

ARNOLD SCHWARZENEGGER
Governor

Department of Alcoholic Beverage Control
Department of Corporations
Department of Financial Institutions
California Highway Patrol
California Housing Finance Agency
Department of Housing & Community Development
Department of Managed Health Care



DALE E. BONNER
Secretary

Department of Motor Vehicles
Office of the Patient Advocate
Department of Real Estate
Office of Military & Aerospace Support
Office of Real Estate Appraisers
Office of Traffic Safety
Department of Transportation

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

September 19, 2007

Mr. James Ghielmetti
Chairman
California Transportation Commission
1120 N Street
Sacramento, CA 95814

RE: Trade Corridors Improvement Fund

Dear Mr. Ghielmetti:

The Business, Transportation and Housing Agency (BTH) is aware and appreciates that the California Transportation Commission (Commission) has been working hard over the past several months developing a framework for allocating the \$2 billion portion of the Trade Corridors Improvement Fund (TCIF), with the intent to call for project nominations by the end of 2007 and programming funds by March 2008.

As you know, years of under-investment and rapidly increasing demand have resulted in a growing backlog of needed investments in infrastructure and environmental mitigation for goods movement, a vitally important component of California's economic engine. We estimate the highest priority needs require an investment of at least \$16-20 billion in the next decade, and unfortunately, the purchasing power of existing TCIF dollars diminishes each day owing to rising construction costs.

The Governor feels strongly that goods movement transportation needs in California should be addressed from a statewide, systemic viewpoint so that bottlenecks are not simply shifted from one area to another. Highest priority should be given to projects that improve the statewide goods movement transportation system and achieve overall positive environmental impacts.

Based on information that surfaced during the Commission's proceedings and BTH's recent stakeholders meetings, it is clear that immediate and bold action is required to resolve regional differences and advance the goods movement agenda for the benefit of the state as a whole to

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ensure that systemic improvements are addressed. We have a concern that a funding strategy that relies on pre-determined regional funding targets may omit projects of systemic statewide importance.

The Administration's Goods Movement Action Plan (GMAP) released in January 2007 identifies priority projects and lays out a comprehensive plan to address California's present and future goods movement needs. In addition, the California Marine and Intermodal Transportation Advisory Council (CALMITSAC) report, mandated by the Legislature in 2004 and released in April 2007, endorsed a largely overlapping set of priority projects. Both reports recognize and incorporate material from related studies and place major emphasis on infrastructure improvements, environmental impacts and remedial strategies.

Many of these same priorities have been acknowledged by stakeholders that have participated in the Commission's goods movement workshops and our stakeholder meetings during the months of June and July in each of the four trade corridors identified in the GMAP and CALMITSAC report. The meetings confirmed a general consensus on the State's highest priorities, although there remain some differences among the regions relating to which projects should be funded first and in what amounts. The stakeholder meetings also revealed a growing concern among all parties that the problems caused by the delay in addressing goods movement system needs are getting worse, while progress in addressing obvious priorities is moving much too slowly, even though funding is now available.

In addition, while there is much that California itself can do to address the issues associated with goods movement, it is also a matter of vital *national* interest to help fund infrastructure and transportation systems that will keep pace with the growth in global trade, while protecting the health and quality of life for local communities that host this growing flow of traffic. Therefore, there must be a strong federal commitment to major investments that maintain and upgrade our freight transportation infrastructure.

Swift action by the Commission and regional stakeholders will serve the state well by helping to:

- (1) focus state and national attention on California's highest goods movement priorities;
- (2) maximize leveraging opportunities through encouragement of public-private partnerships and other sources of matching funds;
- (3) ensure that investments with inter-regional and statewide benefits will receive due consideration; and
- (4) accelerate the programming and delivery of vital infrastructure projects.

For these reasons, we are asking the Commission to adjust its current approach and adopt by December 31, 2007, a program of TCIF investments to begin addressing the widely acknowledged backlog of goods movement priorities. This timetable will permit the Administration to include a definitive TCIF proposal in the Governor's FY 2008-09 budget proposal and ensure that the

James Ghielmetti
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Legislature can be fully engaged in the appropriation process immediately upon receiving the budget proposal in January.

