecting with I-5 and SR 99 at the northern end of San Joaquin Valley and traveling down the Central Valley. Taken together, these two corridors connect the Sacramento, Bay Area, and Central Valley regions with one another and with major national and international trade routes.

In April 2008, the Commission adopted the TCIF program, which included 14 projects in Northern California, totaling \$825 million in TCIF funding. While most projects have proceeded on schedule and are on track for delivery, some projects still have key milestones to meet or are being amended to reflect changed circumstances. Although some aspects of the Northern California program have changed, we believe the revised program of projects delivers significant benefit to both Northern California and the entire state, and can help lay the foundation for future economic growth.

## Updates to the Program

- Donner: In September 2008, Caltrans and the Union Pacific Railroad (UPRR) withdrew the “Track and Tunnel Improvements at Donner Summit” project (Donner Project) from the program. The Donner Project was a key component of the Central Corridor, unlocking a major bottleneck on the transcontinental rail corridor. While we are disappointed that the project was not able to successfully move through the TCIF program, UPRR has committed to proceeding with improvements over Donner Pass on their own. While the scope of the improvements might be slightly less than those originally contemplated, the state will still benefit greatly from these infrastructure improvements which will be completely financed by the private sector.
- Sperry Road Extension: As outlined in the Commission’s TCIF adopting resolution, the Coalition worked together to develop a proposal to reprogram the \$43 million that was programmed for the Donner Project within the Northern California region. Working from the submitted Tier 2 list of projects, the Coalition identified the Sperry Road Extension Project in San Joaquin County as a high priority project that can greatly improve the goods movement system and meets the match and deliverability requirements of the TCIF program.

Located in Stockton’s southern industrial core, the extension is a gap closure that will provide a direct connection to a large industrial area and Interstate 5. This project will stimulate economic activity in the region by providing critical connections to the Stockton Metropolitan Airport, BNSF Railway (BNSF) and UPRR intermodal facilities, and the many industrial land uses in the area. The total project cost is \$63 million and the City of Stockton is requesting \$30 million in TCIF funding. We respectfully request your approval to move this vital goods movement project from the submitted Tier 2 list of projects to the adopted TCIF program.

- Sacramento Rail Relocation: The City of Sacramento has an executed Project Baseline Agreement for the Sacramento Intermodal Track Relocation project. However, a structural analysis of an existing tunnel was recently completed and it was found to be structurally inadequate to meet load requirements of the active mainline railroad tracks that would cross above the tunnel. The cost estimate for a new West Tunnel is \$10.53 million. The City of Sacramento is requesting to amend their TCIF application to request an additional \$5.26 million for the scope change. This would bring the project’s total costs to \$62.1 million, with \$25.26 million from the TCIF program. The Coalition is supportive of this project, which provides goods movement benefits for freight, improved passenger train operations, and overall safety benefits.
- Martinez Subdivision Improvements: The Martinez Subdivision Rail Improvements Project was originally developed by the Port of Oakland working with both BNSF and UPRR. The Martinez Subdivision is owned by UPRR but also used by BNSF, Capitol Corridors, and Amtrak. The project originally included new mainline tracks and operating improvements on the Martinez Subdivision, running north of the Port of Oakland along the Central Corridor. In May 2008, the Surface Transportation Board (STB) determined that BNSF does not currently have federal authority to operate certain of its intermodal trains on the Martinez Subdivision north of Stege (south Richmond). This ruling changed the routing of BNSF trains in the corridor and resulted in a sudden increase of trains through residential and commercial areas

surrounding downtown Richmond, resulting in significant negative impacts on local residents.

In addition, over the course of developing the TCIF program, major concerns were raised regarding the impact increased freight traffic along the Martinez Subdivision would have on local communities. The project, as originally scoped, did not identify specific grade separations or mitigations, although it did acknowledge that further evaluation of community impacts and potential mitigations was needed and would be completed as the project advanced. This concern, along with the STB ruling and decreased cargo traffic on the line due to the economic recession, caused all parties to re-evaluate the Martinez Project.

