

California State Transportation Agency (CalSTA) DRAFT Port and Freight Infrastructure Program Guidelines

1. Background and Authority

In October 2021, California Governor Gavin Newsom signed Executive Order N 19-21 (Executive Order) to address global disruptions to the goods movement supply chain, brought on by changes in the practices of numerous industry sectors during the COVID-19 pandemic and by changes in consumer demand during the ensuing economic recovery.

The Executive Order acknowledges California as the Nation's preeminent global goods movement gateway: The Ports of Los Angeles and Long Beach move roughly 35 percent of all containers in the United States (U.S.) and approximately 40 percent of U.S. imports and 25 percent of U.S. exports pass through the San Pedro Bay. It also notes that California's nationally significant regional supply chains and goods movement networks have been negatively impacted by global disruptions, resulting in port congestion, extended shipping container and chassis dwell times, and U.S. agricultural producers reporting challenges exporting their goods internationally.

Therefore, the Executive Order directed California state agencies to take near and long-term actions to address national port congestion and supply chain challenges. It also required agencies to develop longer term budget proposals that support port operations and goods movement. In January 2022, Governor Newsom proposed a \$2.3 billion supply chain resilience budget package, including one-time funding totaling \$1.2 billion for port and freight infrastructure.

In late-June 2022, the California State Legislature enacted Governor Newsom's Port and Freight Infrastructure proposal through Senate Bill 198 (SB 198; Chapter 71, Statutes of 2022), which also provides policy direction for the California State Transportation Agency (CalSTA) to implement the Port and Freight Infrastructure Program.

The goals, objectives, eligibility requirements, evaluation criteria and other aspects of these Port and Freight Infrastructure Program guidelines align with SB 198 and the Executive Order.

Additionally, in April 2022, CalSTA hosted listening sessions in Southern California (cohosted by the Southern California Association of Governments), the Central Valley (cohosted by the Fresno Council of Governments) and Northern California (cohosted by Metropolitan Transportation Commission and the Port of Oakland) to seek input from U.S. Department of Transportation (U.S. DOT) leadership, port authorities, railroads, state and local government leaders as well as other transportation stakeholders in developing these guidelines. The guidelines were also developed in consultation with the California Department of Transportation (Caltrans).

2. Purpose, Goals and Objectives

The Port and Freight Infrastructure Program seeks to improve the capacity, safety, efficiency and resilience of goods movement to, from and through California's maritime ports, while also reducing greenhouse gas emissions and harmful impacts to communities adjacent to the corridors and facilities used for goods movement. These improvements are critical to enhancing and modernizing the multimodal freight transportation system, growing the economic competitiveness of California's freight sector, promoting transportation equity, reducing freight-related deaths and injuries, and improving system resilience by addressing infrastructure vulnerabilities associated with security threats, climate change and natural disasters.

Additionally, the Port and Freight Infrastructure Program seeks to advance the goals and objectives of the Climate Action Plan for Transportation Infrastructure (CAPTI), the National Highway Freight Program (NHFP), the California Freight Mobility Plan (CFMP), the California Sustainable Freight Action Plan (CSFAP), and the California Transportation Plan (CTP).

Improvements are expected to be identified throughout the state, at and near the maritime ports, along rail and highway corridors (including grade crossing and interchange improvements) and at intermodal sites, transloading locations and warehousing facilities.

3. Schedule

Release Draft Guidelines – July 2022

Guidelines Workshops

Workshop 1: Early/Mid-August 2022 (Daytime)

Workshop 2: Early/Mid-August 2022 (Late-Afternoon/Evening)

Closing Date for Comments of Draft Guidelines – Late-August 2022

CalSTA Publishes Guidelines – Mid-September 2022

Call for Projects - Mid-September 2022

Project Applications Due – Mid-November 2022

CalSTA Award Announcement – Late-December 2022 / Early-January 2023

4. Funding

The 2022 Budget includes \$1.2 billion (\$600 million in 2022-23 and \$600 million in 2023-24) for the Port and Freight Infrastructure Program. CalSTA intends to award the entire \$1.2 billion in a single cycle through a single program of projects, with \$600 million available for projects in 2022-23 and \$600 million in 2023-24, consistent with funding availability.