At the Commission's September 20 meeting, I will discuss with Commissioners in greater detail a proposed plan of action for adopting a program that: (1) addresses the state's most urgent needs; (2) balances the demands of large and small ports, as well as between seaports, airports, and land ports of entry; (3) provides reasonable geographic balance; and (4) emphasizes investments that improve trade corridor mobility while reducing diesel particulate and other emissions.

We believe a TCIF program can and should be adopted based on the guidelines and criteria set forth in the Bond Act. Any further guidelines or criteria the Commission or the Legislature may seek to adopt should take into consideration the impact on statewide interests and the delay in the allocation of TCIF dollars.

We appreciate the Commission's willingness to consider this approach and look forward to discussing how the Administration, the Commission and the Legislature can work with all interested parties to make timely and prudent investments that will improve the quality of life for all California residents.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dale E. Bonner', with a long horizontal flourish extending to the right.

DALE E. BONNER
Secretary

James Ghielmetti
September 19, 2007
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cc: John Chalker, CTC Vice-Chair
Bob Alvarado, CTC Commissioner
Marian Bergeson, CTC Commissioner
James Earp, CTC Commissioner
Carl Guardino, CTC Commissioner
R. Kirk Lindsey, CTC Commissioner
Joseph Tavaglione, CTC Commissioner
Larry Zarian, CTC Commissioner
John Barna, CTC Executive Director
Will Kempton, Caltrans Director
Metropolitan Planning Organizations
Regional Transportation Planning Agencies
Port of Los Angeles
Port of Long Beach
Port of Oakland
Port of San Diego
Port of Stockton
Union Pacific Railroad
Burlington Northern Santa Fe Railroad
Alameda Corridor Transportation Authority
Senator Don Perata, President pro Tempore
Senator Dick Ackerman, Senate Republican Leader
Assembly Member Fabian Nuñez, Speaker of the Assembly
Assembly Member Michael Villines, Assembly Republican Leader
Senator Alan Lowenthal, Chair, Senate Transportation and Housing Committee
Senator Tom McClintock, Vice-Chair, Senate Transportation and Housing Committee
Assembly Member Pedro Nava, Chair, Assembly Transportation Committee
Assembly Member Mike DuVall, Vice-Chair, Assembly Transportation Committee
Linda Adams, Secretary, California Environmental Protection Agency
Mary Nichols, Chair, Air Resources Board
Mike Chrisman, Secretary, Resources Agency

Metropolitan Transportation Commission Programming and Allocations Committee

September 12, 2007

Item Number 4a

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



METROPOLITAN
TRANSPORTATION
COMMISSION

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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: 7th Street Grade Crossing, Martinez Subdivision Improvements and expanded intermodal capacity at the Outer Harbor Intermodal Terminal (OHIT). The 7th 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 23rd and 29th 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.

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

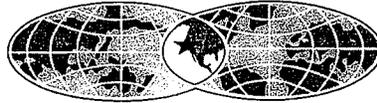
Trade Corridor Improvement Fund - Project Selection

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
TIER 1									
<i>costs in thousands</i>									
Anchor									
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.
Anchor Total			\$ 875,000	\$ 437,500	\$ 437,500				
Central Corridor									
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.
Central Corridor Total			\$ 310,102	\$ 124,800	\$ 134,800				
Altamont Corridor									
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.
Altamont Corridor Total			\$ 495,000	\$ 247,500	\$ 247,500				
TOTAL PHASE 1			\$ 1,680,102	\$ 809,800	\$ 819,800				
TIER 2									
Central Corridor									
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.
Central Corridor Total			\$ 60,000	\$ 30,000	\$ 30,000				
Altamont Corridor									
Short haul rail: Bay Area - Central Valley									
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.
Altamont highway projects									
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.
Altamont Corridor Total			\$ 518,000	\$ 259,000	\$ 259,000				
PHASE 2 TOTAL			\$ 578,000	\$ 289,000	\$ 289,000				
TOTAL PHASE 1 AND 2			\$ 2,258,102	\$ 1,098,800	\$ 1,108,800				

*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 8th 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 stroke 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

Northern California Goods Movement Projects

Tier 1/Tier 2 notations are preliminary staff recommendations and subject to additional analysis and review and approval by regional agency policy boards.

