

Memorandum

TAB 25

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: March 5, 2013

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Information

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Subject: **TCIF PROJECT 6 - TEHACHAPI TRADE CORRIDOR RAIL IMPROVEMENT PROJECT STATUS REPORT**

SUMMARY:

The California Department of Transportation (Department) presents to the California Transportation Commission (Commission) this summary of the Trade Corridor Improvement Fund (TCIF) Tehachapi Trade Corridor Improvement project (Project) and the efforts of the BNSF Railway Company (BNSF) to deliver the Project within the timelines of the TCIF program. Completion of the environmental document is currently delayed with the earliest completion being November 2013; followed by allocation and construction start not occurring until December 2013. With this late date, Tehachapi would be the final Project within the Northern California Trade Coalition to be allocated and thereby impacted by a shortfall of available TCIF funds.

Environmental

The Project's Environmental Impact Report (EIR) has not been completed within the timeline established in the baseline agreement. The completion of the environmental document was expected by November 2012. It is delayed due to the need to re-circulate the Draft EIR and Final EIR, after its initial release in fall 2012. Re-circulation is required in order to address several factors that impact the original document. These factors are: the establishment of the Cesar Chavez National Monument in Keene California; the identification of elderberry shrubs with the indication that Valley Elderberry Longhorn Beetles (VELB) are present within the Project limits; and issues of a jurisdictional delineation with the United States Army Corp of Engineers (Corps).

During the environmental document's circulation period, President Obama established the Cesar Chavez National Monument. The national monument is 187 acres adjacent the railroad right of way along segment 3 (Rowen-Woodford) where Cesar Chavez is buried. The creation of the Chavez center as a National Monument initiated the need for additional noise studies, analysis of sound mitigation and review of the visual impacts that sound mitigation would require.

Elderberry shrubs were found to be growing within the Union Pacific right of way, and five elderberry shrubs would need to be removed during construction. Elderberry shrubs are habitat for the endangered VELB. The removal of the shrubs will require an incidental take permit and a habitat conservation plan that must be approved by the US Fish and Wildlife Service. Approval of the habitat conservation plan, the additional studies, and the time required for the recirculation of the environmental document moves the estimated completion date to late November 2013 with a possible allocation date in December 2013.

Issues of jurisdictional delineation with the United States Army Corp of Engineers and connectivity to waters of the U.S. were also identified. The nexus of the Corps involvement comes by way of a canal within the Project limits that brings water from the Kern River to the Arvin Sink, thereby creating the need for a USACE 404 permit.

Northern California Trade Corridors Coalition Program Capacity

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, passed by the voters in November 2006, included \$2.0 billion for the Proposition 1B TCIF Program. The Commission recognized that the needs far exceeded the amount authorized in the Proposition 1B TCIF program and the Commission adopted guidelines established programming targets, which included an additional over-programming for each corridor and a requirement to award contracts no later than December 31, 2013.

To insure that construction begins by December, the Northern California Trade Corridors Coalition (NCTC) has been pursuing allocations for all of its projects by June 2013. As of March 2013, six projects are yet to be allocated. While the NCTC has been actively working to balance its program to eliminate over-programming, the NCTC coalition faces a programming shortfall and cannot fully fund all the remaining projects that require an allocation. The Tehachapi project would be the final project delivered in the NCTC program, but could not be fully allocated with the remaining TCIF funds. It is estimated that after the remaining five projects are allocated, about \$20 million of TCIF funds will be available with additional funding reliant on possible project savings from other projects previously allocated.

BACKGROUND:

The Project focuses on track segments that are primarily single-track through the mountainous railroad between Bakersfield and Mojave in Kern County. Climbing from an elevation of 415 feet near Bakersfield, the route ascends at grades between 2.00 and 2.50 percent, reaching the summit just east of the town of Tehachapi at 4,000 feet. The Tehachapi Trade Corridor presents operational challenges include steep mountain grades, extreme track curvature, multiple tunnels, single-line trackage along most of the corridor, and a high volume of daily rail traffic with capacity constraints along this line. The Project will extend and connect existing sidings or double track segments throughout the Mojave Subdivision in order to reduce areas of constraints and improve train movements.

The Project consists of improvements to the Union Pacific Railroad Company Mojave Subdivision mainline track from Mile Post 313 to 370. It is owned, dispatched and maintained by Union Pacific Railroad. BNSF and its predecessors have maintained trackage rights over this corridor segment that date back to 1912.

The Project ensures that Northern California remains a key competitive region by improving throughput and velocity on the corridor. It increases capacity and efficiency for the Port of Oakland and improves international and Northern California shipper access to major national markets. It also improves connectivity of the major north-south freight rail corridor that parallels Interstate 5 in California, including to and from Oregon, Washington and Western Canada. The corridor plays a vital role for California with the majority of goods passing over the corridor either originating or terminating in California.

