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March 9, 2010

Honorable Dale Bonner
Secretary
Business, Transportation and Housing Agency
980 9th Street, Suite 2450
Sacramento, CA 95814

Mr. James Earp, Chair
California Transportation Commission
Sacramento, CA 95814

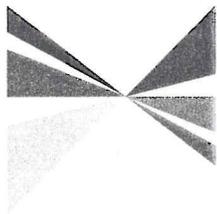
Dear Secretary Bonner and Chairman Earp,

As you know, the Southern California Trade Corridors Consensus Group had previously requested your consideration to redirect the \$97 million for the Colton Crossing to projects which focus on the safety of our region's rail corridors where freight and passenger rail services operate on shared tracks. It is our understanding that Union Pacific (UP) has not finalized a baseline agreement on the Colton Crossing project, which received \$97 million from Proposition 1B Trade Corridor Improvement Fund (TCIF) and will not meet the March 2010 deadline established by Government Code Section 8879.52 (d). Without a baseline agreement by March 2010, the State may reprogram the \$97.3 million in TCIF funds for other uses. If this deadline is missed, the Colton project is ineligible to receive the State TCIF funds. In that event, it is our intention to work with you to reprogram the TCIF funds for Positive Train Control (PTC) in our region.

Recently, the United States Department of Transportation (USDOT) granted \$33.8 million in TIGER funds for the Colton Crossing project. Although we are delighted that Southern California was granted federal funds, we are concerned that this project was recommended for funding by the State given the lack of support from the local and regional community. We believe the project will have challenges in meeting the TIGER timelines.

Recent developments have reaffirmed our commitment to the reprogramming of the Colton Crossing TCIF funds for rail corridor safety enhancements, specifically for the development of PTC in Southern California. At its January 21, 2010 investigative hearing on the collision of a Metrolink passenger train and a Union Pacific freight train in Chatsworth, the National Transportation Safety Board (NTSB) concluded that had a fully implemented PTC system been in place it would have intervened to stop the Metrolink train and the collision would not have occurred. Furthermore, the NTSB's probable cause findings determined that the lack of a PTC system was a contributing factor to the accident.

Extensive PTC development efforts are currently underway by both the private and public railroads. In Southern California, the SCRRRA has an accelerated strategy to have PTC operational on all public agency owned rail rights-of-way and Metrolink trains by 2012 in conjunction with the BNSF and UP freight



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railroads goal to complete the installation of wayside PTC along their rights-of-way by 2012 as well.

We continue to believe that the revitalization and long term prosperity of the Ports of Long Beach, Los Angeles and Hueneme rely on the movement of inter-regional goods on a more efficient, safe and reliable freight system, and the programming of funding for PTC in the region is an important element of the shared freight and passenger rail network. The project is in the Regional Transportation Plan and has been approved by SCRRRA and the policy Boards of the five member agencies. We have also identified matching funds from the public sector. We ask that you support our efforts to redirect the Colton Crossing project funds back to the Southern California Trade Corridor in order to expedite funding for PTC if the baseline agreement timelines for the project are not met.

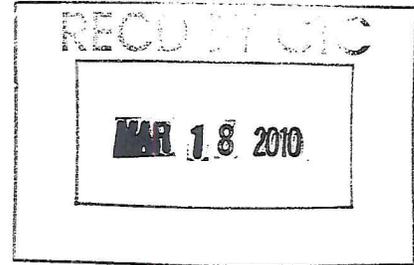
Sincerely,

Executive Director
Southern California Association of Governments

Cc: Honorable John Pèrez, Assembly Speaker



Scott D. Moore
Vice President Public Affairs



March 17, 2010

Ms. Bimla Rhinehart, Executive Director
California Transportation Commission
1120 N. Street, Room 2233 (MS-52)
Sacramento, CA 95814

Dear Ms. Bimla Rhinehart,

On March 25th, you and your colleagues will undertake a "Review of the status of the delivery schedule and project requirements as documented in the project baseline agreement for Trade Corridor Improvement Fund (TCIF) Project 79: Colton Crossing project" as established by Senate Bill 1266 (Chapter 25, 2006). This letter is to provide you with additional information for this agenda item, and urge your support for this generational project. Colton Crossing is known globally as a bottleneck in the Southern California supply chain. An affirmative action by the commission on this project will be a signal to the international trade community that California is addressing infrastructure needs and is open for business. Additionally, the Colton Crossing project is expected to account for approximately 2,700 jobs.

Union Pacific Railroad has been involved with the advancement of the Colton Crossing project as a potential public-private partnership for several years now. Much has occurred over the years from inclusion in the Goods Movement Action Plan in 2006, application for Trade Corridor Improvement Funds in 2008, and the ultimate programming of such TCIF funds by your commission that same year. The most recent activity was the decision by the US Department of Transportation (US DOT) last month to award this program with \$33.8 million in TIGER funding. With the TIGER funds, private investment for matching funding by both BNSF and Union Pacific, and additional Union Pacific financial support to cover a funding shortfall associated with the TIGER grant, this project is now fully funded.

Your staff has provided you with the original TCIF application, the MOU and the baseline agreement you are currently reviewing. I am also attaching two documents to provide you with further information on the project. The first is a "fact sheet" which succinctly describes the "public benefits" associated with this project. The second document is the TIGER grant application filed by Caltrans (supported by BNSF and Union Pacific). Though lengthy, the grant application spells out the significance of the project and provides a good understanding of what the project will accomplish in the long term.

There is much activity and many questions relating to this particular agenda item. I would like to arrange a time when UP can visit with you to answer any questions you may have and provide you with the most current information. Of particular interest is an MOU being discussed by Class 1 Railroads, SANBAG, and the City of Colton that, while not a part of the Colton Crossing Project, is being developed to address issues that are important to the community. My office will be in contact with you to arrange a time for a briefing prior to your meeting.

I look forward to visiting and working with you at the upcoming commission meeting. In the meantime, if you have any questions please feel free to contact me directly at 916.789.6015 or sdmoore@up.com.

Sincerely,

Scott D. Moore

Enclosures

cc: The Honorable Alan Lowenthal
The Honorable Mike Eng
Dale Bonner, Secretary, Business, Transportation, and Housing Agency
Randell Iwasaki, Director, California Department of Transportation



DEPARTMENT OF TRANSPORTATION
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*Flex your power!
Be energy efficient!*

September 14, 2009

TIGER Discretionary Grants Program Manager
United States Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Dear Ladies and Gentlemen:

On behalf of the California Department of Transportation, I am pleased to submit an application for funds authorized by the Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grant program, for the project entitled "Colton Crossing Grade Separation" with a total TIGER grant request of \$43,800,000.

Please contact Richard Nordahl, Chief, Office of Goods Movement, at (916) 653-0426 or richard_nordahl@dot.ca.gov if you have questions or require additional information regarding the application. Please contact Scott Moore, Vice President, Public Affairs West for the Union Pacific Railroad (project developer) at (916) 789-6015 or sdmoore@up.com if you have any questions regarding the technical aspects of this application, such as the benefit/cost analysis methodology or project schedule.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Tuttle".

MARTIN TUTTLE
Deputy Director
Planning and Modal Programs

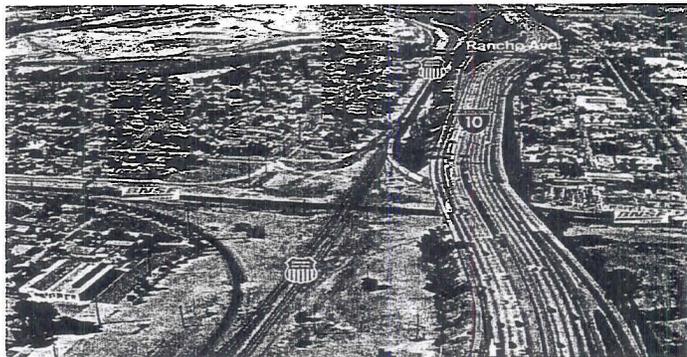
Enclosure

c: James R. Young, Chairman, Union Pacific Railroad
Matthew K. Rose, Chairman, BNSF Railway
Scott Moore, VP, Public Affairs West, Union Pacific Railroad
Jerry Wilmoth, General Manager Network Infrastructure, Union Pacific Railroad
Colleen Weatherford, Director, Public Private Partnership, BNSF Railway
Richard Nordahl, Chief, Office of Goods Movement, California Department
of Transportation

Colton Crossing Separation Helps Mobility in Southern California

Eliminating rail gridlock at the Colton Crossing, one of the busiest at-grade (same level) rail intersections in the country, will relieve road and rail congestion, reduce wait time and delays for motorists at area rail crossings and improve air quality in Southern California. The projected cost of \$198 million in 2013 dollars will be met by a \$33.8 million investment of Federal funds through the *Transportation Investment Generating Economic Recovery* (TIGER) grant, and by a \$97.3 million investment of State funds from the *Trade Corridor Improvement Fund* (TCIF), providing a public benefit estimated as high as \$828 million.

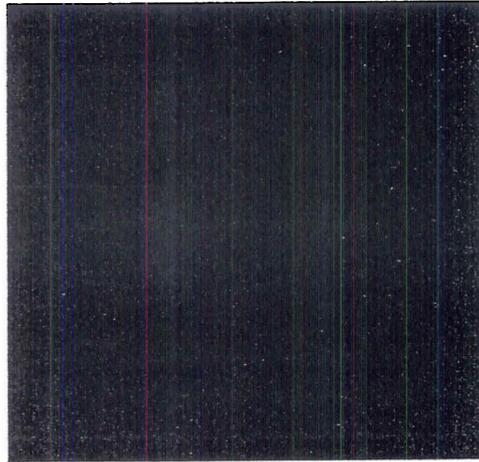
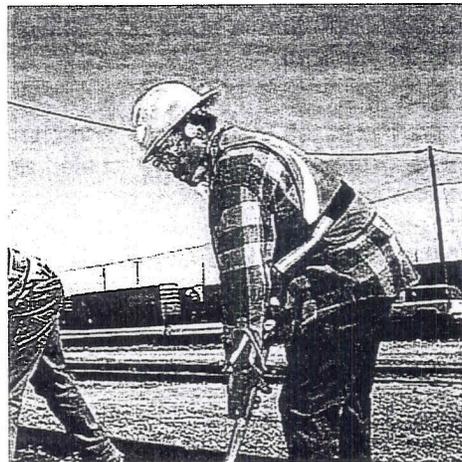
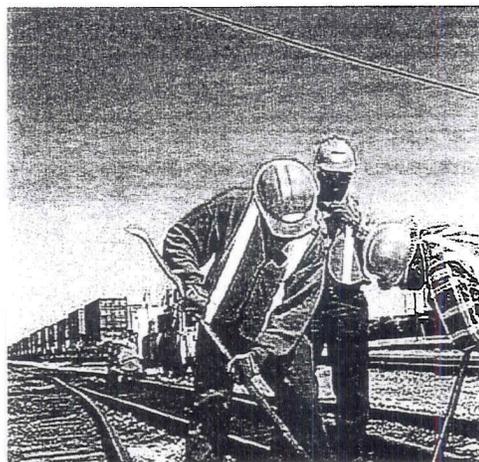
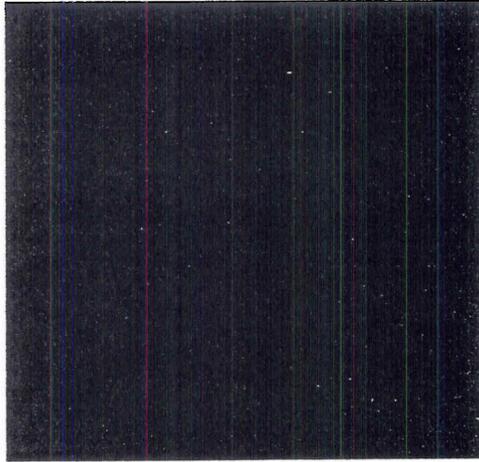
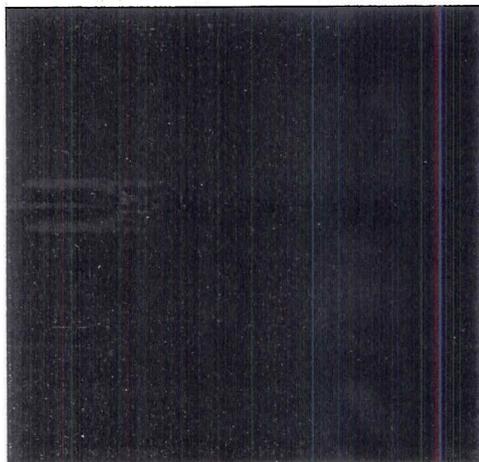
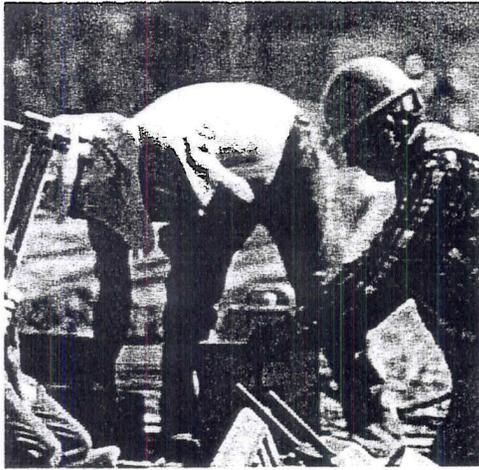
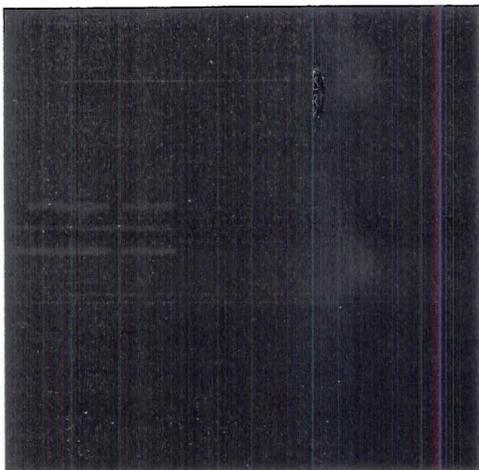
- According to a 2008 public benefit analysis, communities surrounding the Colton Crossing rail intersection such as Riverside, Colton, San Bernardino, and Pedley will benefit greatly from the crossing separation. Public benefits of this crucial freight mobility project could be from \$503.0 million (local) and \$706.7 million (national) to as much \$624.2 million (local) and \$827.9 million (national), not including the many benefits derived from keeping freight and passenger traffic off highways as fluidity of trains dramatically improves.
- The overall benefit of the Colton Crossing grade separation includes travel time and operating costs savings for motorists, as well as environmental savings from reduced wait times of vehicles delayed at area railroad crossings, and freight and passenger trains delayed at the Colton Crossing.
- The project is expected to account for 2,701 direct, indirect and induced jobs across California's economy, along with \$368.7 million (2007 dollars) of direct, indirect and induced business output during construction and the first 20 years of operation.