5. Eligible Applicants

As codified in SB 198, the funding for eligible projects shall be allocated to public agencies (such as cities, counties, Metropolitan Planning Organizations (MPO), Regional Transportation Planning Agencies (RTPA), ports, public construction authorities and Caltrans) that administer or operate the projects as follows:

- Seventy percent for infrastructure projects supporting goods movement related to the Port of Los Angeles, the Port of Long Beach, or both.
- Thirty percent for other high-priority projects supporting ports and goods movement infrastructure in the rest of the state, including inland ports.

Public agencies may partner with private operators of projects, such as freight railroads, to implement an eligible project. However, one public agency should be clearly identified as the lead agency for entering into contract with CalSTA,

including receiving reimbursements of allocated funds and making payments to contractors.

6. Eligible Projects

As codified in SB 198, eligible projects include but are not limited to the following:

- Port-specific high-priority projects;
- Intermodal railyard expansion and electrification;
- Goods movement railway corridor capacity projects;
- High-priority grade separations; and
- Zero-emission goods movement demonstration projects.

Projects should be identified in or consistent with existing transportation plans, such the CFMP, the California State Rail Plan or an MPO Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS). If a project is listed in an existing transportation plan, where applicable, please provide a project identification number. If a project is not listed in an existing transportation plan, project sponsors are strongly encouraged to attain a letter from an MPO or applicable state agency certifying its consistency with the plan and the process and timeline for amending it into the plan in the future.

CalSTA intends to fund projects that increase the capacity and efficient throughput of goods to, from and through California's maritime ports for the purpose of alleviating regional goods movement congestion while also meeting other legislative goals and objectives for this funding (Section 2 – Purpose, Goals and Objectives). Eligible applicants must articulate existing or foreseeable challenges and how their proposed projects will increase the throughput of goods moving to, from and through ports while meeting the purpose, goals and objectives of the Port and Freight Infrastructure Program. Non-port applicants are strongly encouraged to consider partnering with ports as co-applicants or including Letters of Support from ports that articulate projects benefits and benefits to the ports in relieving port congestion.

Port and Freight Infrastructure Program grants may be used for development-phase activities and costs, including planning, feasibility analysis, revenue forecasting, alternatives analysis, data collection and analysis, environmental review and activities to support environmental review, preliminary engineering and design work, and other preconstruction activities, including the preparation of a data collection and post-construction analysis plan; and construction, reconstruction, rehabilitation, right-of-way support activities, acquisition of real property (including land relating to the project and improvements to that land),

environmental mitigation (including projects to replace or rehabilitate culverts or reduce stormwater runoff for the purpose of improving habitat for aquatic species), construction contingencies, acquisition of equipment (unless otherwise noted in other sections of these guidelines), protection, and operational improvements directly relating to the project. Public-private partnership assessments for projects in the development phase are also eligible costs.

While Port and Freight Infrastructure Program eligibility requirements provide CalSTA the flexibility to support the planning and development of innovative or transformative projects (i.e., advancing new or transformative ideas or methods) as well as pilot project demonstrations (i.e., an initial small-scale implementation that is used to prove the viability of a project idea), CalSTA seeks to prioritize funding for projects that result in near-term construction. Therefore, at least 75 percent of Port and Freight Infrastructure Program funding will be awarded to projects reasonably expected to begin construction within 24 months after funding is awarded, or with high certainty of construction completion by June 30, 2028.

Applicants may apply for multiple projects. However, an applicant submitting multiple project applications must clearly prioritize its project applications.

Applicants are also encouraged to develop segmenting and scaling strategies for the project and prioritize the segments or components within each project application, if applicable, so that available resources may be awarded to a segment or component if the full grant request cannot be funded. The outcomes and benefits of the identified segments or components must be described in the application so that they can be considered as part of the evaluation process. Applicants must have completed the Planning Approval and Environmental Documents phase and Design phase before allocating funds for the Right-of-Way or Construction phases. Applicants must include realistic timelines for expenditure of funds, as the funding for this grant program requires expenditure or encumbrance and liquidation by June 30, 2028 for half of the available funding and June 30, 2029 for the other half of the funding. This timing may be a factor in the segments and components selected for award.

