

TRANSPORTATION COMMITTEE

February 5, 2010

AGENDA ITEM NO.: 5

Action Requested: APPROVE

SOUTH LINE RAIL FREIGHT CAPACITY PROJECT:
REQUEST FOR LETTERS OF NO PREJUDICE

File Number 150000

Introduction

The initial phases of the South Line Rail Freight Capacity project will be ready to begin construction in the next few months. The South Line Rail Freight Capacity project is funded with Proposition 1B (Prop. 1B) Trade Corridor Improvement Fund (TCIF) dollars. The project construction will be implemented in phases. In addition, in order to minimize impact to rail operations some of the work phases for the freight project are being implemented with the *TransNet*-funded Blue Line Upgrade project. Given the temporary unavailability of Prop. 1B bond funds for allocation, approval of Letters of No Prejudice (LONPs) would allow these project elements to move forward to construction using local funds and ensure that project expenditures remain reimbursable once Prop. 1B funds do become available. This report outlines the LONP request and associated issues.

Recommendation

The Transportation Committee is asked to approve: (1) submittal of Letters of No Prejudice to the California Transportation Commission in the amount of \$26 million for the implementation of two initial phases of the South Line freight improvement and Blue Line improvements project; and (2) Amendment No. 18 to the 2008 Regional Transportation Improvement Program reflecting the advancement of local funds and reimbursement of Prop. 1B funds in substantially the same form as shown in Attachment 1.

Discussion

The TCIF-funded South Line project includes signal, communications, and track improvements to facilitate the expansion of freight movements along the corridor. This corridor is shared with the Blue Line trolley along the same tracks, although freight operating hours are restricted to night time, when the trolley is nonoperational. Some of the project elements, in particular the signaling and communications elements, are also beneficial for the Blue Line Upgrade project. Close coordination between the various elements of both major projects will allow certain elements to be advanced to construction ahead of schedule.

Staff has determined that splitting the TCIF-funded project into three phases and requesting a LONP for the first two phases will enhance delivery of both the freight improvements as well as the Blue Line improvements project. The proposed construction phases are as follows:

Phase 1: Aerial Cabling Project (\$10.5 million)

Phase 2: Signaling and Initial Track Improvements (\$15.5 million)

Phase 3: Palomar Siding and System Upgrades (\$72.06 million)

Completion of the Phase 1 project would allow SANDAG to follow with the contact wire replacement project (part of the Blue Line improvements project). Phase 1 completion is needed to begin Phase 2 work. Construction of Phase 2 of the freight improvements project could be combined with similar work required for the Blue Line, thus offering the opportunity to gain construction cost and schedule efficiencies and significantly reducing system and signaling rework. Work associated and performed in conjunction with Phase 2 would install signal and special track improvements specific to Blue Line trolley operations. Completion of the signaling work for both the freight and trolley projects will also provide the ability to do reverse routing of freight operations which will reduce the construction time required to complete Phase 3 of the freight improvement project.

It should be noted that the CTC is requiring TCIF project sponsors to begin construction no later than December 2013. By splitting the freight improvement project, the initial two phases of the project could begin construction in 2010 instead of spring 2012 as originally anticipated thereby reducing the risk that any schedule change would jeopardize these funds.

Funding Issues

The freight improvement project is programmed with approximately \$98.1 million of Prop. 1B TCIF funds and nearly \$9 million in *TransNet* Border Access Improvement funds, for a total of approximately \$107 million. The *TransNet* funds are programmed and being used for all the pre-construction environmental and design work, and the TCIF funds are programmed for the construction phase of the project. Staff anticipates submitting an allocation request for \$10.5 million for the Phase 1 project in February for April allocation by the CTC. This request would be followed later this summer with a request for \$15.5 million for Phase 2.

A potential problem that the region may face is that the CTC may not have Prop. 1B funds to allocate in the next few months. In discussions with statewide partners, CTC staff has indicated that during the discussion period between the administration and the legislature for the FY 2011 state budget, it is very unlikely that the state will be able to issue additional bonds until after the state budget is enacted, possibly in late summer or early fall. In response to this risk, staff proposes that approval of an LONP be requested from the CTC for both Phases 1 and 2. Approval of an LONP allows a project sponsor to begin work with its own funds but ensures that eligible expenditures would be reimbursed upon funding availability. It should be noted that approval of an LONP does not constitute a budget increase, but rather, it reflects an alternate cash management approach that allows the projects to move forward to construction without delay. The sum total of the two LONPs would be approximately \$26 million. The funding source for the advance work would be *TransNet*. Approval of the LONP also would allow SANDAG to advertise the projects for construction and ensure that the schedule for both the South Line freight improvements and the Blue Line trolley projects remains on track as both major projects are dependent on completion of these initial phases for implementation of subsequent phases.

