

# Memorandum

**To:** Chair and Commissioners

**Date:** March 3, 2009

**From:** ANDRE BOUTROS  
Interim Executive Director

**File:** Reference No. 4.2  
Information 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.

In the adopting Resolution, TCIF-P-0708-01, the Commission stated its intention to prepare and adopt a Fund Estimate in the Fall of 2009 that includes all available revenue sources to support the over programming of the TCIF and review the programming and delivery status of all projects in the Spring of 2010. Based on this review, the Commission may adopt amendments to the program to recognize the availability of funds or changes in project delivery, consistent with the corridor programming ranges included in the TCIF Guidelines and the adopted TCIF Program.

As of March 1, 2009, the Commission has approved Project Baseline Agreements for 70 TCIF projects. A summary of the actions requested at this meeting and status of the outstanding TCIF Projects is as follows:

## **Program Amendment and Project Baseline Agreement Actions Requested at this Meeting**

- The Northern California Trade Corridors Coalition (NCTCC) and the City of Stockton propose to amend the TCIF Program by replacing TCIF Project 8: *Track and Tunnel Improvements at Donner Summit* with the *Sperry Road Extension Project* in San Joaquin County, currently on the Coalition's Tier 2 list of projects (see attached letters from the City of Stockton dated February 13, 2009 and the NCTCC dated February 24, 2009). The NCTCC is requesting the Commission to program \$30 million TCIF to the *Sperry Road Extension Project* from the amount deprogrammed from the *Track and Tunnel Improvements at Donner Summit*. The project sponsor, the City of Stockton, has submitted the project application and the Project Baseline Agreement. Staff is recommending approval of the TCIF

Program Amendment and the Project Baseline Agreement under Agenda Items 68 and 71.

- The NCTCC and the City of Sacramento propose to amend the TCIF Program by increasing the scope of TCIF Project 9: *Sacramento Track Relocation Project* and programming an additional \$5.26 million TCIF to support the increased scope (see attached letters from the City of Sacramento dated February 10, 2009 and the NCTCC dated February 24, 2009). The NCTCC is requesting the Commission to program the additional \$5.26 million TCIF to the *Sacramento Track Relocation Project* from the amount deprogrammed from the *Track and Tunnel Improvements at Donner Summit*. Staff is recommending approval of the TCIF Program Amendment under Agenda Item 69. A Project Baseline Agreement Amendment will be presented at a future Commission meeting.
- 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 (see attached letter dated February 24, 2009). The project sponsor for the *Marina Bay Parkway Grade Separation Project*, the City of Richmond, has submitted the project application and the Project Baseline Agreement. Staff is recommending approval of the TCIF Program Amendment and the Project Baseline Agreement for the *Marina Bay Parkway Grade Separation Project* under Agenda Items 70 and 71. A Project Baseline Agreement for the revised *Martinez Subdivision Rail Improvements Project* will be presented at a future Commission meeting.
- The Project Baseline Agreement for TCIF Project 16: *SR 47 Expressway-Schuyler Heim Bridge Replacement* was submitted by the Alameda Corridor Transportation Authority. Staff is recommending approval of this Project Baseline Agreement under Agenda Item 71.

### **Outstanding Projects**

There are currently five of the original 79 projects that still have outstanding issues to resolve prior to executing a Project Baseline Agreement. These projects are five of the most complicated projects in the TCIF Program, involving the railroads and private developers. The status of these outstanding projects is as follows:

- The Port of Oakland has submitted a draft Project Baseline Agreement to the Commission for the Outer Harbor Intermodal Terminals (OHIT) Project. As the Port of Oakland is currently in the process of reviewing Request for Qualifications submittals to select a development partner and master lessee, the NCTCC recommends delaying the execution of the Project Baseline Agreement

until the selection process is complete and the project scope, schedule, and cost are finalized (see attached letter from the NCTCC dated February 24, 2009). Staff concurs with this recommendation.

