

# Metropolitan Transportation Commission Programming and Allocations Committee

September 12, 2007

Item Number 4a

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**Subject:** Trade Corridors Improvement Fund (TCIF) Update.

**Background:** Staff is providing an update on the TCIF program and a draft program of projects for your information. The TCIF program provides \$2 billion for improvements to the state's goods movement infrastructure for allocation by the California Transportation Commission (CTC). Although the CTC has not yet finalized the schedule or criteria for project selection, work is underway to develop a competitive and compelling program of projects.

MTC is working with the San Joaquin, Sacramento and Stanislaus Councils of Governments, as well as the Port of Oakland and the Alameda Congestion Management Agency, to develop a comprehensive trade strategy and program. The draft program outlined in the attachment includes \$800 million in Tier 1 projects. The projects are centered around two primary trade corridors in Northern California: the Central Corridor, roughly along I-80, and the Altamont Corridor, roughly along I-880/238/580. Both corridors are anchored at the Port of Oakland and include rail and highway projects.

Projects were initially screened based on: location within a major trade corridor, the availability of matching funds, and project readiness. Future evaluation criteria will also focus on trade mobility improvement, financial viability, deliverability and environmental considerations, including public health, and community support.

Staff will continue to work with our regional partners, as well as stakeholders, and come back to the Committee with a final list for Commission adoption in 2008 after the Legislature and CTC have outlined project selection criteria and the submission process.

**Issues:**

1. Final legislative direction is still pending. Further evaluation of projects is required to ensure that all projects in the final Tier 1 list are competitive and provide significant benefit to goods movement. Some projects still require a secured match, operational capability and/or mitigation measures to remain competitive.
2. The impact of goods movement on communities located in proximity to major goods movement facilities has been a major issue in goods movement discussions to date. Air quality and safety concerns will be important issues throughout the process. There is, in fact, a separate \$1 billion pot of bond funds to address some of these issues administered by the California Air Resources Board.
3. Our current draft proposal seeks \$800 million in State TCIF funding, which represents 40% of the total amount available statewide. Like the Corridor Mobility Improvement Account (CMIA) program for highway

projects, the TCIF program is expected to be extremely competitive – especially given the enormous and growing volume of goods entering the Ports of Los Angeles and Long Beach in Southern California.

**Recommendation:** Information.

**Attachments:** Executive Director's Memorandum



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## *Memorandum*

TO: Programming and Allocations Committee

DATE: September 12, 2007

FR: Executive Director

RE: Trade Corridors Improvement Fund Update and Draft Projects Under Consideration

In November 2006, voters approved Proposition 1B, a roughly \$20 billion Transportation Bond. Proposition 1B included a total of \$3.1 billion for goods movement-related programs. This memo provides an update on the \$2 billion infrastructure element—the Trade Corridors Improvement Fund (TCIF) program—and a draft program of projects for your information. There is also a separate \$1 billion air quality program for allocation by the California Air Resources Board for air quality improvements related to goods movement.

Unlike the Corridor Mobility Improvement Account (CMIA), in the TCIF legislation, there is no mandated funding allocation between Southern and Northern California. In order to compete effectively with Southern California, our approach has been to work with MTC's neighboring regions to develop a comprehensive Northern California trade strategy and program. Our primary partners are the San Joaquin, Sacramento and Stanislaus Councils of Governments, as well as the Port of Oakland. Other partners include the Capitol and Altamont Corridor Express passenger services, the freight railroads, and regional business interests including the Bay Area Council and the East Bay Economic Development Alliance.

Currently, SB 9 (Lowenthal) is the primary legislative vehicle related to the implementation and administration of the TCIF. The Commission adopted Advocacy Principles (*see Attachment A*) for SB 9 in July. While negotiations on the bill continue, one consistent theme is that submissions to the TCIF should focus on key international trade gateways that are multi-regional and corridor-based. The *Regional Goods Movement Study* completed by MTC in 2004 identified two high priority interregional goods movement corridors: 1) I-80 – known as the Central Corridor; and 2) I-880/238/580 – known as the Altamont Corridor. Investment in these corridors together ensures the future viability and growth of the Port of Oakland as a trade gateway for both imports and exports, and strengthens the economic interconnections of the Sacramento and San Joaquin Valley regions with the Bay Area. Recognizing the importance of these two issues, MTC and our partner regional agencies have focused our efforts on developing a comprehensive program of rail and highway projects along these two trade corridors.