Sept 12, 2007

ANCHOR PROJECTS

Project: 7th Street Grade Crossing

Sponsor: Port of Oakland

Description: This project will increase the Port's capacity for moving both rail and truck cargo into and out of the Port area. Seventh Street is a main entrance to the Port, with direct access to I-880 and a central location to the Port's 20 deepwater berths. New rail bridges are necessary to enhance connection of the Port's two existing intermodal rail terminals to the mainline and with the planned expansion of Port intermodal rail facilities and to provide an integrated, grade-separated rail system serving the Port. The current rail bridges and roadway under-crossings were constructed in phases between 1930 and 1964 and cannot meet the rail infrastructure requirements for future Port growth. Replacing the existing rail bridges will also provide for the widening of 7th Street. Improving this roadway will allow for the construction of the expanded rail facilities, and will provide improved connections for both existing rail yards. Current studies indicated that 7th Street will reach its carrying capacity of about 3 million TEU by 2010.

Total Project Cost: \$350 million

TCIF request: \$125 million

Tier: 1

Project: Martinez Subdivision Improvements, Phase 1

Sponsor: Port of Oakland and partners

Description: The Martinez Subdivision is the primary mainline rail connection serving the Port of Oakland. Owned by Union Pacific Railroad, the Martinez Subdivision runs a similar route as I-80, connecting Oakland to Sacramento and points east. BNSF has operating rights over this line, which serves as its principal access route connecting the Central Valley and BNSF's southern transcontinental route to the Port as well. This line also serves passenger train operations for both Capitol Corridor and Amtrak, contributing further to delays along the line. Currently, both BNSF and UPRR have a limited capacity to move trains into and out of the area. Trackage available for storing trains prior to departure or after arrival is extremely limited. This project consists of a series of short-term improvements to the mainline that will create the capacity to move more trains with fewer delays into and out of Oakland. Such improvements include the construction of additional mainline tracks between the Port and Richmond and between Richmond and Martinez; track reconfigurations at the Emeryville station (long-sought by the Capitol Corridor service); and siding, crossover and train signal system improvements along the subdivision.

Total Project Cost: \$300 million
TCIF request: \$150 million
Tier: 1

Project: Outer Harbor Intermodal Terminal (OHIT)

Sponsor: Port of Oakland

Description: This project will expand the intermodal rail facilities at the Port on the site of the former Oakland Army Base. The new facilities will be capable of higher density, higher capacity operations at a relatively lower operating cost and is expected to divert a higher fraction of the Port's container traffic to rail instead of to truck. This project will include construction of container loading and unloading tracks, parking areas for containers and connections to the railroad mainline. These facilities will increase the rail terminal capacity at Oakland from approximately 640,000 lifts (containers) per year to 1.7 million lifts (1.2 million TEU to 3.1 million TEU). Additionally this project is intended to be developed into a state-of-the-art clean-air technology showcase, featuring electrification and automation of yard operations based on European models (these enhancements will cost an additional \$125 million). This would greatly reduce the use of diesel yard equipment and trucks at the facility.

Total Project Cost: \$325 million (\$450 million with electrification improvements)

TCIF request: \$162.5 million

Tier: 1

CENTRAL CORRIDOR

Project: Donner Summit Improvements

Sponsor: Port of Oakland; Union Pacific

Description: The Central Corridor is the primary transcontinental rail connection across the middle of the country. This project will improve clearances through the Sierra-Nevada Mountains by removing or modifying snow sheds and tunnels on the Union Pacific line (former Southern Pacific lines) serving Northern California over Donner Summit to allow the movement of double-stack container trains. This project will also complete the double tracking over Donner Summit and improve signals and switches to increase capacity and velocity to and from California. Currently, container traffic moves over the more northern Feather River route, which takes up to a day longer for a container moving between the Port of Oakland and U.S. points east.

Total Project Cost: \$90 million

TCIF request: \$45 million

Tier: 1

Project: Sacramento Depot Rail Realignment

Sponsor: SACOG; Capitol Corridor

Description: The project will relocate a portion of the Union Pacific Railroad mainline (Martinez Subdivision) in the area of the Sacramento Valley Station, construct 2 new mainline freight tracks, 4 new dedicated passenger station tracks, platforms, platform access and related improvements for the re-aligned route. The current track configuration unnecessarily delays freight trains due to the speed limit (20 mph) of the current track

configuration which requires freight trains to pass through the passenger platform boarding areas where the primary means of platform access is by crossing live tracks, creating both a safety hazard for passengers and a security issue for the railroad. As more freight traffic flows over the Central Corridor to and from the Port of Oakland, freight system performance will degrade without capacity enhancements and reconfiguration of the tracks at Sacramento Station. This project will allow for additional operational flexibility as well as additional freight capacity and a 50% increase in velocity, and result in a safe and secure passenger boarding area that will accommodate up to 8 Capitol Corridor/San Joaquin trains.