- The Port of Oakland is completing a value engineering analysis of TCIF Project 1: *7<sup>th</sup> Street Grade Separation Project*. Based on this analysis, the Port of Oakland plans to reduce the total cost of this project by approximately \$77 million, from \$427 million to \$350 million, and the amount of TCIF funding proportionally, from \$175 million to \$143.5 million, saving the program \$31.5 million (see attached letter from the NCTCC dated February 24, 2009). A TCIF Program Amendment and Project Baseline Agreement reflecting these changes will be presented at a future Commission meeting.
- The City of Shafter is currently developing a Business Plan for TCIF Project 7: *Shafter Intermodal Rail Facility*. Following completion of the Business Plan, the City anticipates entering into an MOU with BNSF (see attached letter from the City of Shafter dated February 24, 2009).
- The County of Stanislaus and their private sector partner, West Park, have completed a Business Plan for TCIF Project 13: *San Joaquin Valley Short Haul Rail/Inland Port Project*. The County has finalized its local resolution committing the required match for the project. Discussions with UPRR regarding agreements to serve the intermodal facility are scheduled to begin in March 2009 (see attached letter from the County of Stanislaus dated February 24, 2009).
- SANBAG continues to make progress on completing the project approval and environmental document (PA & ED) phase. Completion should be in advance of the February 2010 schedule included in the baseline agreement. Caltrans, the private and public rail operators, and other affected stakeholders continue to discuss options that will allow the project to progress to design and construction based on the alternative approved through the PA&ED phase.

### **Program Issues**

- The amendments proposed by the NCTCC at this meeting result in a net decrease of \$45.265 million in TCIF funding. The amendment to reduce the TCIF funding on TCIF Project 1: *7<sup>th</sup> Street Grade Separation Project*, which will be presented at a future Commission meeting, results in an additional \$31.5 in TCIF savings, for total projected TCIF savings of \$76.765 million in the corridor. Given the over programming in the TCIF Program (\$184.852 million in the NCTCC), the NCTCC proposes to reserve these savings until the availability of federal and other funding to address the over programming is assessed as part of the 2010 Fund Estimate process and the 2010 Review of the TCIF Program, in accordance with Commission Resolution TCIF-P-0708-01 dated April 10, 2008. Staff believes that this is a prudent approach and concurs with the recommendation.



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*Tom Bates*  
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*Dave Cortese*  
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Executive Director

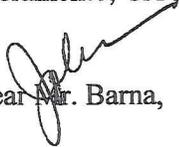
*Ann Flemer*  
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*Andrew B. Fremier*  
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*Therese W. McMillan*  
Deputy Executive Director, Policy

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.

Milestone	Schedule
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**

Project	Original Total Project Cost	Revised Total Project Cost	Original TCIF Funding	Proposed TCIF Funding	Difference
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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# CITY OF STOCKTON

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## OFFICE OF THE CITY MANAGER

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February 13, 2009

John Barna, Executive Director  
California Transportation Commission  
1120 N. Street, Room 2233, MS-52  
Sacramento, CA 95814-5605

### **SPERRY ROAD EXTENSION PROJECT, CITY OF STOCKTON TRADE CORRIDOR IMPROVEMENTS FUND (TCIF) APPLICATION**

On behalf of the City of Stockton, I am pleased to nominate the Sperry Road Extension Project for inclusion in the Proposition 1B Trade Corridor Improvements Fund Program. The Sperry Road Extension Project is located in the City's southern industrial core and is a vital goods movement project for not only the City but also our region.

This project will close a 6,500 foot gap in a major arterial and provide a direct connection to a large industrial area and Interstate 5 (I-5), a major north-south goods movement corridor. This new Sperry Road connection will consist of a new four-lane principle arterial roadway from Performance Drive to the French Camp/I-5 interchange. This critical project will serve as a catalyst for economic development in this region proliferating bulk land and air freight distribution, and inter-modal access for the Stockton Metropolitan Airport, BNSF/UPRR inter-modal facilities, and the many industrial land uses in the area.