### **A. Draft program of projects**

*Attachment B* summarizes our preliminary \$1.1 billion proposed program, and includes projects in our region, as well as projects from the San Joaquin, Sacramento and Stanislaus regions that together represent both Northern California trade corridors. Our approach is to have a multi-phased project list. The first Tier, totaling roughly \$800 million, reflects the highest priority projects for each region as candidates for TCIF funding. Tier 2, totaling \$300 million, is made up of those projects that play

an important role in goods movement in the corridors but that we do not believe will compete as well for the TCIF program. The \$2 billion provided by the bonds is simply the beginning of a long-term focus on goods movement. With federal reauthorization on the horizon, and a possible revenue stream for trade projects from the proposed container fee being considered by the state legislature, those projects that do not receive funding from TCIF will continue to be developed and pursued.

Attachment B is organized according to the elements described briefly below. A map and addendum of more detailed project descriptions will be provided at the Committee meeting. While all projects on the list require additional evaluation and development, there are some specific projects that will require significant work if they are to be included by MTC in our final TCIF submittal, and are so noted.

#### Anchor projects

Both the Central and the Altamont Corridors are anchored at the Port of Oakland, the fourth busiest container port in the country. The Port's highest priority (*see Attachment C*) are three major projects located at or near the Port of Oakland that are critical projects for both the Central and Altamont Corridors: 7<sup>th</sup> Street Grade Crossing, Martinez Subdivision Improvements and expanded intermodal capacity at the Outer Harbor Intermodal Terminal (OHIT). The 7<sup>th</sup> Street and OHIT projects both create the capacity to move more trains with fewer delays into and out of Oakland and create operational synergies with the Martinez Subdivision Improvements. The Martinez project would add much needed capacity and operational flexibility to the mainline heading north out of the Port of Oakland and used by Union Pacific (UP), Burlington Northern Santa Fe (BNSF), and the Capital Corridor/Amtrak service.

#### Central Corridor

The Central Corridor includes both UP mainline running from the Port of Oakland through Sacramento and over the Donner Summit to the transcontinental route to Chicago as well as I-80, a major route serving Northern California freight needs. The one highway project recommended in the Central Corridor is the reconstruction of the Cordelia Truck Scales. Proposed rail projects include improvements to the mainline both directly out of the Port of Oakland (the Martinez Subdivision) as well as through Sacramento (the Sacramento Rail Depot Realignment). In addition, a critical bottleneck connecting the region with all points east is at Donner Summit. The Donner Summit improvements would allow for double-stacked trains to traverse Donner Summit, improving the capacity, velocity and throughput of the Central Corridor and cutting nearly a day off the travel time for a train heading to or from the Bay Area from points east of California. The Capitol Corridor service has been in discussions with UP regarding additional passenger service east of Sacramento to Roseville and Auburn. These negotiations are critical to ensuring support for the project in the Sacramento region.

#### Altamont Corridor

The Altamont Corridor is composed of a broad mix of highway and rail projects. The Altamont Corridor is a key corridor for agricultural products being exported from the Central Valley via the Port of Oakland, as well as for the growing warehousing and distribution facilities located in the Central Valley. The highway projects identified in the program are specifically targeted towards strategic investments along corridors with high volumes of truck movements. Although truck climbing lanes over the Altamont were not included in Tier 1 due to lack of matching funds, we will continue to work with our partners to pursue those projects. I-880 Improvements at 23<sup>rd</sup> and 29<sup>th</sup> Avenues also needs to complete its match requirement in order to remain on the Tier 1 list.