The free-flowing rail network would provide the following benefits to communities:

- 1) Reduced noise and air emissions of hundreds of idling locomotives waiting for their turn
- 2) Elimination of delays for motorists waiting at area rail crossings for slowing, stopping and accelerating trains getting through the rail intersection
- 3) Ambient and I-10 noise reduction through the project's east/west rail embankment "wind walls"
- 4) Lower-cost rail transportation that competes for future traffic growth of congested roads and highways through increased capacity and expedited freight movement
- 5) Better road fluidity through improved and predictable passenger train service that attracts drivers away from congested roads and highways





TIGER Grant Application

Colton Crossing Grade Separation Project

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richard_nordahl@dot.ca.gov
Phone: (916) 653-0426

Union Pacific Contact:
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Vice-President Public Affairs
Union Pacific Railroad
10031 Foothills Boulevard
Roseville, CA 95747
(916) 789-6015
sdmoore@up.com



Colton Crossing Project Overview

Fast Facts

- **Project Name:** Colton Crossing Grade Separation
- **What:** Grade separation of a rail-to-rail grade crossing
- **Where:** Southern California (City of Colton, San Bernardino County)
Located in an urban area and in California's 43rd Congressional District
- **Cost:** \$198.3 Million (2012 \$)
- **TIGER Request:** \$43.8 Million (22%)
- **Construction Timeframe:** 2011 - 2013
- **Jobs:** An average of 674 total jobs/year from 2010-2013
- **Public Benefits:** \$707 Million Present Value (2007 \$)

Why Is This Project The Best Choice For TIGER?

1. Project of National and Regional Significance

Colton Crossing is the node where two Class I railroad mainlines cross on their routes connecting Southern California with the Midwest, East Coast, and Southeast. These lines serve as a key link in the supply chain between Asia and most of the United States: approximately 40% of all containerized traffic entering or leaving the U.S. passes through the California port complexes of Los Angeles/Long Beach (POLA/POLB). More than 60% of POLA/POLB volume is moved inland through the L.A. Basin, and the vast majority of which moves via rail over Colton Crossing. The crossing is also of vital importance to California's local economy, as 40% of its traffic is not port related.

The at-grade crossing, which handled 129 trains/day in 2006 at its peak, is a major chokepoint in the supply chain—delays and impacts cascade across a multi-state network. This project builds upon the Alameda Corridor and Alameda Corridor East (infrastructure projects), and is particularly important in ensuring that the national benefits of those state and federal investments are realized.

2. Significant Long-Term Benefits

- Accommodates future increases in passenger and commuter train service.
- Reduces travel time, saves on inventory costs, and improves reliability for the movement of goods across the country.
- Avoids the need for an additional 14 million truck-miles per year.
- Saves more than 10 million gallons of fuel per year.
- Saves nearly 3 million hours/year for motorists delayed at rail-highway crossings.

3. It's A Solid Public Investment

- B/C Ratio >7.0
- Public benefits outweigh the TIGER Grant request by a 16:1 ratio.

4. Tremendous Partnership

- Leverages committed financial contributions from the State of California and two private railroads—non-federal funds represent 78% of the financial plan.
- Includes the coordination of several stakeholders.

Why Now?

- **Now or Never:** Significant state and private funding is programmed but a federal commitment is needed by February 2010 to avoid reprogramming of state funds.
- **Jobs in an Economically Distressed Area (EDA):** Colton is an EDA with an unemployment rate of 15.0% (5.3 percentage points higher than the national average as of July 2009). San Bernardino County's per capita income is less than 73% of the national average.



TIGER Discretionary Grant Application

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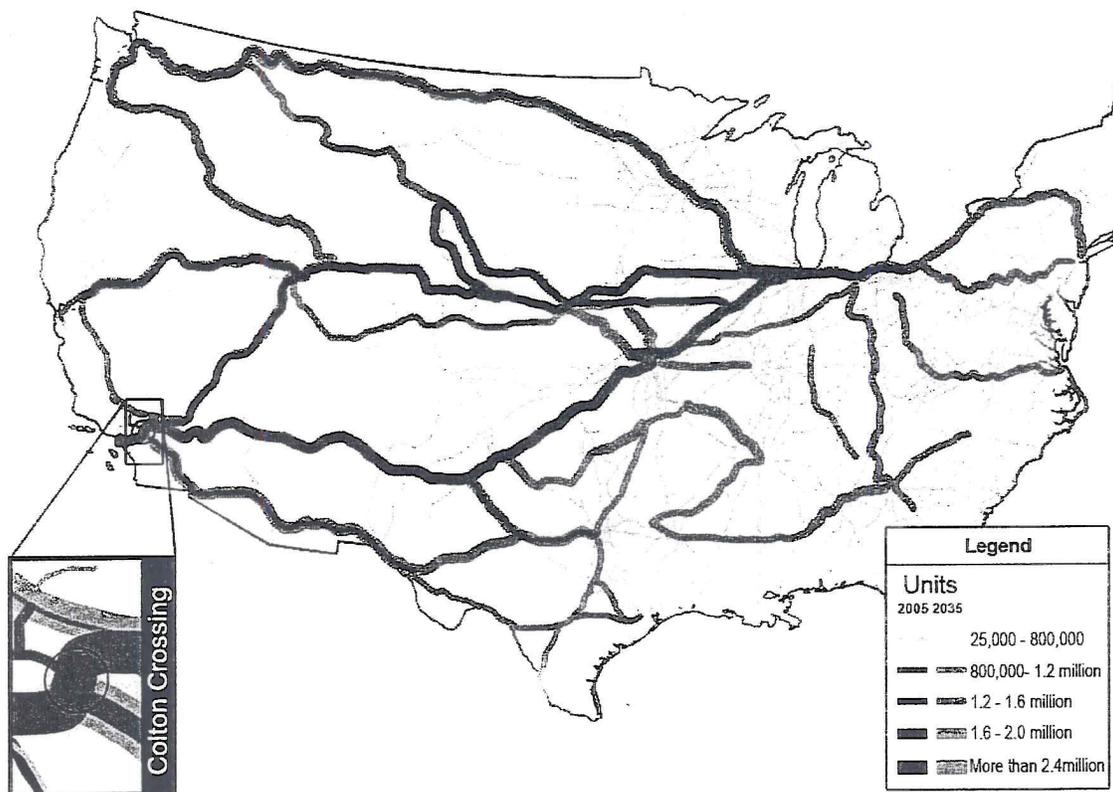
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1.0 Project Description

Colton Crossing is an at-grade junction of two Class I railroads in Southern California—it is the key intersection of two of the nation's busiest rail corridors. Exhibit 1-1 shows how the two primary rail lines connect the Los Angeles metropolitan area—including the Ports of Los Angeles and Long Beach—with the Midwest, East Coast, and Southeast regions of the United States. For the Union Pacific Railroad (UP), the crossing is part of their routes to both Salt Lake City and on to Chicago, and the Sunset Route to Texas and the Southeast. For the BNSF Railway (BNSF), the crossing is part of its major "Transcon" route linking Los Angeles with Chicago and the Southeast. As illustrated in the figure below, these two routes carry more rail cars than just about any other line in the country; if Colton Crossing were a highway junction, it would be the equivalent of the Springfield, Virginia, Interchange (where I-95, I-395, and I-495 meet) replaced by a traffic light.

Exhibit 1-1 Project Location (Colton Crossing and Rail Car Traffic)



Source: Adapted from AASHTO Freight-Rail Bottom Line Report, 2003

Notes: The thickness of the bars represents the number of rail cars on the links

As noted by AASHTO, these two rail lines handle more than 70% of the potential intermodal rail traffic, both containers and trailers-on-flat cars, flowing between Southern California and the Midwest and East Coast.¹ Approximately 40% of all containerized traffic entering or leaving the U.S. passes through the Ports of LA/Long Beach, more than 60% of the port volume is moved inland through the L.A. Basin, and the vast majority of that traffic moves via rail over Colton Crossing. The crossing's importance is not limited to international trade, however, as 40% of its traffic serves other businesses in the State of California and is not related to the ports. For

¹ "Freight-Rail Bottom Line Report," AASHTO, 2008.



example, the crossing plays an important role in moving high-value consumer packages, and more than 90% of the automobiles manufactured in the United States and sold in Southern California utilize the crossing. Furthermore, consumer products, forest products, processed foods, and construction materials move via rail to and from various parts of the United States to Southern California. The Inland Empire is a growing manufacturing center with employment at the 87,000 mark as of 2007. Each year the railroads originate or terminate approximately 1.6 million units of traffic, excluding international intermodal, which supports local industry in the Los Angeles basin.

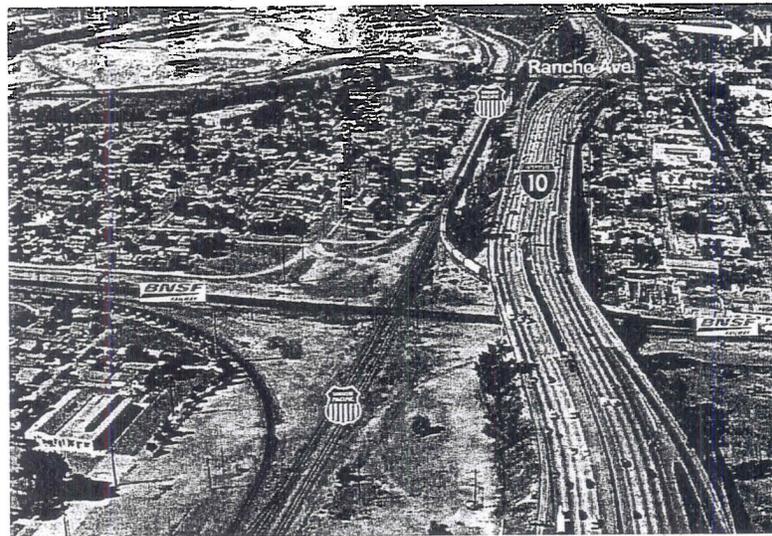
Colton Crossing is a major chokepoint of the Southern California rail network, with an average of 129 train operations (including three Amtrak intercity passenger trains and eight Metrolink commuter trains) per day at its peak in 2006. Although 2008 demand moderated due to the economic retraction by 16% versus 2006, congestion is expected to grow increasingly worse as passenger train counts increase and when the economic demand for additional freight shipments returns. For example in 2007, freight trains experienced delays up to several hours (with an average of one hour delay at the crossing) as they waited for other trains to pass through the crossing. These delays cascade through the nation's rail network, requiring both UP and BNSF to hold trains as far as 20-50 miles from Colton in order to fit them into operating "gaps" at the crossing. These systemic delays not only have a direct time impact on how long it takes to move goods across the country, but the range of delays also severely affects the reliability of shipping goods via rail. Shippers have higher inventory costs, as they need to hold larger stockpiles of materials to avoid shortages if/when shipments arrive late. The impacts of delays at Colton Crossing limit the viability of rail in certain markets (particularly for high value goods), resulting in additional truck trips taken on already congested Interstate highways.