This application has been developed in partnership with the San Joaquin Council of Governments and the Northern California Trade Coalition who have endorsed this project as a Tier I project for funding under the Proposition 1B Trade Corridor Improvements Fund program. The City of Stockton will serve as the implementing agency for all phases of the project. The application package provides an overview of the major benefits and/or improvements this project will bring to the region's inter-modal transportation network, economy (jobs growth), and goods movement.

John Barna, Executive Director

February 13, 2009

Page 2

As always, we stand ready to meet with you and Commission staff, at your earliest convenience, to further review the project and to answer any questions you may have. Please feel free to contact me if you require additional information or wish to meet.

Thank you again for the opportunity to submit the Sperry Road Extension project for consideration as part of the Proposition 1B Trade Program.



J. GORDON PALMER, JR  
CITY MANAGER

Enclosure (TCIF Application)

emc: Johnny Ford, Deputy City Manager  
Robert Murdoch, Interim Director, Public Works Department  
Eric Alvarez, Engineering Services Manager  
Wes Johnson, Senior Civil Engineer  
Omar Al-Hindi, Associate Engineer  
Alicia Duer, Grants Manager

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TRANSPORTATION

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February 10, 2009

John Barna, Executive Director  
California Transportation Commission  
Mail Station 52, Room 2222  
1120 N Street  
Sacramento, CA 95814

Dear Mr. Barna:

In April 2008, the California Transportation Commission (CTC) approved \$20 million in Trade Corridor Improvement Funding (TCIF) for the Sacramento Railyards Track Relocation (Track Relocation) project. Since then, the City of Sacramento has completed preliminary design and the draft Environmental Assessment is about to be circulated for public review. The purpose of this letter is to request an amendment to the TCIF Program and the Track Relocation Project Baseline Agreement. The City is proposing to increase the scope of the Track Relocation Project to include the Old Sacramento-Central Shops (West) Tunnel and requesting the CTC to program an additional \$5.26 million of TCIF to support this increase in scope.

Per the various Track Relocation agreements, Union Pacific Railroad has required that all future crossings of the relocated tracks be constructed at the time of the Track Relocation project (exhibit enclosed showing the various future crossings). The City of Sacramento and S. Thomas Enterprises of Sacramento, LLC, the Railyards developer, have partnered to obtain funding for the various crossings. When we made our original application for TCIF funding, we provided a funding plan for the over crossings and tunnels that intersected with the relocated track property. The West Tunnel was not included in the Track Relocation project description or funding plan submitted with the original application.

The West Tunnel will provide an important connection between Old Sacramento, future Railroad Museum uses in the Central Shops area, and the Railyards development north of the relocated tracks. The original concept for the West Tunnel project was to reuse the existing historic tunnel used by railroad workers and extend it to the north. When the City of Sacramento shared the concept with Union Pacific Railroad, rail operators, California State Railroad Museum, the Downtown Sacramento Partnership, and Old Sacramento property owners, the original plan was deemed inadequate because the

existing tunnel was considered too narrow, dark, and unsafe. After the TCIF program was adopted, a structural analysis of the existing tunnel was 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, thus requiring significant structural reinforcement work. The Track Relocation project scope has been expanded to include a new 20' wide lighted West Tunnel with a higher ceiling height and can accommodate pedestrians, bicyclists, and potential transit vehicles. The cost estimate for the West Tunnel is \$10.53 million and we are amending our TCIF application to request an additional \$5.26 million for the scope change. The match will be provided by local and private funds.

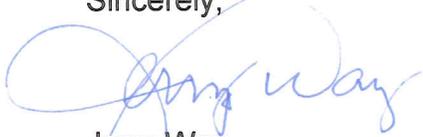
The West Tunnel is critical to the successful completion of the Track Relocation project and is consistent with the TCIF program objectives. The project provides goods movement benefits for freight, improved passenger train operations, overall safety benefits, and many other benefits already described in our original TCIF application.