Short haul rail services connecting the Port of Oakland and the Central Valley have been analyzed for a number of years as a strategy to move trucks from the freeway and on to rail. In all cases, the economic competitiveness of short haul rail compared to truck over the same distances remains a challenge and would require on-going operating subsidies. Rail right of way preservation in the Altamont Corridor between Tracy and Fremont that can serve as the backbone for a future short haul service to multiple points in the Central Valley is currently included in the Tier 1 program. Also included is the development of a proposed short haul rail terminus in Stanislaus County. The Crows Landing terminal is the only project on the list that assumes the existence of an entirely new, untested service. As such, there are unique questions regarding the operational and financial viability of this proposed project as a Tier 1 candidate, as short haul rail service does not currently exist. The project sponsor needs to address issues including: access to the Port of Oakland, operational changes to the Port's intermodal facilities, and the viability and source of an ongoing operating subsidy, in order for this project to be competitive.

### **B. Evaluation**

Projects were evaluated based on their ability to meet TCIF program eligibility and expected competitiveness for selection. The Commission-approved advocacy principles identified general criteria with which to evaluate projects, pending further guidance from the state. The primary screens applied to the Tier 1 projects were: location on a major Northern California trade corridor (as defined above), match availability and project readiness. The TCIF legislation requires a minimum of a 1:1 match in order for a project to compete for funding. Most projects listed in the Tier 1 list either have a secure match or are on their way to doing so. While the railroads are engaged as funding partners for the mainline rail projects, and the Port brings significant dollars to the table for their priority projects, securing matching funds for highway projects has been difficult. Regarding project readiness, a five-year timeframe similar to that in the CMIA is anticipated. Projects that may not meet this readiness requirement include some components of short haul rail service and the Altamont Pass truck climbing lanes.

### **C. Next Steps for TCIF**

The staff summary outlined in *Attachment B* for TCIF includes roughly \$800 million of investments aimed at relieving existing congestion and adding needed capacity in key trade corridors. Staff will continue to work with our regional partners, neighboring regions, the business community and local jurisdictions to refine our list of recommended projects, including the need to address air quality and community concerns—such as grade crossings—for particular projects. Staff will then return to you with a final list for Commission adoption early next year after the Legislature and CTC have outlined project selection criteria and the submission process.

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Steve Heminger

Attachments: A – Advocacy Principles  
B – Staff Project List  
C – Letter from Port of Oakland

## Attachment A

### MTC Principles for Advocacy for SB 9

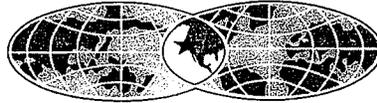
#### Trade Corridor Improvement Fund - Project Selection

1. **Definition of Trade Regions and Corridors:** The regions defined in SB 9 should be those identified in the Goods Movement Action Plan. These are the: 1) Los Angeles/Inland Empire Region, 2) San Diego/Border Region, 3) Central Valley Region and 4) Bay Area Region. The definition of the Bay Area region must be sufficient to account for Northern California's primary trade corridors, which may physically be outside the nine-county Bay Area.
2. **Regional Targets:** Each region should set its own goals, objectives, and targets for both goods movement and emissions and to evaluate projects within that region based on how much they help achieve those goals, objectives and targets. Regional agencies, ports and local air districts would work together to establish the measures, in consultation with local jurisdictions.
3. **Dollar Distribution: Geographic Balance:** Given the diverse nature of current and future trade needs we support proposals to assign specific dollar amounts to regions articulated in section (1) above.
4. **Corridor Planning:** MTC strongly supports regional cooperation in goods movement planning and has been working extensively with our neighboring regions. However, corridor joint partnership agreements, such as a Joint Powers Authority, should not be required for the state's trade corridors. Effective planning and collaboration can occur without forming a new entity that would add bureaucracy and administrative burden.
5. **Match:** The 1:1 match requirement should remain. However, there should be some flexibility regarding match for highway projects. Options include:
  - A. Counting the federal component of local STIP and SHOPP dollars as a match, or
  - B. Allowing multiple projects either already programmed or underway along a key highway corridor, funded by local dollars, to count as a match.
6. **Delivery:** Projects should be in construction within 5-years of project selection.
7. **Selection Criteria:** Potential project selection criteria should be focused on trade mobility improvement, financial viability, deliverability and environmental considerations, including public health, and community support.