The Department and BNSF executed a Memorandum of Understanding on September 24, 2008 that established the foundation of the baseline agreement between the Department and the Commission. The baseline elements of the Project are as follows:

| Segment | Description | Scope of Work | Construction Costs (Original Estimate) |
|----------------|--|--|--|
| 1 | Connect Walong and Marcel sidings to create a segment of approximately 2.8 miles of double track | <ul style="list-style-type: none"> ▪ Construct approximately 0.8 mile of second mainline | <ul style="list-style-type: none"> ▪ 12,500,000 |
| 2 | Extend Cliff siding to accommodate prevailing system train lengths | <ul style="list-style-type: none"> ▪ Construct approximately 900 feet of siding extending to portal of Tunnel No. 7 | <ul style="list-style-type: none"> ▪ 6,300,000 |
| 3 | Connect Rowen and Woodford sidings to create a segment of approximately 4.2 miles of double track | <ul style="list-style-type: none"> ▪ Construct approximately 1 mile of second mainline | <ul style="list-style-type: none"> ▪ 12,500,000 |
| 4 | Connect two segments of double track at Caliente and Bealville to create a segment of approximately 10.3 miles of double track | <ul style="list-style-type: none"> ▪ Construct approximately 2.6 miles of second mainline | <ul style="list-style-type: none"> ▪ 37,700,000 |
| 5 | Connect Caliente to Bealville double track project at Ilmon to Bena with existing double track into Bakersfield | <ul style="list-style-type: none"> ▪ Construct approximately 2.5 miles of second mainline | <ul style="list-style-type: none"> ▪ 17,300,000 |
| 6 | Upgrade train management system for 21 miles of double | <ul style="list-style-type: none"> ▪ Install Centralized Traffic control | <ul style="list-style-type: none"> ▪ 20,400,000 |

| Project Funding Plan (6 Segments, Current Baseline) | | Funding Sources | | |
|--|-----------------------|------------------------|--------------------|---------------------|
| Phase of Work | Estimated Cost | TCIF | Other State | BNSF |
| Environmental | \$3,700,000 | | \$1,500,000 | \$2,200,000 |
| Design | \$1,000,000 | | | \$1,000,000 |
| Construction | \$108,000,000 | \$54,000,000 | | \$54,000,000 |
| Totals | \$112,700,000 | \$54,000,000 | \$1,500,000 | \$57,200,000 |

The work needed to deliver the Project will be performed through a continued commitment of resources by both BNSF and the Department, but with the funding constraints of the TCIF program, this produces a project that is delivered but not able to be allocated.

Alternative for Delivery

Working with the NCTC, the Department will propose a baseline amendment that focuses BNSF and Caltrans resources on an alternative that delivers Segments 1 and 2. The Project would improve, extend, and construct an additional track (provide “double-tracking”) along two bottlenecked rail segments in the Tehachapi Pass.

Proceeding with Segments 1 and 2 provides a construction alternative that works within the available TCIF funds. It utilizes the environmental studies performed to date and allows the document to be finalized avoiding the environmental issues of Elderberry Shrubs, Chavez National Monument, and the need for a US Army Corp permit. A project consisting of only Segments 1 and 2 will still provide substantial public benefits.

A baseline amendment will be presented by May 2013 that fully delineates the Project benefits for this alternative. Preliminary analysis of constructing Segments 1 and 2 shows that the capacity increase (19 trains per day) is 63 percent of the total capacity increase that would have been derived from the original project and this alternative should result in roughly 60 percent of the public benefits forecasted through the construction of the five segment project. (See Tab 27, Reference 4.13.)

Segments 1 & 2 Project

| Segment | Description | Scope of Work | Construction Costs (Updated 2013) |
|----------------|--|--|--|
| 1 | Connect Walong and Marcel sidings to create a segment of approximately 2.8 miles of double track | <ul style="list-style-type: none"> ▪ Construct approximately 0.8 mile of second mainline | <ul style="list-style-type: none"> ▪ 10,100,000 |
| 2 | Extend Cliff siding to accommodate prevailing system train lengths | <ul style="list-style-type: none"> ▪ Construct approximately 900 feet of siding extending to portal of Tunnel No. 7 | <ul style="list-style-type: none"> ▪ 6,530,000 |

| Proposed Project Funding Plan (Segments 1&2) | | Funding Sources | | |
|---|-----------------------|------------------------|--------------------|--------------------|
| Phase of Work | Estimated Cost | TCIF | Other State | BNSF |
| Environmental | \$3,700,000 | | \$1,500,000 | \$2,200,000 |
| Design | \$1,000,000 | | | \$1,000,000 |
| Construction | \$16,700,000 | \$9,950,000 | | \$6,750,000 |
| Totals | \$21,400,000 | \$9,950,000 | \$1,500,000 | \$9,950,000 |

| Segments 1 & 2 Proposed Project Schedule (to be formalized in Baseline Amendment) | Date |
|--|-------------|
| End Environmental Phase | 6/2013 |
| End Design Phase | 6/2013 |
| Allocation | 8/2013 |
| Begin Construction - Walong to Marcel | 10/2013 |
| Construction Phase - Walong to Marcel | 10/2014 |
| Begin Construction - Cliff Siding Extension | 03/2015 |
| Construction Phase - Cliff Siding Extension | 12/2015 |