The Track Relocation project is on schedule to commence construction in 2009. The City of Sacramento is continuing to seek additional federal funds for construction. We have secured \$392,000 of federal Section 9002 Rail Relocation funds and have applied for an additional \$5 million through the Federal Railroad Administration. The Track Relocation project is included in the region's Federal Economic Stimulus list but nothing is certain. If we are unable to find funding for the West Tunnel and other added scope items, the Track Relocation project could be delayed. This could in turn delay construction of the surrounding roads and utilities which are funded by Propositions 1B and 1C and jeopardize the entire Railyards development.

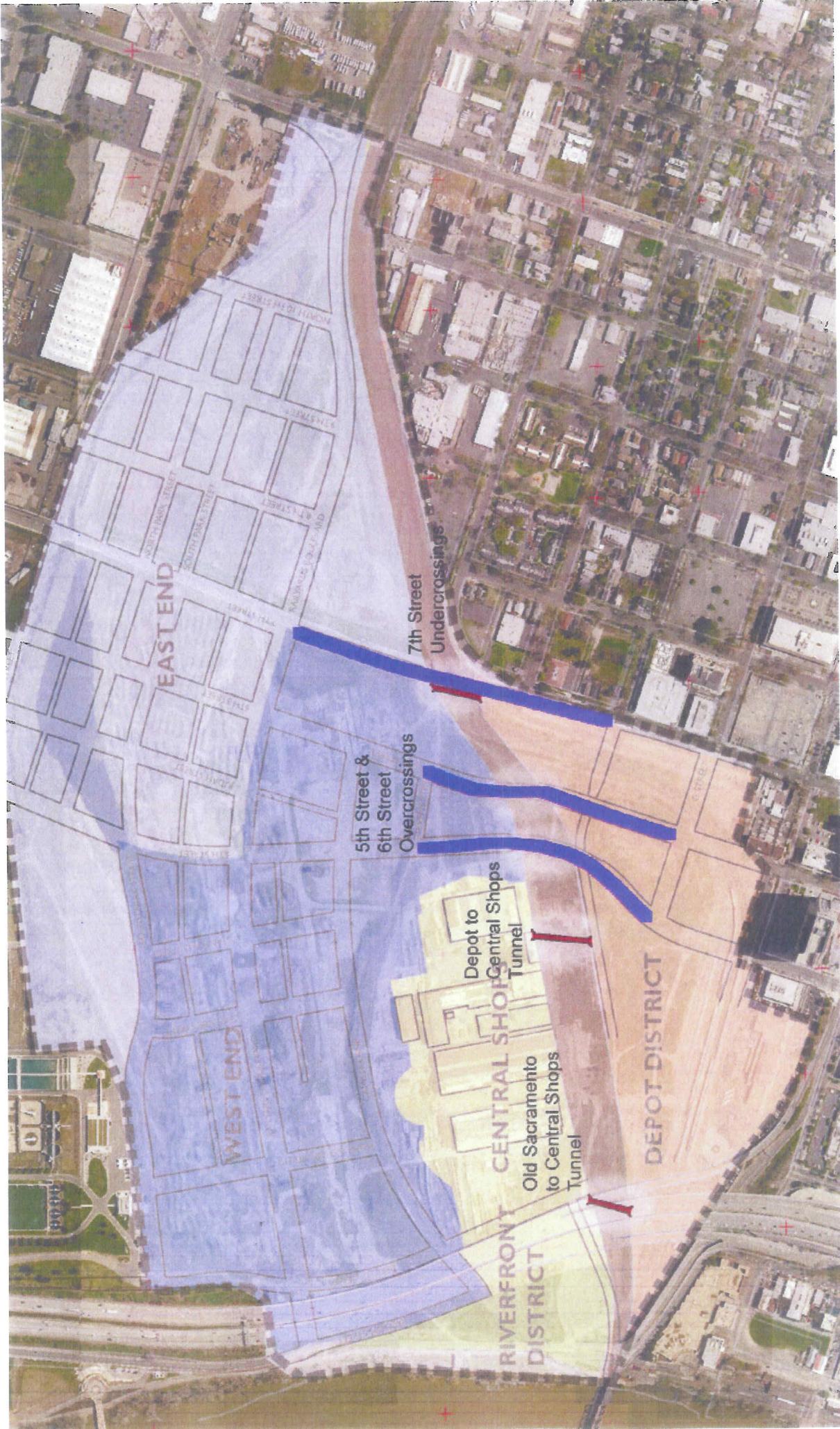
The addition of the West Tunnel increases the project cost estimate to \$62.1 million. We are requesting \$5.26 million for the West Tunnel, which amends the total TCIF request to \$25.26 million. This additional project scope is "part and parcel" of the overall track relocation project, and is absolutely necessary to make this project a success.