Non-planning or non-project development segments or components of the project must have independent utility. Applicants may find it helpful to submit a single application that describes a programmatic set of inter-related projects rather than submitting multiple applications. Phases, segments, components and priority-setting within such a programmatic application can then be clearly identified, but the narrative describing the goals and outcomes can be shared. Applicants submitting a high-dollar, single application with no scalable or

separable project segments or components may increase the risk of having an uncompetitive project application. At the same time, applicants are advised to submit projects that are scalable where practical. If available program resources expand or contract prior to the completion of programming, CalSTA may revise the funding available for programming.

Projects are also expected to specify federal and state funding programs they are eligible for and assess their competitiveness in seeking funding from one or more such programs. If a Port and Freight Infrastructure Program project(s) is awarded funding contingent on receiving federal or state funding that does not materialize in the expected timeframe, that project(s) may be removed from the program of projects awarded funding so that its funding may potentially be awarded to other applications considered but not selected. In addition, CalSTA may choose to establish a reserve of funds at the time of initial project selection that can be used either (1) provide additional funding for the highest rated projects that pursue, but to do not receive, federal or state funds from such programs, or (2) provide funding for additional projects not yet awarded funds. Projects are also encouraged to identify state and local goods movement funding programs that are not available to their type of project, as special consideration may be given to projects that do not have access to other sources of funding.

There is not a set limit on the amount of funding that a project can be awarded, but geographic equity considerations for statewide-available funds play a practical role in limiting the amount a given applicant and project could expect.

As required by SB 198, Port and Freight Infrastructure Program funds shall not be used for the purchase of fully automated cargo handling equipment nor for infrastructure that is used to support fully automated cargo handling equipment.

Installation of zero-emission charging or hydrogen refueling infrastructure should be publicly accessible where feasible. Please state in your application whether the infrastructure will be primarily for public or private use.

7. Project Applications

Applications will be treated in accordance with Public Records Act requirements and certain information, subject to those requirements, may be publicly disclosed.

Each project application must include a cover letter signed by an authorized official, with signature authorizing approval of the application. The cover letter must clearly identify the project sponsor agency or agencies.

Each project application shall include a one-page or two-page fact sheet describing the project scope, map of the project location(s), cost, schedule, and benefits, which also includes a brief narrative of how the project would advance the Port and Freight Infrastructure Program purpose, goals and objectives (Section 2 – Purpose, Goals and Objectives). The fact sheet should be written in “plain language” so a non-technical audience can understand it. It also must include high-quality project pictures or renderings of before and after project development, and the nominating agency or agencies logo(s). The fact sheet may be posted on the CalSTA website.

The project application shall also include:

- 1) Project title
- 2) Overview: Include a brief, one to three paragraph, non-technical description of the project. The description should focus on how the project will advance the purpose, goals and objectives of the Port and Freight Infrastructure Program (Section 2 – Purpose, Goals and Objectives) and explain the public benefits of completing the project. It should include a brief project background, the project purpose, and the need for the project.
- 3) Map (or maps) of the project location.
- 4) Project priority (if submitting multiple nominations).
- 5) Project scope.
- 6) Project costs: Documentation of the basis for the costs must be cited in the project application and additional detail made available upon request. The application should identify:
 - A. Cost estimates escalated to the year of proposed delivery. Only cost estimates approved by the implementing agency’s Chief Executive Officer or their delegate should be used. If the project involves one or more grade separations, applicant should indicate the related costs separately.
 - B. The amount and source of funds committed to the project, as well as

any funding being pursued from other programs (such as federal *Infrastructure Investment and Jobs Act (IIJA)* funding or another state program) but not yet awarded. If financing is proposed for a portion of the project, indicate the repayment source(s). If there is a large portion of uncommitted or unfunded cost, applicants must explain their plan for obtaining funds and the level of commitment they have towards receiving those funds. The risk of stranded investment will be considered when selecting projects.