Although significant impacts are realized beyond California, the crossing's congestion also causes negative impacts in the city of Colton, California, and the surrounding area. Diesel locomotives sometimes idle for long periods as they wait for a crossing window, and more than 24 rail-highway crossings can be blocked by trains that are moving slowly (due to railway congestion) as they approach Colton Crossing. The road delays at these affected rail-highway grade crossings are significant (it is estimated that an average of nearly 3 million person hours per year will be saved at affected rail-highway grade crossings when the Colton Crossing grade separation project is implemented), and these road delays contribute additional emissions. Once the trains move through the crossing, which happens an average of once every 10 minutes (24 hours per day), the trains generate noise impacts when the slack is removed and again when each rail wheel eventually travels over the four gaps at the "diamond" crossing.

Exhibit 1-2 shows a photo of the existing conditions at Colton Crossing. This view looks west toward Los Angeles, with north at the right. The two UP tracks (coming from the top to the bottom of the photo) run in the east-west direction, parallel Interstate 10. The two BNSF Transcon tracks cross the UP tracks on an at-grade crossing, passing under I-10.



Exhibit 1-2: Project Area (Colton, California)



The Colton Crossing project has been discussed for decades, and received increasing attention with the rapid growth of rail intermodal traffic (starting in the 1990s) that in turn resulted in larger delays to area highway traffic at rail-highway crossings. Indeed, the crossing is identified as one of the three top freight rail chokepoints in the state that should be addressed.² The routes passing through Colton Crossing have also been the focus of Office of Naval Research studies because of their strategic defense role in connecting inland Department of Defense facilities with the naval bases on the Pacific Coast.

In 2005, the Governor of California appointed a blue-ribbon panel to develop a statewide Goods Movement Action Plan (GMAP), with Colton Crossing listed as a “high-priority” project. As part of the \$20 billion Transportation Bond initiative (Proposition 1B), a \$2 billion Trade Corridor Improvement Fund (TCIF) was established for surface transportation “Trade Corridors of National Significance.” The California Transportation Commission (CTC), who is responsible for administering the TCIF funds and used a competitive process to determine which candidate projects would receive TCIF funding allocations. The California Department of Transportation (Caltrans) submitted an application for the Colton Crossing grade separation project and received a \$97.3 million TCIF allocation.³

The Alameda Corridor Transportation Authority (ACTA) conducted a feasibility study for Colton Crossing in 2006. The study analyzed various alternatives, including the east-west flyover alternative that was recommended as the preferred alternative and is the basis of the TCIF funding and this TIGER Grant proposal. The San Bernardino Association of Governments (SANBAG) is currently validating/determining the preferred alternative in an update to the Project Report, leading outreach activities, and performing the project’s environmental assessment process.

The Multi-County Goods Movement Action Plan (MCGMAP) was a partnership between county, regional, and state transportation agencies to address goods movement challenges faced by the Southern California counties. The study, published in April 2008, recommended the Colton

² See p.208 of the California State Rail Plan.

³ <http://www.catc.ca.gov/programs/tcif.htm>



Crossing grade separation as a specific recommended action to relieve congestion and improve mobility.

Plan and profile drawings for the proposed Colton Crossing grade separation project can be found in Exhibit A-1 (in Appendix A). This exhibit shows the location of the new tracks, which are adjacent to I-10 and essentially follow the existing alignment. The flyover structure will carry the two UP tracks over the BNSF tracks, eliminating the cause of delays at Colton Crossing.

Colton Crossing is an integral part of California's plans to improve the movement of goods within and through the region. This investment complements and builds on prior projects such as Alameda Corridor and Alameda Corridor East, as well as significant passenger/commuter rail capacity investment in the L.A. Basin. It is particularly important in ensuring that the national benefits of those state and federal investments are realized. Further, investments in other parts of the rail corridors (beyond California) cannot recognize their full potential until the Colton Crossing project is implemented.

While funding issues have caused some delays in the implementation of the project, filling the gap with a TIGER Grant will permit the Colton Crossing project to move forward with a rapid (yet efficient) implementation.

2.0 Project Parties

A number of entities are actively participating in the Project. The primary organizations and their roles are discussed below. Letters of support from other supportive entities (representing broad and diverse interests) are included in Appendix E.

California Department of Transportation (Caltrans)

The mission of the California Department of Transportation (Caltrans) is to improve mobility across California. Recognized as one of the world's outstanding transportation organizations, Caltrans provides leadership in the planning, development, operation, and maintenance of the State's comprehensive transportation system. In this leadership, it seeks to support overall State efforts to provide a prosperous economy, social equity, and a quality environment.

People and goods must be accommodated by an efficient, seamless, and safe multimodal transportation system. As part of that multimodal system, freight rail is one of its key strategic components and is vital to the state's economic interests. As endorsed by Governor Schwarzenegger in the California State Rail Plan, it is the State's policy objective to foster the maintenance and improvement of the State's rail network and its freight market share, through system planning, system investments, environmental enhancements, and ongoing partnerships.

As the public sponsor of this project for TCIF, the sponsor of the TIGER Grant application, and the public agency responsible for delivering and overseeing the project, Caltrans has already secured more than three-quarters of the funds needed to complete this project. Caltrans also provided \$3.7 million in FY06-07 for Colton Crossing preliminary engineering and environmental analysis.

San Bernardino Associated Governments (SANBAG)

SANBAG is the transportation planning agency for the San Bernardino County, the location of Colton Crossing. SANBAG's mission is to support the construction or rehabilitation of highways, roads, railroad crossings, and public transit for San Bernardino County. On the Colton Crossing project, SANBAG is the lead agency for preparing the Project Report and for managing the



planning and environmental assessment process, which includes public hearings, outreach, communication, and stakeholder meetings.

Union Pacific Railroad (UP)

UP is a major Class I railroad that covers 23 states across the western two-thirds of the continental United States. UP owns and operates the east-west tracks of Colton Crossing (parallel to Interstate 10) and it will co-administer the project construction process with BNSF. To reflect the benefits that it anticipates receiving from the project, UP has committed \$49.6 million toward the grade separation project.

Burlington Northern Santa Fe Railway Corporation (BNSF)

As the other major Class I railroad in the western United States, BNSF owns and operates railroad tracks in 28 states. BNSF owns and uses the north-south tracks of Colton Crossing, it shares the operations of the crossing with UP, and it will co-administer the project construction process with UP. BNSF has committed \$7.5 million to the grade separation project.

U.S. Department of Transportation (USDOT)

To date, the project has not received any federal funds and no U.S. Department of Transportation (USDOT) agency has been involved in the Colton Crossing grade separation efforts. With a TIGER Grant, however, USDOT involvement will be needed (through one of the cognizant modal agencies, either the Federal Railroad Administration or the Federal Highway Administration) to perform oversight of the federal funds and to ensure the project's compliance with federal-aid requirements, including the National Environmental Policy Act of 1969 (NEPA). The cognizant modal agency's involvement in the project will begin once NEPA scoping is initiated.

3.0 Grant Funds

The total project cost is estimated to be \$198.3 million. This estimate is in year 2012 dollars, based on the mid-point of the construction period. To date, the project has secured \$154.5 million (78% of all funds needed), and the application is seeking the remaining amount needed (\$43.8 million, or 22%) from the U.S. DOT TIGER Grant Program. The state's Trade Corridor Improvement Fund allocated \$97.3 million to the project, and the railroads have committed nearly 30% of the funding, or \$57.1 million. Capital construction activities constitute the majority of the costs (81%), while other soft costs and right-of-way costs represent approximately 19%. Exhibit 3-1 presents a breakout of the sources and uses of all funds.

Exhibit 3-1: Colton Crossing Funding Allocations

	TIGER Funds (requested)	State TCIF	Union Pacific	BNSF	TOTAL	
Project Approval / Environmental Documentation	\$3.7	-	\$11.8	\$0.5	\$16.0	8.1%
Plans, Specifications and Estimates	\$2.7	-	\$8.5	\$0.4	\$11.6	5.8%
Right-of-Way (Capital and Support)	-	-	\$9.0	\$1.6	\$10.6	5.3%
Construction (Capital and Support)	\$37.4	\$97.3	\$20.3	\$5.0	\$160.0	80.7%
TOTAL	\$43.8	\$97.3	\$49.6	\$7.5	\$198.3	
	22.1%	49.1%	25.0%	3.8%		100.0%

Due to rounding, the total amount may deviate slightly from the actual total.



4.0 Primary Selection Criteria

The grade separation project will produce enormous long-term benefits, its benefits far exceed the costs, and it will create a large number of jobs for workers in an Economically Distressed Area. Information on the primary selection criteria are below.

4.1 Long-Term Outcomes

4.1.1 Economic Competitiveness

Long-Term Efficiency, Reliability, and Cost-Competitiveness in the Movement of Goods

As noted in the Project Description section, Colton Crossing is a major freight chokepoint that impedes the movement of imported, exported, and domestically produced/consumed goods on rail between Southern California and the rest of the United States, including major population centers and key industrial areas of the country. Containerized imports include not only final consumer goods, but also intermediate goods that go into products manufactured in the United States (e.g., computers). The bulk of U.S. goods exported through the Ports of LA/Long Beach also traverse Colton Crossing. Among the key export sectors that move through the crossing are transportation equipment, chemicals and plastics, high-tech and electronics equipment, and recyclable materials. Further, the crossing plays an important role in moving high-value consumer packages and automobiles via rail. More than 90% of the automobiles manufactured in the United States and sold in Southern California utilize the crossing. It is also used for shipments of consumer products, forest products, processed foods, and construction materials from various parts of the United States to Southern California. Each year the railroads originate or terminate approximately 1.6 million units of traffic, excluding international intermodal, which supports local industry in the Los Angeles basin.

Time delays incurred just at the crossing for a typical 100-car unit train averaged one hour as recently as 2007, although delays are less severe in 2009 as rail traffic volumes suffered from the contraction of the economy. Delays can also be unpredictable, adding additional cost and uncertainty to the movement of goods. Further, the crossing's delays cascade to the other parts of the rail network. Eliminating this chokepoint will benefit major links of the supply chain – including segments that have already received significant public and private investment – in terms of speed, reliability and costs. It will also provide system capacity sufficient to serve current traffic and to accommodate future growth.

Over time when economic activity recovers, freight traffic will resume growth, even if it is slower than the pace of 2000-2006. In a 20-year timeframe, even a one percent per year increase in train counts would result in a 22 percent increase over the period. With increased demand, delays will grow at even higher rates (as fewer gaps are available for crossing trains) and train performance will erode further. This project represents a relatively low-cost approach for addressing freight rail impedances. Additional tracks or securing new right-of-way to build new routes would cost much more.

The Colton Crossing project will improve the nation's economic competitiveness and economic well being in the following ways. Specifically, the grade separation project will:

- Reduce inventory costs and improve reliability for many shipping industries throughout the United States. These industries include importers of finished consumer goods, producers who import intermediate goods for final production, U.S. auto manufacturers, and many U.S.



- export industries that ship via the Ports of LA/Long Beach. For exporters in particular, lower transport costs will improve the competitiveness of U.S. products in world markets.
- Lower prices for U.S. consumers. Shippers will pass part of their benefits derived from the inventory travel time savings and the reliability improvements on to consumers in the form of reduced product prices. Because such a large percentage of U.S. consumer goods arrive via containers at the Ports of LA/Long Beach and move inland by rail, eliminating the Colton Crossing chokepoint will help to reduce consumer prices by improving supply chain efficiency and reducing inventory and warehousing costs.
 - Support the competitiveness of U.S. ports. Non-U.S. ports on the west coast of North America are making significant investments to improve the flow of goods along supply chain routes that travel through their ports. For example, Canada is investing billions in improved connections between its major Pacific ports (Prince Rupert and Vancouver) and the United States rail system in an effort to divert U.S.-bound cargo through Canada.⁴ Failure to implement improvements in the U.S. rail network will make routes through the Canadian Pacific Northwest and through Mexico's west coast more attractive for international intermodal traffic. Colton Crossing will help make freight travel through U.S. ports more competitive.
 - Leverage other key capacity investments. Significant investments have been made in double-tracking the UP Sunset and the BNSF Transcon routes that use Colton Crossing. Further, the federal government and others have made (and are making) significant investments in the Alameda Corridor and Alameda Corridor East—two infrastructure projects that are also linked to Colton Crossing. To realize the full extent of benefits possible from these other investments, the grade separation of Colton Crossing is needed to address the impacts of this junction on other parts of the network.
 - Enhance the mobility of workers. In addition to supply chain benefits, the Colton Crossing project will improve mobility for workers in the L.A. Basin. The project would accommodate additional commuter and passenger train frequencies, and further, it would eliminate unexpected motorist delays at more than 24 rail-highway grade crossings.