If you have any questions about the revised Track Relocation project request, please contact Fran Halbakken at (916) 808-7194.

Sincerely,



Jerry Way  
Director of Transportation



EAST END

WEST END

RIVERFRONT DISTRICT

CENTRAL SHOPS

DEPOT DISTRICT

7th Street Undercrossings

5th Street & 6th Street Overcrossings

Depot to Central Shops Tunnel

Old Sacramento to Central Shops Tunnel

07



336 Pacific Avenue Shafter, California 93263

February 24, 2009

Mr. John F. Barna  
Executive Director  
California Transportation Commission  
1120 N Street  
Room 2233, MS 52  
Sacramento, CA 95814

Re: Shafter Intermodal Rail Terminal Status Update

Dear Mr. Barna,

The City of Shafter would like to inform the Commission that progress continues to be made since the last update on December 1, 2008. The City of Shafter submits the following information:

- Operational/Business Plan - this is currently underway with Moffatt & Nichol working jointly with the City of Shafter. Mr. Doug Rubin, Sr. Economist, Head of Surface Transportation Analysis in New York is heading the study for Moffatt and Nichol. Mr. Rubin has travelled to the west coast and has conducted numerous interviews with potential users as well as interviewed various stakeholders. Mr. Rubin has toured the site and will be expanding the analysis to reflect current economic environment including the opportunity to create an export center that would enhance the economic benefits for the State of California.
- A draft has been created and additional information has been requested to be entered into the study by the City of Shafter thus expanding the study. The result will give the commission a very objective review of the project.
- The current economic events in California have created a greater need for the project and a "White Paper" created by Rutan Attorneys at Law will be added to the Moffatt and Nichol economic analysis for the commission review.

Mr. John F. Barna  
California Transportation Commission  
February 24, 2009  
Page 2

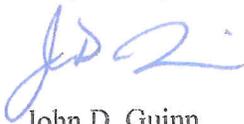
- Additionally, Mr. Andrew Chang of Forward Observer Inc. has also been added to the team and will be providing economic and public benefit analysis of the project.

As we know, the MOU with the BNSF continues to be the most important component and yet the most difficult part of the project, however the City of Shafter agrees with the BNSF to remain committed to working together cooperatively to accomplish the required findings and upon those findings determine that proceeding to the Baseline Agreement would be in the best interest for the people of the State of California.

Important progress has been accomplished on the Shafter Intermodal Rail Terminal and this project can provide the economic and environmental benefits the State of California so desperately needs.

We look forward to you and your staff's continued support of the project and anticipate providing the above mentioned reports.

