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TRANSPORTATION  
COMMISSION**

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## ***Memorandum***

TO: Partnership Technical Advisory Committee

DATE: November 19, 2007

FR: Carolyn Clevenger, Planning

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

### **Summary**

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: the \$2 billion Trade Corridors Improvement Fund (TCIF) for allocation by the California Transportation Commission (CTC) for infrastructure improvements, the \$1 billion air quality program for allocation by the California Air Resources Board for air quality improvements related to goods movement, and \$100 million for port security allocated by the Office of Emergency Services. This memo provides an update on the TCIF program and a draft program of projects for your information.

Under Proposition 1B, the CTC is responsible for selecting projects. Over the past year, we have been working with CTC, legislative and administration staffs as the criteria, guidelines and schedule have been developed. CTC staff will present recommended guidelines and criteria at their November 7, 2007 Commission meeting. These guidelines and criteria will be presented at the PTAC meeting on November 19, 2007.

### **A. Background**

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. We have also been working with the Capitol Corridor and the Altamont Corridor Express (ACE), both of whom share track with rail freight interests, the Alameda Congestion Management Agency, and business groups such as the Bay Area Council and the East Bay Economic Development Alliance to develop a solid strategy we believe will make Northern California competitive in the TCIF program.

### **Northern California Corridors**

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-580/238/880 - known as the Altamont Corridor. Investment in these corridors together focuses on the dual goods movement issues of: (1) ensuring the future viability and growth of the Port of Oakland as a trade gateway for both imports and exports; and (2) the economic interconnections of the Sacramento and San Joaquin Valley regions with the Bay Area through interregional goods distribution corridors. 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. This integrated program is designed to meet current and future

requirements to move both people and goods throughout the state and the nation quickly, reliably and safely, with less highway congestion and pollution.

## **B. Draft program of projects**

*Attachment A* summarizes our preliminary \$1.15 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 \$860 million, reflects the highest priority projects for each region. 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 should be recommended 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 coming 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.

## **C. Program elements**

The draft program includes both rail and highway projects that make up the two high priority interregional and international trade corridors identified above: the Central Corridor and the Altamont Corridor. In order to be competitive for TCIF funding, the program must showcase coordinated corridor plans with projects that compliment one another, demonstrate operational synergies, and create a seamless trade system that moves goods efficiently throughout Northern California.

### 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 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) and through Sacramento (the Sacramento Rail Depot Realignment) as well as over the 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 passenger service east of Sacramento and 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 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**

Staff anticipates guidelines, criteria and schedule to be finalized by the end of the month, with project submissions likely required before the end of the year. MTC will continue to work cooperatively with our partners in the Central Valley, the Sacramento region and the Port of Oakland to pursue a Northern California trade program.

Please contact Carolyn Clevenger at [cclevenger@mtc.ca.gov](mailto:cclevenger@mtc.ca.gov) or (510) 817-5736 with any questions or comments.

### Attachments

A: Draft Project List

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**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
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**TIER 1** *costs in thousands*

Anchor					
1	ALA/Port	7th Street Grade Crossing	\$ 250,000	\$ 125,000	\$ 125,000
2	ALA/Port	Martinez Subdivision Improvements	\$ 315,000	\$ 157,500	\$ 157,500
3	ALA/Port	Construct Outer Harbor Intermodal Terminal	\$ 325,000	\$ 162,500	\$ 162,500
<b>Anchor Total</b>			<b>\$ 890,000</b>	<b>\$ 445,000</b>	<b>\$ 445,000</b>

Y	Port	X	Match to come from the Port. Key grade crossing and overpass work at primary gateway to the Port.
Y	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.
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.

Central Corridor					
4	SACOG	Donner Summit Improvements	\$ 75,000	\$ 37,500	\$ 37,500
5	SACOG	Sacramento Depot Rail Realignment	\$ 50,000	\$ 20,000	\$ 30,000
6	SOL	Cordelia Truck Scales	\$ 99,600	\$ 49,800	\$ 49,800
<b>Central Corridor Total</b>			<b>\$ 224,600</b>	<b>\$ 107,300</b>	<b>\$ 117,300</b>

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.
Y	Local	X	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.
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.

Altamont Corridor					
8	SJ	Hwy 4 Extension to Port of Stockton (Phase 1)	\$ 180,000	\$ 90,000	\$ 90,000
9	SJ	San Joaquin Rail Commission ROW purchase for future short haul service - Stockton to Fremont.	\$ 150,000	\$ 75,000	\$ 75,000
10	Port State	Tehachapi Pass Improvements	\$ 82,000	\$ 41,000	\$ 41,000
11	ALA	I-880 Improvements @ 29th & 23rd Avenues	\$ 91,000	\$ 45,500	\$ 45,500
12	Stan.	Short haul terminus at Crows Landing development	\$ 52,000	\$ 26,000	\$ 26,000
<b>Altamont Corridor Total</b>			<b>\$ 555,000</b>	<b>\$ 277,500</b>	<b>\$ 277,500</b>

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.
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.
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.
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.
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.

Dredging projects					
7	SACOG Port	Port of Sacramento Dredging	\$ 70,502	\$ 10,000	\$ 10,000
13	SJ	Port of Stockton dredging	\$ 140,000	\$ 17,500	\$ 17,500
<b>Dredging Total</b>			<b>\$ 210,502</b>	<b>\$ 27,500</b>	<b>\$ 27,500</b>

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.
N	Port		Project request is half the local share (75% federal, 25% local) required for Army Corps dredging projects. The project has been approved by the Corps but the federal portion of the funds can be guaranteed only on annual basis because the Corps does its budget based on annual capacity rather than multi-year commitments.

**TOTAL PHASE 1 \$ 1,880,102 \$ 857,300 \$ 867,300**

**TIER 2**

Central Corridor					
14	MTC/SACOG	Capitol Corridor Operational Improvements	\$ 60,000	\$ 30,000	\$ 30,000
<b>Central Corridor Total</b>			<b>\$ 60,000</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>

N	UP		Various rail upgrades along the corridor from Oakland to Sacramento. Improves service for both UP and Capitols.
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Altamont Corridor					
Short haul rail: Bay Area - Central Valley					
15	ALA	Oakland Subdivision ROW Purchase	\$ 60,000	\$ 30,000	\$ 30,000
16	ALA/SJ	Alameda Creek Bridge	\$ 32,000	\$ 16,000	\$ 16,000
Altamont highway projects					
17	Stan.	State Route 132 Improvements	\$ 100,000	\$ 50,000	\$ 50,000
18	SJ	Hwy 4 Extension to Port of Stockton (Phase 2)	\$ 100,000	\$ 50,000	\$ 50,000
19	SJ	Sperry Road	\$ 65,000	\$ 32,500	\$ 32,500
20	SJ	I-5/580 SR 32/Bird Interchange	\$ 41,000	\$ 20,500	\$ 20,500
21	ALA/ SJ	EB I-580 Truck Climbing Lane Over Altamont	\$ 60,000	\$ 30,000	\$ 30,000
22	ALA/ SJ	WB I-580 Truck Climbing Lane Over Altamont	\$ 50,000	\$ 25,000	\$ 25,000
23	ALA	North Airport Air Cargo Road Access Improvements	\$ 10,000	\$ 5,000	\$ 5,000
<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>

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.
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.
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.
N	TBD/local	X	Phase 2 of key Port of Stockton connection (#8). Match tbd.
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.
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.
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.
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.
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.

**TOTAL PHASE 1 AND 2 \$ 2,458,102 \$ 1,146,300 \$ 1,156,300**

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