Total Project Cost: \$50 million

TCIF request: \$20 million

Tier: 1

Project: Cordelia Truck Scales Reconstruction

Sponsor: Solano County; MTC

Description: I-80 is a major truck route and the existing truck scales are not large enough to handle the current volumes, forcing the scales to close when the trucks queue onto the freeway. This results in truck safety and weight inspections not being performed. With the completion of the new Benecia-Martinez Bridge, and attendant increases in eastbound traffic volume through the I-680/80 interchange, this situation is expected to worsen. The first phase of the project would rebuild the eastbound truck scales facility, build a 4-lane bridge across Suisun Creek, and construct braided ramps from the new truck scales facility to eastbound I-80 and State Route 12 ramps. This project should reduce the bottleneck and the dangerous conditions that result from trucks queuing onto the freeway. The project will involve building replacement scales and inspection facilities approximately one half-mile east of where they are currently located. This project has a key safety component.

Total Project Cost: \$99.6 million

TCIF request: \$49.8 million

Tier: 1

Project: Port of Sacramento Dredging

Sponsor: Port of Sacramento; SACOG

Description: The Port of Sacramento is pursuing the completion of a federally authorized channel-deepening project to dredge the remaining 35 miles of the existing ship channel from 30' to 35'. The project construction is to be completed in three dredging contracts by Corps of Engineers with the majority of funding to come from federal grants. The project will improve the potential to utilize the growing fleet of larger vessels, thus maximizing the utilization of the existing Port of Sacramento. This will allow more non-containerized goods to enter the Sacramento region via existing waterways, reducing approximately 1,000 truck trips per ship from the Bay Area. Increasing channel depth from 30' to 35' increases ship cargo capacity potential by 40%, dramatically improving the economics of moving cargo to the Port of Sacramento.

Total Project Cost: \$70.5 million

TCIF request: \$10 million

Tier: 1

Project: Capitol Corridor Operational Improvements

Sponsor: Capitol Corridor

Description: This project includes a series of improvements along the Union Pacific Railroad mainline (Martinez Subdivision) between Martinez and Sacramento. Improvements include constructing controlled siding track at Suisun; extending existing secondary track at Davis to be a controlled siding; and adding main line crossovers at Suisun, Elmira, and Dixon. The project will also upgrade and replace rails, ties, ballasts, and signals to improve operational flexibility and throughput between Martinez and Sacramento. This project removes several bottlenecks to both passenger and freight traffic flowing over the Central Corridor to and from the Port of Oakland. Without these capacity enhancements, system performance (velocity, reliability, capacity) will degrade. This project will allow for additional operational flexibility, freight velocity increases, travel time reduction, and capacity growth. The additional flexibility and velocity improvements for freight have a mutual benefit of more reliable operations for passenger trains that operate on the same tracks along this busy corridor.

Total Project Cost: \$60 million

TCIF request: \$30 million

Tier: 2

ALTAMONT CORRIDOR

Project: Highway 4 Westerly Extension to the Port of Stockton

Sponsor: SJCOG; Port of Stockton

Description: The project would extend the four-lane section of Highway 4 from its current terminus at Fresno Avenue for about 2.5 miles to the vicinity of the Port of Stockton Expressway (previously known as Daggett Road). This project would significantly improve access from the Port of Stockton east and west complexes and adjacent industrial and logistical uses to the Crosstown Freeway and Interstate 5. It would relieve truck movements on Charter Way and Fresno Avenue and accommodate the significant growth in truck movements resulting from expanding trade and logistical operations in this area. It would provide a dramatic relief to the over burdened I-5/Charter Way Interchange and significantly reduce truck trips through local neighborhoods surrounding the Port. The project would include a new interchange at Navy Drive. The project may be staged with Phase I extending from Fresno Avenue to the vicinity of Navy Drive and Phase II from Navy Drive to the Port of Stockton Expressway, including a new bridge crossing of the San Joaquin River.