The CTC has indicated that it is willing to approve up to the minimum available for the region, or \$250 million. The CTC approved \$400 million from the TCIF program for the San Diego region. Since the State Route 905 project has already been awarded for construction, approximately \$74.1 million in TCIF funds need to be deducted from the \$250 million level, leaving \$175.9 million available for future LONPs. Staff believes that the \$26 million requested at this time is appropriate given the

relatively low amount and the high importance the completion of these two phases have on completion of the *TransNet* program Blue Line Corridor, which includes both the South Line freight improvement project and the Blue Line trolley improvement project. If approved, the amount available for future LONPs would be approximately \$149.9 million. The capital budget for this project also will be updated to reflect this action as part of the FY 2011 SANDAG Budget.

LAUREN WARREM
Director of Finance (Acting)

Attachment: 1. 2008 RTIP Amendment No. 18

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Table 1
2008 Regional Transportation Improvement Program
Amendment No. 18
San Diego Region (in \$000s)

San Diego Association of Governments

MPO ID: SAN27	Capacity Status: NCI	RTIP #: 08-18
TITLE: San Ysidro Intermodal Freight Facility	Exempt Category: Mass Transit - Track rehabilitation in existing right of way	
DESCRIPTION: From Commercial St. to International Border - SD&AE Freight Yard and South Line Mainline in San Ysidro - environmental studies, design, site planning, and construction for an international freight facility; signal installation for the track and rail cars		
CHANGE REASON: Advance local funds		
		EST TOTAL COST: \$149,090

	TOTAL	PRIOR	08/09	09/10	10/11	11/12	12/13	PE	RW	CON
CBI	\$600			\$600				\$600		
DEMO - TEA 21	\$9,980	\$1,280	\$775	\$7,925				\$2,055	\$7,925	
Local Funds	\$320	\$320						\$320		
Trade Corridor Program	\$107,360					\$81,460	\$25,900			\$107,360
Trade Corridor Program Conversion	\$16,600					\$16,600				\$16,600
TransNet - Border	\$14,230		\$1,500	\$4,805	\$6,135	\$1,790		\$6,355	\$7,875	
TransNet - MC AC				\$1,700	\$14,900	\$(16,600)				
TOTAL	\$149,090	\$1,600	\$2,275	\$15,030	\$21,035	\$83,250	\$25,900	\$9,330	\$15,800	\$123,960

PROJECT PRIOR TO AMENDMENT

	TOTAL	PRIOR	08/09	09/10	10/11	11/12	12/13	PE	RW	CON
CBI	\$600			\$600				\$600		
DEMO - TEA 21	\$9,980	\$1,280	\$775	\$7,925				\$2,055	\$7,925	
Local Funds	\$320	\$320						\$320		
Trade Corridor Program	\$123,960					\$98,060	\$25,900			\$123,960
TransNet - Border	\$14,230		\$1,500	\$4,805	\$6,135	\$1,790		\$6,355	\$7,875	
TOTAL	\$149,090	\$1,600	\$2,275	\$13,330	\$6,135	\$99,850	\$25,900	\$9,330	\$15,800	\$123,960