Allows for the Expansion, Hiring, or Other Growth of Private Sector Production

- Impacts on U.S. industrial output, employment, profits, and wages: As noted above, Colton Crossing will reduce inventory travel times and increase the reliability of travel times. As a result of the project, shippers may be able to hold less (buffer) inventory and/or hold inventory for a shorter length of time, effectively reducing the logistics costs. Reductions in logistics costs have been found in numerous studies to generate significant increases in industrial output, improvements in industry productivity, and reductions in production costs.^{5,6,7} Such increases in industrial output and productivity lead to both increased hiring of workers as well as higher worker wages.

Although the project is expected to reduce the need for some future additional truck traffic, it should be noted that this is unlikely to have a sizeable negative impacts on truck driver employment—truck driver shortages are a current and growing problem in the trucking industry. Thus, the avoidance of the need for some truck trips is not expected to reduce overall employment in the trucking industry.

⁴ For more information, see Transport Canada's Asia-Pacific Gateway and Corridor Initiative:

http://www.tc.gc.ca/canadagateways/appgi/document/APGC-PCAP_en.pdf and <http://www.pacificgateway.gc.ca/whats-new.html>.

⁵ Nadiri and Manueas, "Contributions of Highway Capital to Industry and National Productivity Growth," September 1998.

⁶ For an overview of these concepts, see T.R. Laskmanan, Anderson, et al. in U.S. DOT - FHWA, "Freight Transportation Improvements and the Economy."

⁷ "Freight Transportation: Improvements and the Economy: Appendix B Transportation Infrastructure, Freight Services Sector and Economic Growth: A Synopsis." U.S. DOT - FHWA, January 2002.



- Maintenance of market position for U.S. ports: As noted, inland transportation capacity and efficiency – including the inland rail system – are critical to maintaining the position of the Ports of LA/Long Beach as the pre-eminent maritime port for the west coast of North America. Threats from both Canadian and Mexican Pacific ports are real, as these countries move to support their facilities. In general, the Colton Crossing project will maintain and enhance the capacity of the U.S. West Coast port system.

4.1.2 Sustainability

The Colton Crossing project would contribute to energy efficiency and reduce the country's dependence on oil in several ways. First, it would reduce delays for motorists at 24 rail-highway grade crossings that are affected by Colton Crossing railway congestion, saving more than 900,000 gallons of gasoline and nearly 80,000 gallons of diesel per year. Second, it would eliminate the need for trains to idle as they wait for a "crossing window," saving an additional 7.3 million gallons of train diesel per year. Finally, the improved rail efficiencies would avoid the need for at least 14 million ton-miles of goods to be moved by trucks, saving an additional 2.1 million gallons of truck diesel per year.⁸ As shown in Exhibit 4-1, the fuel savings alone amounts to an average of *more than 10 million gallons per year in savings*.

Exhibit 4-1: Colton Crossing Fuel Savings

Impact	Fuel Savings Category	Average Amount per Year After Project Completion
1	Average Amount of Gasoline Saved from Vehicles, (gallons)	908,000
2	Average Amount of Diesel Saved from Vehicles, (gallons)	79,000
3	Average Amount of Diesel Saved from Train Efficiencies, (gallons)	7,292,000
4	Average Amount of Diesel Saved from Truck Avoidance, (gallons)	2,061,000
TOTAL		10,340,000

The environmental effects of the current crossing also include noise impacts on adjacent residential neighborhoods. The current at-grade rail crossing (using diamond tracks with gaps for the wheel flanges) results in loud impact sounds for every wheel that passes over the gaps. Based on 2006 train counts, grade separation would eliminate more than 120 crossing events per day, where each crossing event has an average of 500 discrete wheel-diamond impacts. To put these figures into perspective, trains pass through Colton Crossing on an average of nearly once every 10 minutes, 24-hours a day. It is estimated that the noise levels of these events, which total approximately 8 hours spread throughout the day, are equivalent to approximately 100 dBA.⁹ The noise associated with slack as trains start and stop can be very loud. These noise impacts, however, would be eliminated with a grade separated crossing.

Air quality in the immediate area is impacted by diesel locomotives idling and from highway delays at affected rail-highway grade crossings. Although the freight emissions would be far worse if the goods were shipped by truck (the EPA estimates that for every ton-mile, a typical truck emits roughly three times more nitrogen oxides and particulates than a locomotive), the impacts of locomotive emissions are still noticeable. The analysis of emissions benefits estimated that annual reductions of highway and locomotive diesel emissions would include 46

⁸ See Appendix C for the analysis of truck traffic avoided due to the Colton Crossing grade separation project. This analysis conservatively only evaluated the impacts associated with rail delays, and it did not consider the potential for rail-to-truck diversion due to the rail crossing reaching capacity in a future year.

⁹ Estimate based on the 2006 FTA Transit Noise and Vibration Impact Assessment manual, Table 5-5.



tons of Hydrocarbons, 364 tons of Carbon Monoxide, 341 tons of Nitrous Oxide, and 10 tons of Particulate Matter. There would also be an annual CO₂ reduction of more than 55,000 tons.

4.1.3 Livability

The current delays at Colton Crossing impact Metrolink commuter travel times and reliability, affecting the nine Metrolink trains (eight on the Inland Empire-Orange County line and one on the Riverside-San Bernardino line) that use the crossing every weekday. The grade separation project will eliminate these delays, improving livability for the passengers who rely on Metrolink services by making their commute times shorter and more reliable. Metrolink is critical to linking residents who live in the Economically Distressed Area of San Bernardino County with higher paying jobs in Orange County. The project could also provide the potential for additional passenger trains by increasing the predictability of rail movements.

Although Amtrak and Metrolink commuter trains receive priority on both lines that use Colton Crossing, impacts are so widespread that these services are not immune to the delays. Amtrak currently has interest in expanding its Sunset Limited service (which uses the crossing) from tri-weekly to daily. If additional passenger trains were added without the grade separation project, the amount of freight train staging would increase; accordingly, more staged trains would block rail-highway crossings for longer durations and at farther distances from Colton Crossing.

Other livability benefits will also be generated by the project. With the current grade crossing configuration, significant amounts of train staging are required as the freight trains must wait for crossing windows. Freight train staging is more frequent during peak commute times (when Metrolink commuter trains are at their peak), so unplanned motorist delays are more likely to occur when many people are trying to get to work or perform after-work activities such as pick up children from daycare. These delays not only have reliability implications for travelers, but they also generate additional pollution in an air quality non-attainment area.¹⁰ Once Colton Crossing is grade separated, the staging requirements will be eliminated, along with the noise, emissions, and unexpected vehicular delays at roadway crossings they create.

To address and incorporate local needs, considerable public outreach has been and will continue to be performed during the project development process. SANBAG has led a series of public involvement activities to ensure that the project works with the local community and that residents have a voice in the process. UP and BNSF are working with local government officials to develop a mitigation strategy to address the concerns of the local area. A concept to mitigate the community's concerns was presented to the local agency and has been positively received. Discussions to further develop the concept are underway.

Historically, UP and BNSF have actively worked with San Bernardino, Los Angeles, Orange, and Riverside counties to design and construct new grade separations as government funding became available. Since 2006, UP and BNSF have completed construction on 14 grade separations and are in the process of constructing an additional 40 grade separations in 2009-2010. Furthermore, UP and BNSF have agreed to work with local authorities on the design and construction of 26 grade separations identified in the TCIF applications based on adequate funding being available.

¹⁰ http://www.bts.gov/publications/state_transportation_statistics/california/html/table_07_06.html



4.1.4 Safety

While Colton Crossing is interlocked and movements are controlled by signals, a grade-separated crossing will eliminate any chance of human error (e.g., passing a red signal), which could contribute to an accident.

Another safety benefit is related to the elimination of train staging. When freight trains are stopped (or traveling at very slow speeds) across 24+ rail-highway grade crossings as they wait for crossing windows, these freight trains can currently block access for public safety vehicles such as fire trucks, ambulances, etc. The project would eliminate these potential hazards.

The Colton Crossing project will also reduce the number of highway accidents by allowing more goods to be shipped via rail instead of via heavy trucks. During the period between 2015 and 2035, it is estimated that the project will save more than 800 highway accidents from occurring, including three fatal accidents avoided and more than 100 injury accidents avoided. The project is estimated to reduce the number of heavy truck accidents by an average of 38 incidents per year (highway accident cost savings is discussed further in Section 4.2).

4.1.5 State of Good Repair

The project will upgrade a surface transportation facility that threatens the future economic growth and stability of the United States if its inadequate operating conditions are not addressed. Because the two railroads—who use life-cycle costing to make investment decisions—will be responsible for maintaining and rehabilitating the asset over its entire lifetime, the project's design and procurement decisions include assets that will minimize the life-cycle costs. Further, the private partners will ensure that adequate revenue (funded through their operating cash flows) will be available for long-term operations and maintenance.

The project will also lead to reduced roadway deterioration by reducing the need for additional truck travel. Routes such as Interstate 10, Interstate 15, and Interstate 215 would benefit.

4.2 Evaluation of Expected Project Costs and Benefits

Summary of the Project's Economic Evaluation

The Colton Crossing grade separation would generate economic benefits that far exceed the economic cost, with a *benefit/cost ratio of 7.1*.

A public benefit study of the Colton Crossing grade separation project was conducted in February 2008.¹¹ This analysis, along with a supplemental analysis of the benefits that the project could generate by avoiding the need for additional truck traffic,¹² was used as the basis for the economic evaluation presented in the TIGER Grant application. Both analyses conservatively assumed that the design and construction period would occur from 2011-2014, and the final evaluation year was set at 2035. The project implementation schedule has been accelerated by one year since the original study (based in part by the identification of TIGER funds to fill the funding gap); however, the robustness of the economic evaluation results suggests that updating the construction timing in the original study would have a negligible impact on the conclusion that the economic benefits far exceed the costs. Further, the supplemental analysis of avoiding additional truck traffic only considered the effects of railway delay, and it did not consider the potential for additional rail-to-truck diversion due to an at-grade Colton Crossing reaching a capacity limit in some future year. The 2008 public benefit study

¹¹ Public Benefit Study for Colton Crossing Grade Separation, Final Report, HDR | HLB Decision Economics Inc., February 2008.

¹² Economic Analysis of Avoiding Additional Truck Traffic with the Implementation of Colton Crossing.



and the supplemental economic analysis of avoiding additional truck traffic are located in the appendices.

The total public benefit of the project (i.e., benefits that accrue to the general public and to non-railroad businesses and their employees) on a 2008 present value basis is expected to be approximately \$707 million (in year 2007 dollars). Multi-state benefits include inventory travel time savings and various benefits (operating cost savings, highway accident cost savings, highway maintenance cost savings, oil import savings, and environmental cost savings) derived from allowing more freight to be shipped by rail instead of being shipped by truck. Although the analysis of the project's ability to avoid additional truck traffic suggests that the Colton Crossing project would have a relatively small impacts on the amount of freight that might be shipped by trucks (in the base case, the amount of freight shipped by trucks that could be avoided represents less than 0.6% of current truck traffic on the origin-destination pairs considered in the analysis), the time savings generated by the project combined with the high volumes on these routes results in significant impacts. The remaining benefits would be realized solely within the State of California, and represent a savings in local impacts caused by the at-grade crossing. Exhibit 4-2 summarizes the project benefits.¹³

Exhibit 4-2: Total Discounted Value of Benefits

#	Benefit	Total Discounted Value in Base Case (2007 \$M)	Total Discounted Value with 3.5-hour Savings Post-2020 (2007 \$M)
1	Travel Time Savings for Vehicles from Reduced Delay at Rail-Highway Crossings	\$219.7	\$219.7
2	Vehicle Operating Costs Savings from Reduced Time-in-Queue at Rail-Highway Crossings	\$21.7	\$21.7
3	Environmental Savings from Reduced Time-in-Queue for Vehicles at Rail-Highway Crossings	\$3.1	\$3.1
4	Environmental Savings from Reduced Train Delay at Colton Crossing	\$16.9	\$16.9
5	Inventory Travel Time Savings for Trains from Reduced Delay at Colton Crossing	\$241.7	\$241.7
6	Truck Vehicle Operating Cost Savings (from Avoidance of Additional Truck Traffic)	\$107.9	\$139.8
7	Highway Accident Cost Savings (from Avoidance of Additional Truck Traffic)	\$70.3	\$95.3
8	Highway Maintenance Cost Savings (from Avoidance of Additional Truck Traffic)	\$3.9	\$5.1
9	Economic Cost of Oil Import Savings (from Avoidance of Additional Truck Traffic)	\$6.4	\$8.3
10	Environmental Cost Savings (from Avoidance of Additional Truck Traffic)	\$15.1	\$19.5
TOTAL		\$706.7	\$771.1

Due to rounding, the total amount may deviate slightly from the actual total.