Total Project Cost: \$220 million; Phase 1 - \$120m, Phase 2 - \$100m

TCIF request: \$60 million

Tier: 1

Project: San Joaquin Rail Commission Right-of-way (ROW) Preservation

Sponsor: SJCOG; ACE

Description: There is currently an increased demand for reliable passenger rail service between the Central Valley and the Bay Area. In addition, there has been increasing interest in short-haul freight shipments between the Port of Oakland, the Central Valley

and the Port of Stockton. Short-haul freight is not a business priority for Class 1 Railroads (Union Pacific and BNSF). However, as regional highway congestion worsens, rail capacity for short-haul freight has to be explored. Based upon similar operating characteristics such as fixed scheduling, short train miles (approximately 100 miles or less) and the need for reliability, passenger trains and short-haul trains can be much more compatible than either could be with long-haul freight. Even with the ultimate ACE scenario of 8 roundtrip trains, the corridor could still be a viable route for moving goods between the Central Valley and the Ports. Purchasing the ROW will give ACE the ability to greatly improve passenger service and provides publicly owned ROW for potential future short haul rail service.

Total Project Cost: \$150 million

TCIF request: \$75 million

Tier: 1

Project: Tehachapi Rail Improvements

Sponsor: Port of Oakland; BNSF

Description: The Union Pacific Railroad mainline, used primarily by the BNSF, connecting Southern California with Northern California and Northern California with the rest of the country is capacity-constrained both in terms of number of trains and length of trains that it can accommodate as it winds through the Tehachapi Mountains. Currently, forty trains per day use this line and volume is project to double over the next twelve years. This project will double track a fifteen mile segment that is presently single-tracked, eliminate three tunnels, extend sidings and upgrade the train signal system. As Trans-Pacific trade continues to increase, this rail route will become more critical to the movement of goods between California and the rest of the country. These improvements are projected to increase throughput by 650,000 TEU per year.

Total Project Cost: \$82 million

TCIF request: \$41 million

Tier: 1

Project: I-880 Improvements at 23rd and 29th Avenues

Sponsor: City of Oakland; Alameda CMA

Description: The project will improve a key bottleneck along I-880, which handles the highest volume of daily truck traffic in the Bay Area. This bottleneck is due to insufficient existing interchange spacing, ramp configurations and limited ability to widen the mainline. The frequency of accidents in the area is 5 times higher than the statewide average and delays are well above average. The project includes new on and off ramps with improved deceleration/acceleration lengths and safer geometric alignments, improved auxiliary lanes, and reconstructed overpasses at 23rd and 29th. The improvements will reduce congestion, increase safety and improve the operation of the freeway.

Total Project Cost: \$91 million

TCIF request: \$45.5 million

Tier: 1

Project: Short Haul Rail Terminus at Crows Landing

Sponsor: StanCOG

Description: This project provides infrastructure support for a new commercial and industrial development in Stanislaus County. The Phase I project will include rail connection improvements running south from Lyoth Junction Connection in San Joaquin County to the development, including: signal bungalows, track improvements, and real estate acquisition. In addition, investments in inland port facilities in Stanislaus County will include turnout and track improvements, a gate crossing at State Route 33, and on-site facilities construction. If implemented, new short haul rail service will remove trucks from the heavily congested Altamont Corridor, improving travel for both freight and passengers.

Total Project Cost: \$52 million

TCIF request: \$26 million

Tier: 1

Project: Oakland Subdivision Right-of-way Preservation

Sponsor: None

Description: The Oakland Subdivision is one of the Union Pacific's secondary lines running south of the Port of Oakland. The Oakland Subdivision runs down to Fremont and then over the Altamont Pass to the Central Valley. Acquisitions of this segment of rail has been considered as part of the Dumbarton Rail Passenger project (the project cost shown reflects the Dumbarton Rail project budget for this item), and UP showed a willingness to sell the right-of-way if certain price and infrastructure requirements were met. This right-of-way could be used to provide southerly access to the Port of Oakland for short haul rail service, and could provide additional benefits for passenger rail if used by the Capitol Corridor service.