The Coalition requests the project scope be revised to reflect a revised program consisting of: 1) an at-grade connector between UPRR's Martinez Subdivision and BNSF's Stockton Subdivision near San Pablo, and 2) a grade separation at Marina Bay Parkway in Richmond. Each component project would sign a separate project baseline agreement to ease project administration and monitoring.

1. At-grade connector: BNSF, the Port of Oakland, MTC and Caltrans are working together to develop the at-grade connector, in coordination with UPRR. BNSF is refining the planning and engineering analysis to finalize cost estimates and evaluate the benefit to cost ratio and the public/private benefits. The project is estimated to cost \$35 million. The schedule and key milestones for the project are outlined below. We anticipate submitting the final baseline agreement for execution in June.

<b>Milestone</b>	<b>Schedule</b>
Finalize project cost estimate	May 2009
Complete funding plan and MOU	June 2009
Submit baseline agreement to CTC	June 2009

2. Marina Bay Parkway Grade Separation: This project was conditionally approved as part of the Highway Railroad Crossing Safety Account (HRCSA) program at the CTC's August meeting contingent upon a final funding plan being submitted within 90 days. Working with the City of Richmond, we believe the grade separation project is an ideal candidate for the TCIF program, providing a good complement to investments in the rail infrastructure that will reduce impacts on neighboring communities.

In the South Richmond Shoreline area, low maximum train speeds result in traffic blockages for 20-30 minutes at several closely-spaced grade crossings. A reconfigured crossing at Marina Bay Parkway would reduce traffic congestion and allow emergency vehicles to access the South Richmond Shoreline, which is an area experiencing high levels of growth. The Project Baseline Agreement for this project is complete and has been submitted, in addition to a revised program application form, by the City of Richmond for your consideration. The Coalition supports programming \$18.975 million in TCIF funding for this high priority project that will reduce the local impacts of goods movement. If TCIF funding is secured, the project will not request HRCSA funds.

- 7<sup>th</sup> Street Grade Separation: When the Commission adopted the TCIF program last April, Commissioners requested that the Port of Oakland continue to evaluate opportunities to value engineer the 7<sup>th</sup> Street Grade Separation project. The Port has worked to bring the project cost down from \$427 million to \$350 million through engineering and design changes. The project will still provide the substantial benefits to the goods movement system originally envisioned, reducing congestion and delays at a major chokepoint entering and leaving the Port of Oakland. The cost savings will be passed on so that the original TCIF/local match proportion remains the same. The reduced cost of the 7<sup>th</sup> Street Grade Separation will reduce the TCIF request from \$175 million to \$143.5 million, saving the program \$31.5 million. The Coalition requests the Commission approve the Project Baseline Agreement for the project.

### Summary

While these requests reflect a number of changes to the TCIF program, we believe the revised program will improve goods movement throughout Northern California, while also reducing negative impacts on local communities. Table 1 below summarizes the proposed changes, which result in a net decrease of \$76.76 million in TCIF funding. Given the overprogramming built in to the TCIF program, the Coalition believes it is important to continue monitoring our overall program and not over commit funds should they come available due to program changes. This revised program amends projects where necessary, and still results in a program that improves the efficiency of goods movement throughout the state while reducing the impacts on local communities.

We believe this revised program represents a responsible approach to revisiting the TCIF program. The revised program will help lay the foundation for future improvements to the goods movement system by making strategic investments to close gaps, remove bottlenecks and reduce congestion on the rail and roadway system. The program also includes two high priority grade separations that will reduce local congestion and provide great benefit to surrounding communities, as well as a rail to rail connector that will result in a more efficient route that has significantly less impact on neighboring distressed communities. This balanced program can meet the TCIF delivery requirements and creates a more efficient and resilient transportation system that can support the state and regional economies.