**PRELIMINARY: Northern California Trade Projects: These projects are preliminary staff recommendations and are subject to review and approval by regional policy boards.**

Project #	Region/County sponsor	Projects	Project Cost Estimate	Trade	Match required	Match secured and fully funded	Source	GMAP Recommended Project for bond funding	Notes
<b>TIER 1</b>									
<i>costs in thousands</i>									
<b>Anchor</b>									
1	ALA/Port	7th Street Grade Crossing	\$ 250,000	\$ 125,000	\$ 125,000	Y	Port	X	Match to come from the Port. Key grade crossing and overpass work at primary gateway to the Port.
2	ALA/Port	Martinez Subdivision Improvements	\$ 300,000	\$ 150,000	\$ 150,000	N	UP	X	UP has said they will be a contributing partner, but no specific dollar amount known yet. The project will increase capacity along the primary rail line in to the Port, and also the Capitol Corridors route. Grade crossings must be addressed.
3	ALA/Port	Construct Outer Harbor Intermodal Terminal	\$ 325,000	\$ 162,500	\$ 162,500	Y	Port	X	New intermodal rail terminal at the Port of Oakland to serve both UP and BNSF. Provides increased intermodal capacity to help divert a higher fraction of container traffic to rail instead of truck. Increases rail capacity from 1.2m TEUs to 3.1m TEUs.
<b>Anchor Total</b>			<b>\$ 875,000</b>	<b>\$ 437,500</b>	<b>\$ 437,500</b>				
<b>Central Corridor</b>									
4	SACOG	Donner Summit Improvements	\$ 90,000	\$ 45,000	\$ 45,000	Y	UP	X	UP has committed to provide the match (1:1). Passenger rail concessions from UP for Capitol Corridor service from Sacramento to Roseville and Auburn are necessary for support.
5	SACOG	Sacramento Depot Rail Realignment	\$ 50,000	\$ 20,000	\$ 30,000	Y	Local		Rail realignment; match already secured with local funds, greater than 1:1. Improves service efficiency and reliability for both UP and Capitols. Strong local support.
6	SOL	Cordelia Truck Scales	\$ 99,600	\$ 49,800	\$ 49,800	Y	Local	X	Match from bridge tolls. Project improves truck flows near I-80/680 interchange and reduces unsafe conditions of trucks queuing onto I-80 and difficult weaving patterns.
7	SACOG/Port	Port of Sacramento Dredging	\$ 70,502	\$ 10,000	\$ 10,000	N	Local		Deepening the channel from 30' to 35'. Match to come from Port of Sacramento operating funds. \$50-60m needs to come from Corps-because multi-year funding in which the Corps does it's budget (annual capability), the funds can be guaranteed only on an annual basis. Currently the Corps' FFY 2008 budget includes \$900,000, and \$600,000 has been proposed for the FFY 2009 budget.
<b>Central Corridor Total</b>			<b>\$ 310,102</b>	<b>\$ 124,800</b>	<b>\$ 134,800</b>				
<b>Altamont Corridor</b>									
8	SJ	Hwy 4 Extension to Port of Stockton (Phase 1)	\$ 120,000	\$ 60,000	\$ 60,000	Y	Local	X	Key access for the Port of Stockton; reduces major truck impacts on local community. Phase 1 match of \$60m from Measure K. Enterprise zone.
9	SJ	San Joaquin Rail Commission ROW purchase for future short haul service - Stockton to Fremont.	\$ 150,000	\$ 75,000	\$ 75,000	Y	ACE/RMK	X	Purchase of key segments of ROW. This is a critical foundation step to allow for eventual short haul rail service connecting the Central Valley to the Port. ACE match of \$75m from Regional sales tax. UP negotiations ongoing; therefore project cost in flux. Requires ROW to be made an eligible expense for bond funds. ACE currently operates on this ROW; multiple benefits from ownership. GMAP recommended continued investment on the Altamont Rail Corridor; this project provides foundation for rail shuttle.
10	Port State	Tehachapi Pass Improvements	\$ 82,000	\$ 41,000	\$ 41,000	Y	BNSF	X	Match from BNSF. Increases key capacity for both domestic export from Valley and transcontinental traffic from Port. Would open up rail capacity in the San Joaquin Valley.
11	ALA	I-880 Improvements @ 29th & 23rd Avenues	\$ 91,000	\$ 45,500	\$ 45,500	N	Local	X	Key truck access route to the Port with clearance issues and difficult on and off ramps. If match is not secured, becomes a Phase 2. Match possibly from local/regional highway funds, user fees or SHOPP.