Total Project Cost: \$60 million

TCIF request: \$30 million

Tier: 2

Project: Alameda Creek Bridge Construction

Sponsor: None

Description: Located in Fremont, the Alameda Creek Bridge would provide direct access from the Oakland Subdivision coming west over the Altamont to the Niles Subdivision, which runs north to the Port of Oakland. If UP were to sell the Oakland Subdivision for passenger or short haul rail service, the Alameda Creek Bridge would be required to provide access to the Port of Oakland for freight service.

Total Project Cost: \$32 million

TCIF request: \$16 million

Tier: 2

Project: State Route 132 Improvements

Sponsor: StanCOG

Description: This project will expand capacity to a 4-lane expressway with 6-lane right-of-way on State Route 132 between I-580 and SR-99. This is a key truck route in the Central Valley.

Total Project Cost: \$100 million
TCIF request: \$50 million
Tier: 2

Project: Arch-Sperry Road Extension
Sponsor: SJCOG

Description: This 1.6-mile roadway extension would provide the vital link in the Arch Sperry Corridor resulting in a local expressway connection between Interstate 5 and Highway 99. It would serve the largest concentration of jobs within San Joaquin County. This same corridor also serves as primary access to the Stockton Airport complex and the BHSF Intermodal Facility. Currently no extension to Highway 5 exists west of Performance Way. Trucks are forced to take a circuitous freeway routing from I-5 or to navigate a series of local roads. This project would close the 1.6-mile gap with a new limited access expressway section providing immediate access from I-5 and a major new freight connection between I-5 and Highway 99. It would also take advantage of the fully funded I-5 French Camp Interchange reconstruction now under development.

Total Project Cost: \$65 million
TCIF request: \$32.5 million
Tier: 2

Project: I-5/580/SR 132 Bird Interchange Project
Sponsor: SJCOG

Description: This project involves the construction of a new interchange on State Route 132 at Bird Road and widening of SR-132 between I-5 and I-580. The project would enhance regional access for a focused area of approximately 3,000 acres in San Joaquin County bounded by SR 132 on the north, I-580 and Chrisman Road on the west and south and I-5 on the east. The focused area is currently zoned as for agriculture and mining, and significant aggregate deposits are found in the project area. This regional and inter-regionally significant project would improve the mining industries ability to access and export by truck the 400 million tons of aggregate in order to support projects associated with and related to the State Infrastructure Bond projects.

Total Project Cost: \$41 million
TCIF request: \$20.5 million
Tier: 2

Project: I-580 Truck Climbing Lanes - Westbound
Sponsor: MTC; SJCOG; Alameda CMA

Description: In 2005, 19,000 trucks a day moved through this corridor, connecting the Central Valley to the Bay Area, a figure expected to increase 1.5-2.0% per year. Currently, trucks must climb the Altamont Pass grade mixed in with passenger automobiles. The project would add a new truck climbing lane, allowing slow-moving trucks to be separated from passenger vehicles, thus improving system reliability for all motorists.

Total Project Cost: \$50 million
TCIF request: \$25 million
Tier: 2

Project: I-580 Truck Climbing Lanes - Eastbound

Sponsor: MTC; SJCOG; Alameda CMA

Description: In 2005, 19,000 trucks a day moved through this corridor, connecting the Bay Area to the Central Valley, a figure expected to increase 1.5-2.0% per year. Currently, trucks must climb the Altamont Pass grade mixed in with passenger automobiles. The project would add a new truck climbing lane, allowing slow-moving trucks to be separated from passenger vehicles, thus improving system reliability for all motorists.

Total Project Cost: \$60 million

TCIF request: \$30 million

Tier: 2

Project: North Airport Air Cargo Access Road Improvements, Phase 1

Sponsor: Port of Oakland

Description: This project will allow the Port of Oakland to improve access to the North Airport Air Cargo area to meet the circulation demands as air cargo volumes and other tenant activity grow per projections. It includes building a four-lane roadway between Doolittle Drive (State Route 61) and Earhart Road to facilitate improved goods flow to and from North Airport air cargo tenants. Intersection improvements for this road at Doolittle will also provide improved access to the Martin Luther King, Jr. Freedom Center and the Regional Shoreline.

Total Project Cost: \$10 million

TCIF request: \$5 million

Tier: 2