**2008 Regional Transportation Improvement Program
Amendment No. 18
San Diego Region (in \$000s)**

RTIP Fund Types

AC	=	Advanced Construction
ARRA	=	American Recovery and Reinvestment Act (Federal Stimulus Program)
BIA	=	Bureau of Indian Affairs
BIP	=	Border Infrastructure Program (Federal under SAFETEA-LU)
BTA	=	Bicycle Transportation Account (State)
CBI	=	Corridors and Borders Infrastructure Program (Federal under TEA-21)
CMAQ	=	Congestion Mitigation and Air Quality (Federal formula)
CMIA	=	Corridor Mobility Improvement Account (Prop. 1B state bond)
DEMO	=	High Priority Demonstration Program under TEA-21 (Federal discretionary)
DEMO-Sec 115	=	High Priority Demonstration Program under FY 2004 Appropriations
DEMO-Sec 117/STP	=	Surface Transportation Program under FHWA Administrative Program (congressionally directed appropriations)
FSP	=	Freeway Service Patrol (State legislation)
HBP	=	Highway Bridge Program under SAFETEA-LU (Federal)
HBRR	=	Highway Bridge Repair and Rehabilitation under TEA-21 (Federal)
HES	=	Hazard Elimination System (Federal administered by Caltrans)
HPP	=	High Priority Demonstration Program under SAFETEA-LU (Federal discretionary)
HRCSA	=	Highway-Railroad Crossing Safety Account (Prop. 1B state bond)
HSIP	=	Highway Safety Improvement Program (State administered by Caltrans)
IBRC	=	Innovative Bridge Research & Construction (Federal)
IM	=	Interstate Maintenance Discretionary (Federal)
IRR	=	Indian Reservation Roads program (Federal)
ITS	=	Intelligent Transportation System (Federal)
NCPD	=	National Corridor Planning & Development (Federal - same as CBI)
NHS	=	National Highway System
PLH	=	Public Lands Highway (Federal)
PTA	=	Public Transportation Account (State)
PTMISE	=	Public Transportation Modernization, Improvement, and Service Enhancement (Prop. 1B state bond)
RSTP	=	Regional Surface Transportation Program (Federal)
RTP	=	Recreational Trails Program (Federal)
SHOPP	=	State Highway Operation & Protection Program (for Caltrans use only)
SRTS	=	Safe Routes to School (Federal program administered by Caltrans)
STIP-IIP	=	State Transportation Improvement Program - Interregional Program (State)
STIP-RIP	=	State Transportation Improvement Program - Regional Improvement Program (State)
Section 5307	=	Federal Transit Administration Urbanized Area Formula Program
Section 5309 (Bus)	=	Federal Transit Administration Discretionary Program

**2008 Regional Transportation Improvement Program
Amendment No. 18
San Diego Region (in \$000s)**

Section 5309 (FG)	=	Federal Transit Administration Fixed Guideway Modernization (Formula program)
Section 5309 (NS)	=	Federal Transit Administration Discretionary - New Starts Program (Discretionary)
Section 5310	=	Federal Transit Administration Elderly & Disabled Program (Discretionary allocated by CTC)
Section 5311	=	Federal Transit Administration Rural Program (Formula and Discretionary)
Section 5316 (JARC)	=	Federal Transit Administration Jobs Access Reverse Commute (Discretionary)
Section 5317 (NF)	=	Federal Transit Administration New Freedom
TCIF	=	Trade Corridor Improvement Fund (Prop. 1B state bond)
TCRP	=	Traffic Congestion Relief Program (State)
TCSP	=	Transportation & Community & System Preservation (Federal)
TDA	=	Transportation Development Act (State)
TDA-B	=	Transportation Development Act-Bicycle & Pedestrian Facilities (State)
TEA/TE	=	Transportation Enhancement Activities Program (Federal)
TLSP	=	Traffic Light Synchronization Program (Prop. 1B state bond)
TSGP	=	Transit Security Grant Program (Federal Homeland Security Office)
TSM	=	Transportation Systems Management (State)
TransNet-78	=	Prop. A Local Transportation Sales Tax - SR 78 (Local)
TransNet-ADA	=	Prop. A Local Transportation Sales Tax - compliance with federal Americans with Disabilities Act (Local)
TransNet-B	=	Prop. A Local Transportation Sales Tax - Bike (Local)
TransNet-BNSP	=	Prop. A Local Transportation Sales Tax extension - Bicycle and Neighborhood Safety Program (Local)
TransNet-BRT/Ops	=	Prop. A Local Transportation Sales Tax extension- Bus Rapid Transit/New Service (Local)
TransNet-Border	=	Prop. A Local Transportation Sales Tax extension - Border, part of Major Corridor (Local)
TransNet-H	=	Prop. A Local Transportation Sales Tax - Highway (Local)
TransNet-L	=	Prop. A Local Transportation Sales Tax - Local Streets & Roads (Local)
TransNet-LSI	=	Prop. A Extension Local Transportation Sales Tax extension - Local System Improvements (Local)
TransNet-MC	=	Prop. A Extension Local Transportation Sales Tax extension - Major Corridors (Local)
TransNet-REMP	=	Prop. A Extension Local Transportation Sales Tax extension - Regional Environmental Mitigation (Local)
TransNet-S&D	=	Prop. A Local Transportation Sales Tax - Senior/Disabled (Local)
TransNet-SS	=	Prop A Extension Local Transportation Sales Tax extension - Senior Services (Local)
TransNet-T	=	Prop. A Local Transportation Sales Tax - Transit (Local)
TransNet-TSI	=	Prop. A Extension Local Transportation Sales Tax extension - Transit System Improvements (Local)