Respectfully,



John D. Guinn  
City Manager



**CHIEF EXECUTIVE OFFICE**

*Richard W. Robinson  
Chief Executive Officer*

*Patricia Hill Thomas  
Chief Operations Officer/  
Assistant Executive Officer*

*Monica Nino-Reid  
Assistant Executive Officer*

*Stan Risen  
Assistant Executive Officer*

*1010 10<sup>th</sup> Street, Suite 6800, Modesto, CA 95354  
Post Office Box 3404, Modesto, CA 95353-3404*

*Phone: 209.525.6333 Fax 209.544.6886*

February 24, 2009

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

Dear Mr. Barna:

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 through February 2009 for the San Joaquin Short Haul Rail / Inland Port Project sponsored by the County of Stanislaus.

**Business and Operational Plan**

We have completed a detailed San Joaquin Short Haul Rail / West Park Inland Port Business/Operating Plan and have shared this plan and early project engineering with you and your staff at our December 16, 2008 meeting. 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.

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 currently expanding the TranSystems work, and performing detailed engineering due diligence on the facilities that the 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 our initial 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 twenty weeks, the County and development partners have:

- o Initiated the CEQA process;
- o Completed the Notice of Preparation (NOP) process (August/September);
- o Compiled all NOP data and study comments;

- o Completed Airport Layout Plan (ALP) and narrative – shared and approved by County Board of Supervisors (February 17, 2009) with Planning Commission (acting as Airport Land Use Commission) review scheduled for March 5;
- o Revised Preliminary Redevelopment Plan and Report for project footprint;
- o Shared Revised Preliminary Redevelopment Plan/Report with Planning Commission – approved to proceed February 19, 2009;
- o Continue to move forward with CEQA/EIR analysis with an anticipated Draft Environmental Impact Report (DEIR) publication in winter 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:

- o Formalized a Payment Agreement by and between County and Developer;
- o Clarified all terms and conditions;
- o Completed Resolution language (per Baseline Agreement protocol) which has been confirmed with CTC staff as to form, content and context;
- o Received final County Board of Supervisor approval with resolution # 2009-60 on January 13, 2009. This resolution has been shared forward with your CTC staff per instruction and is attached to this correspondence as reference.

#### Union Pacific Railroad Negotiations

While County negotiations with UPRR have not yet formally started, we have requested an initial meeting to begin this process. Our consultant and development teams have opened several channels of discussion as part of the research and development required as part of the Rail Business and Operations Plan development. We anticipate starting formal Port of Oakland and UPRR discussions beginning in late March with significant progress to report at the end of the second quarter 2009.

Finally, the recent litigation imposed on the project by the City of Patterson has been effectively dismissed in Superior Court and we are aggressively moving our project and environmental review process forward.

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  
Vince Harris, Executive Director, StanCOG  
Maura Twomey, CTC Staff  
Keith D. Boggs, Deputy Executive Officer, Economic Development

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
STATE OF CALIFORNIA

Date: January 13, 2009

No. 2009-60

On motion of Supervisor Monteith Seconded by Supervisor Grover  
and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Grover, and Monteith

Noes: Supervisors: Chairman DeMartini

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

THE FOLLOWING RESOLUTION WAS ADOPTED:

Item # B-4

**RESOLUTION TO COMMIT SUPPLEMENTAL FUNDING FOR THE  
SAN JOAQUIN VALLEY SHORT HAUL RAIL/INLAND PORT PROJECT  
AND TO APPROVE THE RELATED PAYMENT AGREEMENT**

WHEREAS, County of Stanislaus ("County") is or will be the owner of 1524 acres of that certain real property located in the County and known as the Crows Landing Naval Air Facility (the "Property"); and

WHEREAS, PCCP West Park LLC ("West Park") has proposed the development and construction of an intermodal inland port facility on approximately 170 acres of the Property (known as the San Joaquin Valley Short Haul Rail/Inland Port Project (hereinafter the "Project") along with a commercial, industrial and business park development and related infrastructure on the Property; and

WHEREAS, the County nominated West Park's proposed Project for grant funding by the California Transportation Commission (the "CTC") through the Trade Corridors Improvement Fund (the "TCIF"); and