12	Stan.	Short haul terminus at Crows Landing development	\$ 52,000	\$ 26,000	\$ 26,000	N	Local/private		Short haul rail terminus option. Stanislaus County requesting investment on rail corridor serving the proposed facility. Private developer contributing to match; value of county land committed to project proposed as additional match source. Requires either operating rights from UP along the Coast Subdivision or investments along East Bay (#14&15) connecting to the Port of Oakland, as well as access to intermodal facility at Port- timing and feasibility of which are unclear. Requires #9 above for mainline rail connection. Operating subsidy required.
<b>Altamont Corridor Total</b>			<b>\$ 495,000</b>	<b>\$ 247,500</b>	<b>\$ 247,500</b>				
<b>TOTAL PHASE 1</b>			<b>\$ 1,680,102</b>	<b>\$ 809,800</b>	<b>\$ 819,800</b>				
<b>TIER 2</b>									
<b>Central Corridor</b>									
13	MTC/SACOG	Capitol Corridor Operational Improvements	\$ 60,000	\$ 30,000	\$ 30,000	N	UP		Various rail upgrades along the corridor from Oakland to Sacramento. Improves service for both UP and Capitols.
<b>Central Corridor Total</b>			<b>\$ 60,000</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>				
<b>Altamont Corridor</b>									
<b>Short haul rail: Bay Area - Central Valley</b>									
14	ALA	Oakland Subdivision ROW Purchase	\$ 60,000	\$ 30,000	\$ 30,000	N	None		Short haul rail alignment option- links Niles Junction to Port of Oakland. Match would rely on larger Dumbarton project, which is underfunded and the project status unclear. Final cost is unclear as it will be a negotiation with UP. Not a top priority for the Port of Oakland.
15	ALA/SJ	Alameda Creek Bridge	\$ 32,000	\$ 16,000	\$ 16,000	N	None		Short haul rail alignment option- provides connection at Niles Junction to the Oakland Sub separating passenger and freight service. No match- was originally included as part of the Dumbarton Rail project but there is no funding available.
<b>Altamont highway projects</b>									
16	Stan.	State Route 132 Improvements	\$ 100,000	\$ 50,000	\$ 50,000	N	None		Expand capacity on Rt 132; 15 mile project to connect w/ SR99. Key truck route in the Valley. Have \$14m federal available for easternmost portion, and possible TCRP funds. Phasing and scope being determined. May require ROW purchase to be eligible.
17	SJ	Hwy 4 Extension to Port of Stockton (Phase 2)	\$ 100,000	\$ 50,000	\$ 50,000	N	TBD/local	X	Phase 2 of key Port of Stockton connection (#8). Match tbd.
18	SJ	Sperry Road	\$ 65,000	\$ 32,500	\$ 32,500	N	Local		Extension of Sperry Road results in a new east/west arterial connection bt I-5 and SR 99. Includes 3 grade separations. EIR is complete. Match possibly available in regional sales tax.
19	SJ	I-5/580 SR 32/Bird Interchange	\$ 41,000	\$ 20,500	\$ 20,500	Y	Local/private		Construction of new interchange on SR132 and widening of SR132 bt I-5/580. Would help serve aggregate businesses in the area. Match may come from private sector but is not committed.
20	ALA/ SJ	EB I-580 Truck Climbing Lane Over Altamont	\$ 60,000	\$ 30,000	\$ 30,000	N	Local	X	Match source needed. ITIP funds a possible match source. Strong support from Central Valley ag community. Caltrans staff is working on project development. Possible container fee match if highway projects are eligible.
21	ALA/ SJ	WB I-580 Truck Climbing Lane Over Altamont	\$ 50,000	\$ 25,000	\$ 25,000	N	Local	X	Match source needed. ITIP funds a possible match source. Strong support from Central Valley ag community. Caltrans staff is working on project development. Possible container fee match if highway projects are eligible.
22	ALA	North Airport Air Cargo Road Access Improvements	\$ 10,000	\$ 5,000	\$ 5,000	Y	Port		Project is first phase, another \$8.4M second phase for a later date. Match is Port funds. Improves capacity and access to North Airport air cargo tenants.
<b>Altamont Corridor Total</b>			<b>\$ 518,000</b>	<b>\$ 259,000</b>	<b>\$ 259,000</b>				
<b>PHASE 2 TOTAL</b>			<b>\$ 578,000</b>	<b>\$ 289,000</b>	<b>\$ 289,000</b>				
<b>TOTAL PHASE 1 AND 2</b>			<b>\$ 2,258,102</b>	<b>\$ 1,098,800</b>	<b>\$ 1,108,800</b>				