As noted in earlier sections, the project is expected to generate many positive impacts, which are identified in Exhibit 4-3. Impacts 1-12 present various metrics relating to the project's effects on reducing delay at 24 rail-highway grade crossings analyzed in the 2008 Public Benefit

¹³ A sensitivity test was performed to assess the impacts on the net present value of benefit categories 6-10 if the total network travel time savings generated by Colton Crossing amounted to 3.5 hours per train in the years beyond 2020. The base case assumed 2.5 hours of total savings per train in the years beyond 2020. With the exception of Exhibit 4-2, all figures in the application reflect the base case.



study. Impacts 13-17 represent metrics identified in the analysis of the project's impacts on multi-state truck travel (allowing this freight to be shipped by rail). Finally, impacts 18-23 represent time savings and emissions reductions associated with eliminating delays incurred at the crossing.

Exhibit 4-3: Selected Impacts

Impact	Impact Name	Average Impact per Year After Project Completion
Vehicle Metrics		
1	Average Reduction in Delay for Vehicles, (passenger-hours)	2,916,539.0
2	Average Reduction in Time-in-Queue for Vehicles, (hours)	2,436,996.0
3	Average Reduction in HC from Vehicles, (tons)	2.8
4	Average Reduction in CO from Vehicles, (tons)	218.2
5	Average Reduction in NO _x from Vehicles, (tons)	273.2
6	Average Reduction in PM from Vehicles, (tons)	4.2
7	Average Reduction in CO ₂ from Vehicles, (tons)	32,494.7
8	Average Reduction in VOC from Vehicles, (tons)	21.9
9	Average Reduction in SO ₂ from Vehicles, (tons)	1.7
10	Average Amount of Gasoline Saved from Vehicles, (gallons)	907,590.0
11	Average Amount of Diesel Saved from Vehicles, (gallons)	79,060.0
12	Average Amount of Oil Saved from Vehicles, (gallons)	101,583.0
13	Average Amount of Diesel Saved from Avoiding Additional Truck Traffic (gallons)	2,061,343.1
14	Average Amount of Oil Saved from Avoiding Additional Truck Traffic, (gallons)	2,613,272.8
15	Average Number of Additional Trucks Avoided, (trucks)	9,506
16	Average Number of Truck Miles Avoided, (miles)	14,429,402.0
17	Average Number of Ton-Miles Shipped Via Truck Avoided, (ton-miles)	194,796,927.1
Train Metrics		
18	Average Reduction in Freight Train Delay, (hours)	74,852.0
19	Average Reduction In HC from Locomotives, (tons)	42.8
20	Average Reduction in CO from Locomotives, (tons)	146.1
21	Average Reduction in NO _x from Locomotives, (tons)	67.4
22	Average Reduction in PM from Locomotives, (tons)	5.8
23	Average Reduction in CO ₂ from Locomotives, (tons)	23,371.0

With total project benefits equaling nearly \$707 million on a present value basis, and the present value of project construction costs estimated to be approximately \$99.7 million, the project is expected to generate a surplus of approximately \$607 million. The project yields a benefit/cost ratio of approximately 7.1. Exhibit 4-4 summarizes the benefit-cost analysis results.

Exhibit 4-4: Project NPV and Benefit/Cost Ratio

Category	Value
Net Present Value of Project (2007 \$ Millions)	\$606.7
Benefit/Cost Ratio (PV Benefits/PV Costs)	7.1



Summary of Benefit-Cost Analysis Assumptions

In the 2008 benefit-cost analysis, the present value (PV) of public construction costs were estimated at \$52.7 million, while the PV of private construction and private incremental O&M costs were estimated at \$47.0 and \$0.3 million, respectively. Public costs were discounted at a 7% real discount rate, while private costs were discounted at a 9.5% real discount rate (consistent with the Surface Transportation Board average regulatory cost of capital). Exhibit 4-5 summarizes the analysis's key assumptions, and additional detail can be found in both the Public Benefit study and the supplemental economic analysis of avoiding additional truck traffic with the implementation of Colton Crossing documents.

Exhibit 4-5: Key Assumptions Used in the Benefit-Cost Analysis

BCA Category	TIGER Guidance	Assumption Used for the Colton Crossing BCA
Discount Rate for Future Benefits	7%	7%
Discount Rate for Future Public Costs	7%	7%
Discount Rate for Future Private Costs ¹⁴	N/A	9.5%
Value of a Statistical Life (VSL) (2009 \$)	6,000,000	6,000,000
MAIS 1 (fraction of VSL)	0.0020	0.0020
MAIS 2 (fraction of VSL)	0.0155	0.0155
MAIS 3 (fraction of VSL)	0.0575	0.0575
MAIS 4 (fraction of VSL)	0.1875	0.1875
MAIS 5 (fraction of VSL)	0.7625	0.7625
MAIS 6 (fraction of VSL)	1.0000	1.0000
Monopsony Component of Oil Imports (2007 \$)	\$0.266	\$0.266
Price Shock Component of Oil Imports (2007 \$)	\$0.116	\$0.116
CO (value per ton)	\$-	\$70
VOC (value per ton)	\$1,700	\$1,700
NO _x (value per ton)	\$4,000	\$4,000
PM (value per ton)	\$168,000	\$168,000
SO ₂ (value per ton)	\$16,000	\$16,000
CO ₂ (value per ton)	\$33	\$33
Truck Variable Operating Costs/Mile (2007 \$)	N/A	\$1.16
Net Highway Maintenance Costs/Mile (2007 \$)	N/A	\$0.0032
Freight Traffic Growth Rate	N/A	Global Insight GDP Forecast
Highway Accident Rates	N/A	Cal-B/C Standard Rates

While the economic analysis generated an extremely high B/C ratio, several key benefits were not included in the quantitative benefit-cost analysis generally due to data limitations and challenges associated with measuring these benefits in terms that lend themselves to benefit-cost analysis. Project benefits that were not quantified in the benefit-cost analysis include:

- Benefits of reducing noise for local residents
- Benefits of less congestion (due to the need for fewer trucks)
- Benefits of more reliable shipping times
- Benefits to U.S. ports (Los Angeles and Long Beach)
- Benefits to railroads

¹⁴ According to the Surface Transportation Board, the Class I average regulatory cost of Capital for 2006 was 12 percent. This was adjusted to a real discount rate of 9.5% and was used to discount the value of future costs incurred by the private railroads in the 2008 Public Benefit Study.



- Benefit of potential capacity for additional passenger trains

Further, the analysis of rail-to-truck diversion only considered the impacts of railway congestion caused by Colton Crossing, and it did not include the additional diversion to heavy trucks that might be necessary if an at-grade Colton Crossing reached a capacity limit at some point in the future.

4.3 Evaluation of Project Performance

Caltrans is committed to monitoring and reporting the actual project impacts consistent with the guidelines of the American Recovery and Reinvestment Act of 2009. Further, Caltrans will also analyze and prepare a Final Delivery Report (within six months of project completion) that compares estimated versus actuals for the project's capital costs, implementation schedule, scope, and performance outcomes. The plan for evaluating of project performance is outlined further in the TCIF Accountability Implementation Plan.¹⁵

4.4 Job Creation & Economic Stimulus

Job Creation and Economic Stimulus Overview

The grade separation of Colton Crossing is expected to create significant near-term economic benefits for the San Bernardino County area, the State of California, and other parts of the nation. An analysis of the economic impacts stemming from the project using Bureau of Economic Analysis (BEA) RIMS II multipliers was used to determine the quantity and industry composition of benefits generated by the project. Short-term job creation, earnings, and economic output were estimated.

Most of the benefits accruing to the County as a result of the project arise from an increase in capital construction spending in the region. Project expenditures would represent a short-term increase in demand for engineering and technical services, as well as construction-related labor and materials. Economic multipliers from the BEA were applied to the spending increase to estimate three types of impacts:

- **Direct** impacts represent new spending, hiring, and production by civil engineering construction companies, rail transportation companies, and professional, scientific and technical companies working on the project.
- **Indirect** impacts result from inter-industry purchases necessary to support the increase in production from the above industries. All industries producing goods and services consumed by construction, service, and technical industries will also increase production and possibly hire new workers to meet the additional demand.
- **Induced** impacts stem from the re-spending of wages earned by workers/households benefitting from the direct and indirect activity. If an increase in demand leads to new industrial employment and earnings, workers in these industries will spend some portion of their increased earnings at local retail shops, restaurants, and other places of commerce, further stimulating the local economy.

Methodology Summary

1. Each capital cost category was classified according to industrial sectors (using NAICS industry codes).
2. BEA RIMS II multipliers that most closely reflected each of the industrial sectors were identified.
3. The RIMS II multipliers were then combined with each industry category to estimate the overall economic impact of the project.

¹⁵ Caltrans TCIF Accountability Implementation Plan



The results of the economic impact analysis are shown below in Exhibit 4-6.

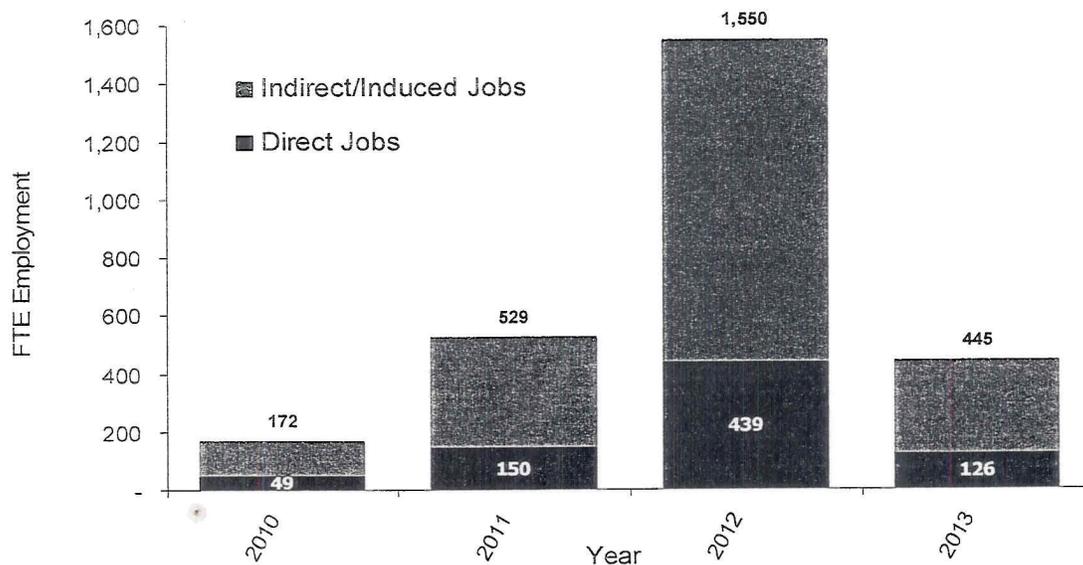
Exhibit 4-6: Summary of Jobs Creation and Near-Term Economic Stimulus

Impact	Annual Average (2010-2013)
Direct Impacts	
Output (\$ millions)	\$37.0
Employment (# jobs in FTE equivalents)	191
Earnings (\$ millions)	\$9.9
Total Impacts (Direct, Indirect, Induced)	
Output (\$ millions)	\$91.9
GDP (\$ millions)	\$50.4
Employment (# jobs in FTE equivalents)	674
Earnings (\$ millions)	\$30.7

Note: Figures are presented in year 2007 dollars

The Colton Crossing project is expected to generate significant economic benefits in the region, beginning in year 2010. An estimated average of 674 total jobs will be created annually by the project, including an average of 191 direct jobs per year. Exhibit 4-7 shows the profile of full-time employment generated by the project's construction. At the peak of construction spending in the first quarter of 2012, approximately 1,916 full-time equivalent persons are employed as a result of the project, including 543 direct jobs.

Exhibit 4-7: Construction Period Employment Profile



The total economic output generated by the project is expected to amount to \$91.9 million per year, including \$30.7 million in direct output.¹⁶

¹⁶ Figures are presented in year 2007 dollars.