WHEREAS, pursuant to Resolution TCIF-P-0708-01 dated April 10, 2008, the CTC programmed the TCIF and appropriated \$22,467,000 from the TCIF ("CTC Grant") for development and construction of the Project nominated by the County; and

WHEREAS, pursuant to the TCIF Guidelines, the County is required to enter into a Project Baseline Agreement with the CTC and the California Department of Transportation ("CalTrans") to document the Project's cost, schedule, scope, benefits and funding plan (the "Project Baseline Agreement"); and

WHEREAS, pursuant to the TCIF Guidelines, the Project Baseline Agreement's funding plan must contain an identified and committed source of funding to supplement the CTC Grant in an amount at least equal to the CTC Grant; and

WHEREAS, West Park has agreed to provide all necessary funding to supplement the CTC Grant, pay for all of the County's obligations and costs under the Project Baseline Agreement, and to provide security for all supplemental funding to the CTC Grant; and

(Continued)

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk  
Stanislaus County Board of Supervisors,  
State of California



File No.

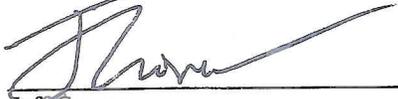
IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date first written above.

COUNTY

WEST PARK

COUNTY OF STANISLAUS, a political subdivision of the State of California

PCCP WEST PARK, LLC, a Delaware limited liability company

By:   
Jeff Grover  
Vice- Chairman, Board of Supervisors

By: WESTPARK HOLDINGS, LLC, a Delaware limited liability company, Administrative Member

By:   
Gerry N. Kamilos, co-Trustee of the Gerry and Karen Kamilos Family Trust u/t/a dated August 31, 1998, sole Member

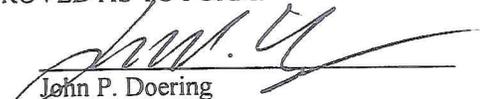
ATTEST:

By:   
Christine Ferraro Tallman  
Clerk of the Board of Supervisors

APPROVED AS TO CONTENT:

By:   
Richard W. Robinson  
Chief Executive Officer

APPROVED AS TO FORM:

By:   
John P. Doering  
County Counsel

1128491.16



# City of Patterson

1 Plaza  
P.O. Box 667  
Patterson, California 95363  
Phone (209) 895-8015 Fax (209) 895-8018

January 17, 2009

John Barna, Executive Director  
California Transportation Commission  
Mail Station 52, Room 2222  
1120 N Street  
Sacramento, CA 95814

Re: TCIF – San Joaquin Valley Short Haul  
Rail Port Project

Dear Sir:

Bullet No. 6 of Section 7 of the TCIF Guidelines adopted by Resolution No. TCIF-G-0708—001 states that the applicant shall provide “Documentation supporting the availability of supplemental funding”. Attached hereto is a copy of the Stanislaus County Payment Agreement for the project. Section 4 of the agreement provides for security for the matching funds but does not require the security for the funds to be deposited until the earlier of:

- 1) Issuance of the grading or building permits for the project,
- 2) An expenditure of TCIF bond funds, or
- 3) There is a legal obligation to post the funds

It is thus apparent that the County’s obligation for the funds is contingent upon the guarantee of the funds by the developer’s and that the developer’s obligation to guarantee the funds is contingent upon events far in the future. In other words, there is no current obligation whatsoever upon the County or the developer for delivery of the matching funds.

In addition to the deficient funding obligation, the County is also deficient in the providing of an MOU with Union Pacific Railroad. The MOU is required to be submitted concurrently with the submittal of the Baseline Agreement but neither the County nor the developer have entered into the MOU. It thus appears that the County’s application is deficient and delinquent in two important elements.

It is respectfully submitted that approval of subject grant should be revoked and the funds should be allocated to another Northern California entity which is prepared to meet the conditions of the grant guidelines.

Respectfully submitted,  
George Logan, City Attorney

Cc: Metropolitan Transit Commission  
San Joaquin COG  
Oakland Port Authority  
Stockton Port Authority