\*Project numbers are NOT an indication of priority ranking. They are for identification purposes only.



## **PORT OF OAKLAND**

**OMAR R. BENJAMIN**  
Executive Director

August 23, 2007

Mr. Steve Heminger  
Executive Director  
Metropolitan Transportation Commission  
101 8<sup>th</sup> Street  
Oakland, CA 94607

Dear Mr. Heminger:

This letter is in response to your request for an overview of the Port of Oakland's goods movement development priorities. I appreciate the opportunity to outline our planning objectives for your organization, specifically as they align with discussions and pending decisions regarding the Trade Corridor Improvement Fund (TCIF) element of the state infrastructure bond.

As you may be aware, the Port of Oakland's highest priority is to expand the capacity of the main rail lines between the Port of Oakland and points East, such as Chicago. Additionally, on-port capital projects such as the development of the Outer Harbor Intermodal Terminal and the reconstruction of the 7th Street Grade Separation will allow the Port to accommodate the expected increase in import commerce over the coming decades.

Regarding main rail line capacity, the Port has strongly advocated for congestion relief and capacity expansion projects along the Central Corridor, which runs northbound from the Port over the Donner Pass, and also along the Tehachapi Trade Corridor, which runs southbound over the Tehachapi mountains to the BNSF mainline to points east. Additionally, critical rail access and improvement projects exist along the Martinez subdivision, which serves as the primary rail access point to the Port's intermodal facilities. The Port of Oakland strongly supports the inclusion of these projects in any state infrastructure bond package related to the movement of goods because they are critical to the Port's future ability to handle an influx of intermodal commerce, primarily from the Pacific Rim.

The Port of Oakland has also worked with transportation partners to support planning for short-haul rail projects, which have the potential to help move cargo off the state's highways, lessen traffic congestion, and improve air quality. Potential service points throughout northern and central California to establish this service have included Fresno, Stockton, Crow's Landing, Sacramento and Shafter, among others.

Unfortunately, if improvements to the overall rail system are not made then local initiatives such as short-haul rail become infeasible due to congestion on the state's rail system as a whole. Thus, the Port's highest priority must be focused on expanding and improving the main rail line service to the Port's facilities.

Again, I appreciate your interest in the Port of Oakland's development objectives, and I look forward to working with you and other Northern California stakeholders to ensure that our region's current and future goods movement priorities are addressed.

Sincerely,

A handwritten signature in black ink, appearing to read 'Omar R. Benjamin', with a long horizontal line extending to the right.

Omar R. Benjamin  
Executive Director

cc: Andrew Chesley, San Joaquin Council of Governments  
Vince Harris, Stanislaus Council of Governments  
Mike McKeever, Sacramento Area Council of Governments  
Therese McMillan, Metropolitan Transportation Commission