Job Creation in Economically Distressed Areas (EDA)

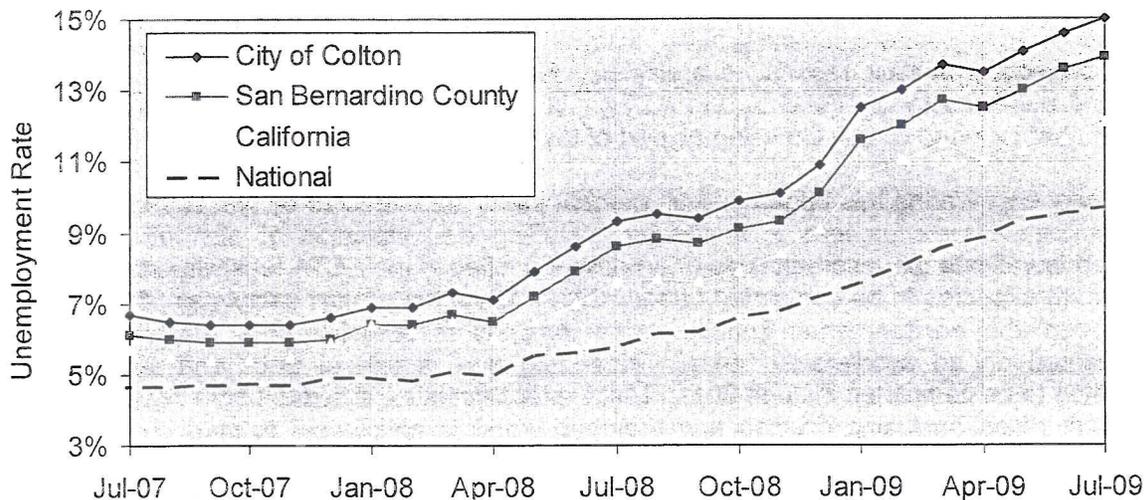
Considering that San Bernardino County (the county in which the Colton Crossing is located) is an Economically Distressed Area based on both per capita income and unemployment statistics, this project will generate considerable benefits for low-income workers.

The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 14.3% in July 2009, up from a 13.9% in June 2009 and above the year-ago estimate of 8.9%.¹⁷ Trade, transportation, and utilities decreased by 20,100 jobs between July 2008 and July 2009, down 6.9%. County-level unemployment in July 2009 was 13.9% in San Bernardino County,¹⁸ compared with a national average of 9.7%.¹⁹ San Bernardino County unemployment is currently 4.2 percentage points above the national average, and the County's 2007 per capita income is less than 73% of the national average.²⁰ Further, the County's foreclosure rate (as of January 2009) is more than twice the state average, and more than five times the national average. The City of Colton's statistics are even worse—*Colton's unemployment rate was 15.0% in July 2009*. Recent statistics are summarized in Exhibits 4-8 and 4-9.

Exhibit 4-8: Economically Distressed Area Statistics

Metric	San Bernardino County	United States	California
Unemployment Rate (July 2009) ²¹	13.9%	9.7%	12.1%
2007 Per Capita Income	\$28,024	\$38,615	\$41,805
Foreclosure Rates (Jan 2009) ²²	1.23%	0.21%	0.58%

Exhibit 4-9: Unemployment Rates



It can reasonably be expected that a substantial amount of the project's economic benefits will be received by local businesses and laborers. These jobs can also be expected to be of a

¹⁷ Nine of 11 nonfarm industries recorded month-over declines. A decline of 2,900 jobs was also seen in wholesale trade, down 7%.

¹⁸ <http://www.calmis.ca.gov/htmlfile/county/sbern.htm>

¹⁹ <http://data.bls.gov/PDO/servlet/SurveyOutputServlet>

²⁰ <http://www.bea.gov/regional/reis/cruius.cfm>; and <http://bber.unm.edu/econ/us-pci.htm>

²¹ Not seasonally adjusted. The 24-month average unemployment rates (August 2007 – July 2009) for San Bernardino County and the U.S. are 8.95% and 6.46%, respectively.

²² <http://www.realtytrac.com/ContentManagement/PressRelease.aspx?ItemID=5821>



moderate to high salary, as most consist of professional services, construction labor, civil engineering, and other technical occupations. The Colton Crossing project clearly has potential to improve the economically distressed position of the County and the City.

Equal Opportunity

Funding agreements will be administered by Caltrans, which conforms to all employment opportunity laws. Caltrans requires all contractors with contracts receiving federal-aid funds of \$10,000 or more to complete an Annual Equal Employment Opportunity Report (FHWA Form 1391). Within the Division of Construction, Caltrans employs seven labor compliance managers to ensure that all workers are paid specified prevailing wages and are allowed to work in an equal opportunity environment free of harassment and discrimination.

The railroads, who will administer the project construction process, will also include equal opportunity actions to ensure that targeted workers are included in the project's employment opportunities. For example, Union Pacific is a member of the DirectEmployers Association, a non-profit organization that ensures that job opportunities are made available to diversity and niche workers, including military veterans. It also hosts a rapid re-employment initiative for displaced workers. UP has a long-standing, strong relationship with the National Association of State Workforce Agencies and the state Urban Leagues. These organizations link worker and employer services together to help employers connect disadvantaged workers with jobs.

4.5 Quick-Start Activities

Project Schedule

The Colton Crossing project has already made several advancements in the project development process. Initial public hearings have already been held and support has been registered from key state and local groups. Further, it has been cited as one of the state's high-priority projects in multiple reports. A preliminary feasibility study was completed in December 2006 and delivered to SANBAG by the ACTA. In April 2008, the CTC adopted a 79-project program that included Colton Crossing as part of the state's TCIF program.

Preliminary engineering has begun and 30 percent plans are expected by late 2009. The state environmental review process is underway, including an evaluation of alternatives that is expected to validate the recommended alternative identified in the ACTA feasibility study. These reviews are expected to be completed in early 2010. Once the project completes 30 percent of design and the environmental impact review process is complete, the project could be implemented on an accelerated basis. Permitting and design of track and structures is anticipated to be completed in June 2011. Utility relocation is expected to begin in March 2011, and construction (including grading and drainage work) is anticipated to start in September 2011. Bridge construction would commence in late 2011, with final track and signal work beginning in late 2012. The project is expected to be completed in late 2013.

Regarding the timing of direct on-project jobs, 35 direct project jobs are expected in the first quarter of 2010, followed by 42, 50, and 69 direct jobs in the second, third, and fourth quarters of 2010. Final design would start in February 2011, and 75 to 107 positions will be required through June 2011. Design completion and utility relocation would be performed from July 2011 to October 2011, at which time approximately 152 employees would be required. Contractor work on grading and bridges would be ramping up in November 2011, with between 265 and 543 direct positions estimated to be required each month between November 2011 and September 2012. As track work is completed and signal construction starts, on-project jobs would ramp down from 241 jobs in October 2012 to 123 jobs in the final quarter of 2013.



Environmental Approvals

Only two environmental approvals are needed for this project:

- The Environmental Impact Report (EIR) is a state requirement and the draft EIR is estimated to be complete by February 2010.
- Assuming the receipt of a TIGER Grant, a Finding of No Significant Impact (FONSI) is expected to be received from the cognizant federal agency by October 2010.

Legislative Approvals

In 2006, the voters of California approved The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, otherwise known as Proposition 1B, on November 7, 2006. Within this \$20 billion bond act, the \$2 billion TCIF was created for infrastructure improvements along federally-designated "Trade Corridors of National Significance." In 2008, Caltrans submitted the Colton Crossing grade separation project to the California Transportation Commission, which resulted in programming \$97.3 million of TCIF funds to the project. No additional legislative approvals are required for the project to begin construction.

State and Local Planning

The Project is included in the current STIP, the state rail plan, and the fiscally-constrained long-range plan for the region (known as the SCAG Regional Transportation Plan).²³ See Section 9 (Index of Websites for Supporting Information) for the specific documents.

One additional state requirement required for the Trade Corridor Improvement Funds is a Project Baseline Agreement signed by the railroads, SANBAG, Caltrans, and the California Transportation Commission. A Project Baseline Agreement is needed before construction can begin, and unless a Baseline Agreement is reached by March 2010, the TCIF funds can be reprogrammed to other projects. Caltrans and the railroads will finalize the Baseline Agreement by March 2010 if the project receives a TIGER Grant.

Technically Feasibility

The Colton Crossing will incorporate the latest developments in railroad technology, meeting all AREMA design standards and incorporating concrete ties, welded rail and Centralized Traffic Control (CTC). The signal and interlocking systems will incorporate Positive Train Control (PTC) as required by the recent federal mandate contained in the Rail Safety Improvement Act of 2008. The preliminary engineering completed to date has not identified any "fatal flaws" or obstacles to construction. Preliminary engineering has included the development of horizontal and vertical alignments and preliminary structural plans to determine project cost estimates. The project is located adjacent to the existing Union Pacific tracks and is adjacent to the Interstate 10 freeway, and prior construction has not encountered any adverse soil conditions.

Financial Feasibility

The Colton Crossing project is a unique example of public-private partnership. As mentioned in Section 3 (Grant Funds), the state has programmed nearly half the funding through the TCIF program and the railroads have committed to 29% of the capital costs. In total, over 78% of the needed funds are in place, and only a TIGER Grant is required to fill the gap (22% of the overall

²³ Although the California State Rail Plan (2007-08 to 2017-18) does not include a capital program for freight rail projects, the Colton Crossing grade separation project is listed as one of the eight "key required freight projects" (see figure 16A). Further, Colton Crossing is identified as one of three freight chokepoints that should be addressed in the state (see p.208).



financial package). Upon receiving the TIGER Grant award, the project stands ready to begin implementation immediately.²⁴

That said, there is a significant risk of financial infeasibility if the TIGER Grant is not received. The remaining funds need to be secured when the TIGER Grant award decisions are announced in order to help secure a Baseline Agreement with UP and BNSF. Without a Baseline Agreement by February 2010, the state may reprogram the \$97.3 million in TCIF funds for other uses. In fact, the State's current financial commitment to this project is dependent upon the approval of this TIGER Grant application. Therefore, this application does not only depend on securing the remaining funds necessary, but also to secure the state funds already in place.

Assuming the project is successful with securing a TIGER Grant, the railroads are committed to delivering the project within budget and on schedule—and they have significant incentives to do so. In the event that cost overruns were to occur, the public's contribution would be capped, as the private-sector partners would be responsible for 100% of any cost overruns. Nevertheless, the project cost estimate includes 25% contingency reserves and five percent annual inflation through the end of construction. Both Caltrans and the railroads will use their rigorous program management tools and approaches to monitor and manage expenditures. All parties will work to contain costs.

Obligation of Funds

All federal (TIGER) funds could be awarded before September 2011. The construction schedule anticipates that \$75 million could be spent by February 2012, and that all TIGER funds requested (\$43.8 million) could be outlaid before February 2012 if the TIGER Grant funded many of the early project costs. Exhibit 4-10 shows the projected cash flow (outlay) spending by calendar quarter.

²⁴ Although the state has encountered recent cash flow challenges for the General Fund, the project's TCIF funding will be available and TCIF bonds will be able to be issued when needed. BNSF and UP will fund their financial commitments through their regular operating cash flow.



Exhibit 4-10: Project Cash Flow (Outlay) Projections

Year/Quarter	Quarterly Spending (\$000s)	Cumulative Spending (\$000s)
2009 Q4	\$900	\$900
2010 Q1	\$2,233	\$3,133
2010 Q2	\$2,700	\$5,833
2010 Q3	\$3,200	\$9,033
2010 Q4	\$4,440	\$13,473
2011 Q1	\$4,850	\$18,323
2011 Q2	\$6,904	\$25,227
2011 Q3	\$9,850	\$35,077
2011 Q4	\$17,143	\$52,220
2012 Q1	\$35,067	\$87,287
2012 Q2	\$33,630	\$120,917
2012 Q3	\$29,230	\$150,147
2012 Q4	\$15,594	\$165,741
2013 Q1	\$5,330	\$171,071
2013 Q2	\$8,097	\$179,168
2013 Q3	\$11,189	\$190,357
2013 Q4	\$7,943	\$198,300
TOTAL	\$198,300	

5.0 Secondary Selection Criteria

5.1 Innovation

Colton Crossing was originally constructed in 1882. While railroad technology has advanced in the intervening 127 years – with diesel locomotives replacing steam, electrical interlockings replacing manual controls, and the introduction of 100+ car double-stacked container unit car trains – the physical arrangement of the Colton crossing has not changed. This obsolete configuration limits the safety, capacity, speed and reliability of the rail system. By improving reliability and travel times, this project will support further use of service innovations associated with intermodal railroading.

The innovation in the proposed project is not in new technology—grade separations of major rail junctions have been constructed for decades. The design approach, however, is innovative from the perspective of sharing resources to extract the maximum value and minimize negative impacts. The proposed design will utilize existing railroad right-of-way plus right-of-way from the side slope area of the parallel Interstate 10 (owned by Caltrans) for the construction of an embankment and the flyover structure. This approach will ensure that no private property will need to be required and freight traffic will not need to be diverted. The completed construction with all the latest features of railroad track and signal systems (including Positive Train Control, which will be implemented on the rail lines as part of a separate project) will finally bring Colton Crossing up to 21st Century standards.