**Table 1. Summary of Proposed Changes**

<b>Project</b>	<b>Original Total Project Cost</b>	<b>Revised Total Project Cost</b>	<b>Original TCIF Funding</b>	<b>Proposed TCIF Funding</b>	<b>Difference</b>
Donner Project	\$86.8m	N/A	\$43m	\$0	-\$43m
Sacramento Rail Relocation	\$51.6m	\$62.1m	\$20m	\$25.26m	\$5.26m
Sperry Road Extension	--	\$63m	--	\$30m	\$30m
7 <sup>th</sup> Street Grade Separation	\$427m	\$350m	\$175m	\$143.5m	-\$31.5m
Martinez Rail Improvements	\$215m	\$35m	\$74m	\$17.5m	-\$56.5m
Marina Bay Grade Separation	--	\$37.95m	--	\$18.98m	\$18.98m
<b>Total</b>	<b>\$780.4m</b>	<b>\$548.05m</b>	<b>\$312m</b>	<b>\$235.24m</b>	<b>-\$76.76m</b>

## **Other Outstanding Projects**

There are currently three projects that still have outstanding issues to resolve prior to signing a Project Baseline Agreement. These projects are three of the most complicated projects in the TCIF program, involving the railroads and private developers. While we are disappointed the projects have not finalized their agreements, we do want to be diligent in the development of those agreements to ensure they include accurate and timely information in order to avoid further changes to the program as project sponsors move forward with project implementation.

- Outer Harbor Intermodal Terminals (OHIT): The Port of Oakland has submitted a draft Project Baseline Agreement to the CTC for the OHIT project. There is currently an active Request for Qualifications (RFQ) out for a development partner and master lessee for the property. While we anticipate the project will move forward, we believe it is prudent to delay execution of the Project Baseline Agreement until the development partner is selected and the project scope, schedule and funding finalized. The RFQ was closed on February 27, 2009, and we anticipate the review to proceed expeditiously.

There are two short haul rail projects in the Central Valley that are still finalizing some of the agreements required to execute a Project Baseline Agreement. Although the agreements with the railroads for service have taken longer than hoped, other aspects of the projects are moving forward and we still anticipate the project sponsors will be able to deliver their projects in timeframe required. These two projects are unique to the TCIF program because they envision an entirely new service. If successful, the projects could have significant impact on the goods movement and transportation system, providing a new transportation alternative to trucking goods between the Bay Area and Central Valley. The projects could also provide critical economic development opportunities and reduce emissions in the Central Valley.

- Shafter Intermodal Rail Facility: The City of Shafter is completing a business plan for the project, and has been in discussion with BNSF regarding possible agreements between the City and BNSF for service of the facility.
- San Joaquin Valley Short Haul Rail/Inland Port Project: The County of Stanislaus and their private sector partner, West Park, have completed a business plan for the project. The County has finalized its local resolution committing the required match for the project. Discussions with UPRR regarding agreements to serve the facility are anticipated to begin in late March.

## **Looking Forward**

As the TCIF program moves forward, we anticipate two critical milestones: 1) the adoption of the 2010 STIP Fund Estimate in July/August 2009, and 2) the April 2010 program reconciliation as a part of the 2010 STIP Adoption. There will inevitably need to be difficult decisions made regarding the viability of the full TCIF program as the availability of federal and other funds envisioned as part of the overprogramming becomes known. The Coalition anticipates that the full program of projects will need to be reevaluated to determine project deliverability, and priorities will likely need to be established within each regional program as the Fund Estimate and April 2010 reconciliation near. We believe that by identifying nearly \$80 million in TCIF funding to cut from our program, we have made a substantial first step to address the overprogramming in a proactive fashion. We will continue to work with project sponsors to

advance their projects, and we will work with Commission staff to continue refining the program as we move forward.

Should you have any questions or comments, please contact me (510.817.5830) or Carolyn Clevenger of my staff (510.817.5736, [cclevenger@mtc.ca.gov](mailto:cclevenger@mtc.ca.gov)).

Sincerely,

A handwritten signature in black ink, appearing to read "Therese W. McMillan", with a long horizontal flourish extending to the right.

Therese W. McMillan

Cc: Northern California Coalition agencies  
Maura Twomey, CTC

TM: CC

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