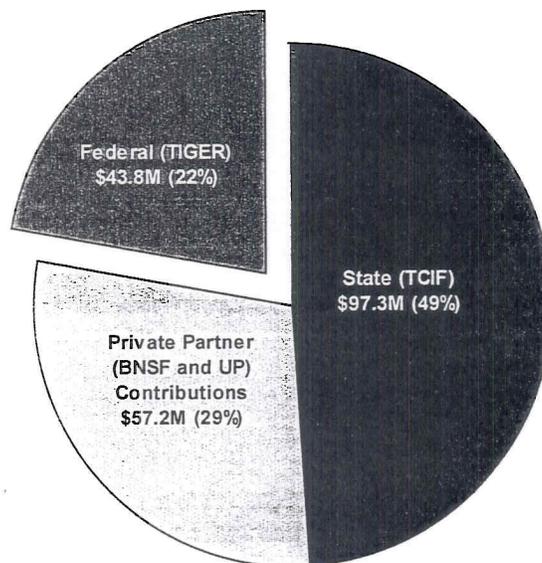
5.2 Partnership

Financial Partnership

To date, the development of the project has been a tremendous example of state/local/private cooperation. With the award of a TIGER Grant, it will be a model for federal, state, local, and private-sector partnership.

The Colton Crossing project represents a significant financial partnership and an incredible opportunity for the federal government to make a meritorious project happen. The State of California's contribution represents nearly half of the project cost, and the combined private-sector contributions from two (traditionally competing) Class I railroads represent more than one-quarter of the project cost. *Non-federal sources represent more than 78% of the project funding.* Exhibit 5-1 illustrates the financial contributions by source.

Exhibit 5-1: Financial Partnership



Jurisdictional and Private-Partner Collaboration

The Colton Crossing project has also engaged a wide range of stakeholders and jurisdictions. Efforts have been coordinated with stakeholders such as:

- Caltrans
- Union Pacific
- BNSF
- SANBAG
- The Riverside County Transportation Commission
- The Los Angeles County Metropolitan Transportation Authority
- The Orange County Transportation Authority
- The Southern California Association of Governments (SCAG)
- The Ports of LA/Long Beach
- The City of Colton

SANBAG is the lead agency to manage public involvement, and it is also producing the Project Report and Environmental Impact Report. Many of these entities are outside the immediate



project area but they recognize that Colton Crossing's impacts are widespread. The Alameda Corridor Transportation Authority performed the initial feasibility study, and the Ports of Los Angeles and Long Beach have an interest in ensuring there is an efficient landside transportation network that enables fluid movement of its freight from the maritime ports to destinations inland.

Non-Profit Groups

The project partners have also partnered with non-profit groups such as the DirectEmployers Association and the National Association of State Workforce Agencies to ensure that job opportunities are made available targeted workers. As an example of their activities, the DirectEmployers Association hosts a rapid re-employment initiative for displaced workers. UP is also working with the National Association of State Workforce Agencies and the state Urban Leagues, which strive to help employers connect disadvantaged workers with jobs.

6.0 Federal Wage Rate Certification

UP has signed the federal wage rate certification stating that it will comply with Subchapter IV of Chapter 31 of Title 40 of the United States Code. See the attached certification.

7.0 NEPA Requirements

In the event that this project is awarded a TIGER Grant, a federal NEPA evaluation will be required. An Environmental Assessment (EA) may be needed, which could take up to six months. The project schedule anticipates that the NEPA process will begin (with scoping) in April 2010 and conclude by October 2010, drawing heavily on work already done under the state environmental process. It is anticipated that the project will receive a Finding of No Significant Impact (FONSI), although there may be a path under which a Categorical Exclusion is possible.

8.0 Environmentally-Related Federal, State, and Local Actions

The state's environmental impact review process is currently underway, and the draft Environmental Impact Report (EIR) is expected to be complete by February 2010. No private property would be taken for the construction of the project and the only right-of-way acquisition needed for the project is an approximately 40-foot wide strip of state-owned land that is part of the Interstate-10 right-of-way (Caltrans has agreed to convey the right-of-way to the project). There is a remote potential that an endangered species could inhabit the area (the Delhi Sands fly is found in parts of San Bernardino and Riverside Counties), however, field surveys underway (in the summer of 2009) have thus far indicated that this species is not expected to be found in the project area. No additional environmentally related actions are anticipated to be needed.

9.0 Index of Websites for Supporting Information

California Transportation Commission – Adoption of the TCIF Program and Allocation of Funds:
http://www.catc.ca.gov/programs/TCIF/Adopted_TCIF_Program_041008.pdf

Caltrans TCIF Accountability Implementation Plan:
http://svdtsucp.dot.ca.gov:8084/bondacc/documents/TCIF%20Accountability%20Plan_bls.pdf

California STIP: <http://www.catc.ca.gov/programs/stip.htm>



California State Rail Plan: <http://www.dot.ca.gov/rail/go/dor/california-state-rail-plan/index.cfm>

Final 2008 Regional Transportation Plan (RTP) - Supplemental Report:

http://www.scag.ca.gov/rtp2008/pdfs/finalrtp/reports/fFinance_AppF_01_BusinessCase.pdf

<http://www.scag.ca.gov/goodsmove/>

Alameda Corridor Transportation Authority (ACTA) Feasibility Study on the Colton Crossing Grade Separation: [http://www.acta.org/projects/projects_completed CCFS.asp](http://www.acta.org/projects/projects_completed_CCFS.asp)

Multi-County Goods Movement Action Plan (MCGMAP):

http://www.dot.ca.gov/hq/tpp/offices/ogm/index_files/MCGMAP_Executive_Summary.pdf





March 23, 2010

Honorable Dale Bonner
Secretary
Business, Transportation and Housing Agency
980 9th Street, Suite 2450
Sacramento, CA 95814



Mr. James Earp, Chair
California Transportation Commission
Sacramento, CA 95814

Dear Secretary Bonner and Chairman Earp:

With action pending on the disposition of \$97.3 million in Trade Corridor Improvement Funds (TCIF) the surface transportation agencies of Southern California are taking this opportunity to communicate our concerns regarding the Colton Crossing Project.



The March 2010 deadline established by Government Code Section 8879.52 (d) along with the recent award of \$33.8 million in federal Transportation Investment Generating Economic Recovery (TIGER) funding certainly adds a great deal of urgency to attaining a successful resolution to one of the final pieces of the TCIF program; however, finalizing TCIF should not take precedence over larger transportation policy objectives and needs that face our state.



We should make it perfectly clear that our agencies understand and support the need for the Colton Crossing Project. Although we are delighted that Southern California was granted federal funds, we are concerned that this project was recommended for funding by the State given the lack of support from the regional community for publicly funding a project that, while there are some positive public impacts, primarily benefits private sector railroad interests. The concerns should not be considered a lack of support for the project itself. In fact, the San Bernardino Associated Governments (SANBAG) has made significant progress in the development of the environmental work. Ideally, the TIGER funding presents a significant incentive for all project stakeholders to find a mutually beneficial solution to address funding and public benefit priorities.



Specifically, our objections are to what appears to be a strong inclination by a number of interests within the state to support and fund private railroad interests without proper consideration of legitimate public improvements and opportunities for better passenger rail service. Public investment must come with a concomitant public benefit, and the staff

recommendation from the California Transportation Commission (CTC) echoes this priority. Our concerns are focused on a number of details within the Memorandum of Understanding (MOU) and baseline agreement between the State, Burlington Northern Santa Fe (BNSF), and Union Pacific (UP).

For example, the MOU contains an assumption in Exhibit C that the Southern California Regional Rail Authority (Metrolink), or its member agencies, will provide written acknowledgement guaranteeing 84 percent reimbursement of BNSF's costs for their share of the Colton Crossing if there is any increase in passenger rail service on the San Bernardino Subdivision. While the Metrolink member agencies currently under applicable agreements with the BNSF arguably have an obligation to fund a portion of BNSF's share of the Colton Crossing project if passenger rail service increases above the current level, it is not our intent to trigger that obligation and we have previously put BNSF on notice that in future negotiations we intend to relieve ourselves of this obligation. Still, this assumption was made without the concurrence of Metrolink's member agencies, and in the event the baseline agreement is approved, there will be no contractual obligation to provide the written acknowledgement or reimbursement noted in the MOU. If approved, the TCIF and TIGER funding must represent the total public funding contribution to the project and no additional agency funding should be expected or required.

If these issues are not addressed and the CTC upholds its staff recommendation by not approving a baseline agreement on March 25, 2010, it is our intention to work with you to reprogram the TCIF funds for Positive Train Control (PTC) in our region. Recent developments have reaffirmed our commitment to the reprogramming of the Colton Crossing TCIF funds for rail corridor safety enhancements, specifically for the development of PTC in Southern California. At its January 21, 2010, investigative hearing on the collision of a Metrolink passenger train and a UP freight train in Chatsworth, the National Transportation Safety Board concluded that, had a fully implemented PTC system been in place, it would have intervened to stop the Metrolink train and the collision would not have occurred.

Extensive PTC development efforts are currently underway by both the private and public railroads. In Southern California, Metrolink has an accelerated strategy to have PTC operational on all public agency-owned rail rights-of-way and Metrolink trains by 2012, in conjunction with the BNSF and UP freight railroads goal to complete the installation of wayside PTC along their rights-of-way by 2012.

We continue to believe that the revitalization and long term prosperity of the Ports of Long Beach, Los Angeles, and Hueneme rely on the movement of inter-regional goods on a more efficient, safe, and reliable

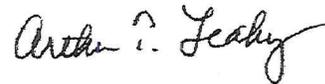
freight system, and the programming of funding for PTC in the region is an important element of the shared freight and passenger rail network. PTC is in the Regional Transportation Plan and has been approved by Metrolink and the policy boards of the five member agencies. We have also identified \$22.4 million in matching funds from the public sector.

In closing, we wish to reiterate our concerns regarding the proposed method of funding and implementing the Colton Crossing proposal and support CTC staff's recommendation to reject the baseline agreement as drafted. If the concerns we have outlined cannot be addressed, we ask that you support our efforts to redirect the TCIF funds back to the Southern California Trade Corridor in order to expedite funding for PTC.

Sincerely,



Deborah Robinson Barmack
Executive Director
San Bernardino Associated Governments



Arthur T. Leahy
Chief Executive Officer
Los Angeles County Metropolitan
Transportation Authority



Anne Mayer
Executive Director
Riverside County Transportation
Commission



Will Kempton
Chief Executive Officer
Orange County Transportation
Authority



Eric Haley
Chief Executive Officer
Southern California Regional Rail Authority

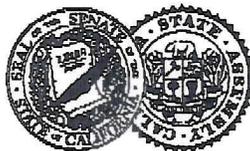
c: California Transportation Commissioners
Honorable John Pérez, Assembly Speaker
Honorable Darrell Steinberg, Senate Pro Tempore
Birmla Rhinehart, Executive Director, CTC

ASSEMBLYMAN PAUL COOK
50TH DISTRICT
CHAIR

SENATOR GLORIA NEGRETE MCLEOD
32ND DISTRICT
VICE CHAIR

California State Legislature

INLAND EMPIRE CAUCUS



March 23, 2010

Mr. James Earp, Chairman,
and Commissioners
California Transportation Commission
1120 N Street, Room 2221 (MS-52)
Sacramento, CA 95814

RE: COLTON CROSSING TRADE CORRIDOR IMPROVEMENT FUND (TCIF) PROJECT FUNDING - SUPPORT

We, the undersigned Members of the Inland Empire Caucus, want to convey to the California Transportation Commission our continued support for the Colton Crossing Rail Project. We commend Governor Schwarzenegger, the Business, Transportation, and Housing Agency, Caltrans, the United States Department of Transportation, and the freight railroads for their commitment to fund this important project.

By virtue of a baseline agreement and Memorandum of Understanding executed and delivered on March, 16th, 2010, it appears that all of the funding sources and commitments necessary for the project to proceed and be built are completed. President Barack Obama and the US DOT have demonstrated their support for this partnership by allocating \$33.8 million in Transportation Investment Generating Economic Recovery (TIGER) Funds. Private funding has been committed by Union Pacific and BNSF at \$67 million, and the State Trade Corridor Improvement Fund (TCIF) allocation for Colton Crossing will provide \$97.3 million.

The project is expected to account for 2,701 direct, indirect and induced jobs across California's economy, along with \$368.7 million (2007 dollars) of direct, indirect and induced business output during construction and the first 20 years of operation. We believe it is imperative that the funding programmed by the Commission in 2008 be maintained at the full commitment of \$97.3 million to ensure the successful completion of this critical project. If the Commission decides not to maintain the full \$97.3 million amount, the resulting shortfall has the potential to jeopardize the project.

We look forward to this project proceeding. An affirmative action by the Commission on March 25th on this project will be a signal to federal government and the international trade community that California is addressing infrastructure needs and is open for business.

Very truly yours,

MEMBERS

SENATOR JOHN DLNUFF
37TH DISTRICT

SENATOR DENISE DUCHENY
40TH DISTRICT

SENATOR ROBERT DUTTON
31ST DISTRICT

SENATOR DENNIS HOLLINGSWORTH
36TH DISTRICT

SENATOR BOB HUFF
29TH DISTRICT

SENATOR GEORGE RUNNER
17TH DISTRICT

ASSEMBLYMAN ANTHONY ADAMS
59TH DISTRICT

ASSEMBLYMAN WILMER AMINA CARTER
62ND DISTRICT

ASSEMBLYMAN CONNIE CONWAY
34TH DISTRICT

ASSEMBLYMAN BILL EMMERSON
69RD DISTRICT

ASSEMBLYMAN CURT HAGMAN
60TH DISTRICT

ASSEMBLYMAN KLVIN JEFFRIES
66TH DISTRICT

ASSEMBLYMAN STEVE KNIGHT
36TH DISTRICT

ASSEMBLYMAN JEFF MILLER
71ST DISTRICT

ASSEMBLYMAN BRIAN NESTANDE
64TH DISTRICT

ASSEMBLYMAN MANUEL PEREZ
80TH DISTRICT

ASSEMBLYMAN NORMA TORREZ
61ST DISTRICT

Paul Cook

Paul Cook, Assemblyman, District 65
Chair, Inland Empire Caucus

Connie Conway

Bob Sutton

D. Anzures

Bob Huff

Jim Gunnar

W. Imae America Carter

Norma

Norma Torres, Assembly District 61

Paul Cook, Assemblyman, District 65
Chair, Inland Empire Caucus

Connie Conway, Assembly District 34

Curt Hagman, Assembly District 60

Bob Dutton, Senate District 31

Dennis Hollingsworth, Senate District 36

Bob Huff, Senate District 29

Anthony Adams, Assembly District 59

Bill Emmerson, Assembly District 63

Wilmer Amina Carter, Assembly District 62

Norma Torres, Assembly District 61



Scott D. Moore
Vice President Public Affairs

March 23, 2010

Mr. James Earp, Chairman
California Transportation Commission
1120 N. Street, Room 2221 (MS-52)
Sacramento, CA 95814

Dear Mr. Earp,

I write in response to the recent CTC staff memoranda regarding your March 25 agenda item concerning the Colton Crossing. Needless to say, Union Pacific was caught off-guard by staff's abrupt change in opinion that is starkly inconsistent with its prior handling of the Colton Crossing application. From the outset, Union Pacific has been very open with staff about its plans and progress related to this project. For example, just this past October – thirteen months after staff now says that there was a deadline for executing the baseline agreement – I spoke with the CTC's executive director, Binla Rhinehart, and described the status of the railroad's plan to obtain federal TIGER funds to close the gap on funding for this project and advance the application when TIGER funds were awarded. Ms. Rhinehart said nothing to suggest that it was too late to proceed. Union Pacific has continued to communicate with staff about the progress of the Colton Crossing application without receiving any suggestion until now that it was untimely under the Commission's guidelines.

Staff's opinion reflects a radical departure from the stated purpose of the Commission's TCIF guidelines and how the guidelines have been applied to other projects. If followed, staff's opinion will scuttle not just the Colton Crossing project, but many other pending projects throughout the state, including every project that already has a baseline agreement in place but that did not meet the goal dates set forth in the guidelines. The result would be the loss of millions of dollars in federal and private investment that would have produced thousands of jobs and significantly enhanced the state's transportation system.

The resolution adopting the TCIF Program Guidelines openly expresses the Commission's intent for them to be used as "guidance" and to set forth the Commission's "expectations" for applicants seeking TCIF funding. (Section 2.2.) The Commission also declares that its guidelines do not preclude selection of a project that is consistent with the Bond Act. (Section 2.3.) In other words, the Commission adopted the guidelines for the purpose of enabling, not discouraging, construction of qualifying projects through TCIF funding. Its practices to date have been consistent with this principle. This is why several other projects have been adopted into the TCIF program even though their baseline agreements were not executed prior to the goal dates set forth in the guidelines. This is also why other applicants continue to work toward execution of baseline agreements for their projects. Denying the Colton Crossing project on the basis of staff's sudden new opinion would apply equally to summarily axe all of these other projects.

Staff's memo suggests that complying with the guideline goal dates somehow became a statutory requirement through the adoption of AB 268. This is a false conclusion. The Legislature only makes reference to the Commission's goal dates in the recitals of the resolution adopting AB 268. The Legislature's reference -- like all legislative recitals -- simply provided context for adoption of the bill. The statute that the Legislature actually adopted through AB 268, Government Code §8879.52, makes no reference to a September 2008 requirement. Notably, the legislative history reflected in the Legislative Counsel's Digest likewise makes no suggestion that the adoption of AB 268 would codify the TCIF guidelines. Staff's personal opinion to the contrary is simply flat wrong.

Staff's memorandum dated March 17, 2010 sets forth a short list of what it considers to be "deficiencies" in the project baseline agreement. Staff relies on these points to hastily conclude that the agreement is insufficient for the Colton Crossing to participate in the TCIF program. What is remarkable about staff's complaints, though, is not that they disqualify the project, but that they show how well prepared and qualified this project truly is. The list is very short, and in many instances the concerns reflect only minor administrative corrections, if any, that should be made to clarify certain details. Such matters can and will be addressed through amendments to this agreement or drafting

DISTRICT 1
LOUIS FUENTES

DISTRICT 2
JACK TERRAZAS

DISTRICT 3
MICHAEL W. KELLEY

DISTRICT 4
GARY WYATT

DISTRICT 5
WALLY LEHMGREN

COUNTY ADMINISTRATION CENTER

946 MAIN STREET, SUITE 209
EL CENTRO, CA 92243-2871
TELEPHONE: (760) 482-4220
FAX: (760) 482-4215

Board of Supervisors

County of Imperial

March 23, 2010

California Transportation Commission
1120 N. Street
Room 2221 (MS-52)
Sacramento, CA 95814

SUBJECT: OPPOSE Approval of TCIF Baseline Agreement (Project 79)

Dear Commissioners:

The Imperial County Board of Supervisors strongly objects to any proposal that will negatively impact the existing delivery schedule for Phase 3 of the Brawley Bypass Project.

Imperial County interests have worked long and hard to get the final phase of the Brawley Bypass ready to bid next month. This project will provide an economic shot in the arm for this economically distressed County that is currently experiencing unemployment levels at or near 30%. The project will also improve congestion in the border region which will help economically and help reduce air pollution in an area that is in serious non-attainment for particulate emissions.

We urge you to support your staff's recommendation to disapprove the baseline agreement for the Colton Crossing Project due to the deficiencies outlined in the staff analysis, and for the more fundamental reason that approval of the agreement would unfairly delay the completion of the Brawley Bypass project which is ready to go out to construction bid as early as next month.

The Imperial County region followed all the rules, submitted all required reports and agreements on time, and has otherwise faithfully partnered with the California Transportation Commission (CTC) and Caltrans to deliver this important project within the established guidelines. We strongly advise you not to take any action that will delay in any way the timely delivery of the Brawley Bypass project.

The CTC staff analysis for the Colton Crossing Project raises numerous concerns and points out several errors in the proposed agreement that must be answered before any decision could be made to move forward on that project at this time. We urge the CTC to adhere to its own policies and guidelines and reject any change to the existing Trade Corridors Improvement Fund (TCIF) allocations, particularly when such a change would penalize our state's most severely economically challenged region.

Sincerely,



Louis A. Fuentes, Chairman
Imperial County Board of Supervisors

COMMITTEES

CHAIR, BUDGET AND FISCAL REVIEW
 CHAIR, BUDGET AND FISCAL REVIEW
 SUBCOMMITTEE #5
 CHAIR, JOINT LEGISLATIVE BUDGET
 JOINT LEGISLATIVE AUDIT
 JOINT FAIRS, ALLOCATION &
 CLASSIFICATION
 LABOR AND INDUSTRIAL RELATIONS
 PUBLIC EMPLOYMENT AND RETIREMENT

California State Senate

SENATOR
DENISE MORENO DUCHENY
 FORTIETH SENATE DISTRICT



SELECT COMMITTEES

CHAIR, CALIFORNIA-MEXICO
 COOPERATION
 CHAIR, COLORADO RIVER
 STATE SCHOOL FACILITIES
 BOARDS
 CALIFORNIA WORKFORCE
 INVESTMENT
 STATE PUBLIC WORKS

March 23, 2010

Mr. James Earp
 Chair
 California Transportation Commission
 1120 N Street, Room 2221
 Sacramento, California 95814

Dear Mr. Chairman and Commissioners:

We are writing as Members of the California Legislature who represent our State's international border with Mexico to inform you that we strongly object to any action by the California Transportation Commission (Commission) which will negatively impact the delivery schedule for Phase 3 of the Brawley Bypass Project.

As Senate and Assembly Members who represent the more than one million Californians in the border region, we know first hand how our constituents are impacted by cross-border goods movement traffic. Though this project is located in Imperial County, it is important that you understand increased efficiency in the movement of goods through our international border has an impact across the region and therefore that the successful completion of this project is important to our Imperial and San Diego County constituents.

During this critical time for our State's, and our nation's economy, it is beyond our comprehension that any officials of our State would propose delaying the beneficial jobs impact to a county (Imperial) with 30% unemployment. The Brawley project is ready to go to construction bid as early as next month.

The Imperial County region has followed all the rules, submitted all required reports and agreements on time, and has otherwise faithfully partnered with the Commission and Caltrans to deliver this critical project within the guidelines established by the Commission and dictated by State Statute. Transportation and local elected officials have committed virtually all of the resources available to Imperial for county and state level projects to the Brawley Bypass even though it serves an international goods movement purpose. To fail to reward these commitments would be a terrible breach in faith by our State Government.

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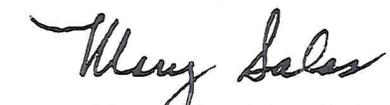
California Transportation Commission
March 23, 2010
PAGE TWO

If the Commission is to follow its own policies and guidelines respecting projects that go through the appropriate process, demonstrate full funding and meet project delivery benchmarks and "ready to go" requirements, it must reject any change to the TCIF program which would delay this project and penalize our State's most economically challenged region.

Sincerely,


Senator Denise Moreno Ducheny


Assemblymember V. Manuel Perez


Assemblymember Mary Salas

Cc: Senator Darrell Steinberg

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California State Senate

SENATOR
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SUBCOMMITTEE
BUDGET SUBCOMMITTEE #4

March 24, 2010

Mr. James Earp, Chairman
California Transportation Commission
1120 N Street, Room 2221 (MS-52)
Sacramento, CA 95814

RE: Support for Preserving Federal Funds and Project Viability of the Colton Crossing Project (a.k.a. Project 79, Trade Corridor Improvement Fund)

Mr. Chairman:

I write to convey my support for the Colton Crossing Rail Project and to encourage you and your fellow commissioners to act affirmatively on the Colton Crossing MOU now before you to maintain the viability of this important project for state and federal funding.

The current railroad bottleneck at the Colton Crossing has adverse impacts on rail and motor vehicle mobility, on public safety, on air quality, and on the health and welfare of the people who live in and around Colton—my constituents. I am convinced that the project benefits from the Colton Crossing grade separation will go a long way toward improving the quality of life for those who call the Inland Empire home. Moreover, breaking the rail gridlock in Colton will improve the operation of one of the busiest trade corridors in the nation. Maintaining a commitment to the Colton Crossing project will show the world that California values the economic activity associated with its trade industry and is willing to make the necessary infrastructure improvements to keep its trade corridors thriving.

Some have raised a concern that the commission's mere approval of the Colton Crossing MOU or "baseline project agreement" will negatively impact state bond funding allocations to other ready-to-go projects in the region. I have been informed that the commission's approval of the Colton Crossing MOU is not likely to have such an impact on other project allocations. Moreover, the commission's approval of the Colton Crossing MOU will maintain this project's viability for state bond funds, will maintain the award of \$33.8 million in federal TIGER funds, will maintain the commitment of some \$67 million in private funds from the state's railroad operators, and will expand job creation in California by an estimated 2,700 jobs.

Mr. James Earp
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Given all of these benefits—and those related to improved mobility, safety and air quality—I would hope you agree that the commission has little choice but to approve the Colton Crossing MOU.

Thank you for your consideration of this request.

Respectfully,

A handwritten signature in cursive script that reads "Gloria Negrete McLeod".

Gloria Negrete McLeod
32nd Senate District

cc: Commissioners, California Transportation Commission