C. The amount of Port and Freight Infrastructure Program funds requested. Port and Freight Infrastructure Program funds cannot be used to supplant other committed funds. If the project involves a grade separation and would also be eligible for either federal or state funding from other programs, indicate the project scope and cost that is eligible. If any other project elements are eligible for state or federal funding from other programs, also indicate the project scope and cost that is eligible.

7) Project schedule including benefits reporting, the project's current status at the time of application submission and the actual or target completion dates of all major delivery milestones. Identify all potential risks and constraints to delivery of major milestones, including environmental milestones.

8) Project benefits, including (if applicable) an explanation of how the project will provide employment and workforce development and training benefits to the community, particularly to priority populations. This explanation should be accompanied by a Community Workforce Agreement, Project Labor Agreement, or some other agreement made between the applying agency and unions, community-based organizations, or other partners.

9) Independent utility: A project requesting construction funds must have independent utility. If the application is requesting funds for construction and proposing a project segment, then in no more than two paragraphs, explain why the project is being segmented, and why the proposed segment has independent utility.

10) Consistency with RTP/SCS: Confirm that the proposed nomination is consistent with the current approved Regional Transportation Plan and Sustainable Communities Strategies. If a project is listed in an existing transportation plan, where applicable, please provide a project identification number. If a project is not listed in an existing transportation plan, project sponsors are strongly encouraged to attain a letter from an MPO or applicable state agency certifying its consistency with the plan and the process and

timeline for amending it into the plan in the future. The project does not need to be listed in the RTP/SCS project list to be eligible.

- 11) Letters of Support for project implementation, such as letters from:
 - A. Ports and/or railroads.
 - B. Project partners essential to project implementation.
 - C. An MPO or RTPA, indicating that the project is consistent with an RTP, an adopted SCS, or in non-MPO regions, a regional plan to reduce greenhouse gas emissions and/or vehicle miles traveled.
 - D. Regional or local agency or agencies.
 - E. State agencies.
 - F. Members of the community, including representatives of impacted disadvantaged or low-income communities (consistent with the objectives of SB 535 and AB 1550). Letters from community organizations stating their recognition of benefits from the project are encouraged.
 - G. Additional stakeholders relevant to the proposed project.

- 12) Statement and Documentation of Project Readiness: Indicate the readiness of the project, including information on completion of federal and/or state environmental clearance, as applicable.

8. Project Evaluation Criteria

The criteria below must be addressed. If a criterion is not addressed, it may reduce the likelihood a project will be funded in the Port and Freight Infrastructure Program. Include a separate paragraph (or paragraphs) addressing each of the following criteria:

A. Improve the capacity of California ports to manage increasing volumes of freight and improve the efficiency of goods movement to, from, and through California ports.

CalSTA intends to fund projects that improve the capacity of California maritime ports to manage increasing volumes of freight and improve the efficiency of goods movement to, from, and through California ports. Eligible applicants should articulate how their proposed projects will increase the capacity and throughput and/or travel time reliability of goods moving through ports. Non-port applicants are strongly encouraged to consider partnering with ports as co-applicants or including Letters of Support from ports that articulate their project's effectiveness in relieving port congestion; port support will be considered in the

project's evaluation for the award of funds. Applicants should include any data to demonstrate how the project will increase capacity, throughput or efficiency. Examples can include the number of additional twenty-foot equivalent units (TEUs) moved through nearby ports as a result of the project, or reducing port gate wait times by building a new staging or parking facility for trucks/chassis/containers, etc.

B. Reduce criteria pollutants and greenhouse gas emissions

The application should explain how the project will reduce local and regional emissions of diesel particulate (PM 10 and PM 2.5), carbon monoxide, nitrogen oxides, greenhouse gases, and other pollutants. CalSTA will further consider the extent to which projects address climate and environmental justice, such as through design, construction, use of materials, energy efficiency, mitigation of light-duty vehicle miles traveled increases, and incorporation of zero-emission vehicles and equipment.

C. Promote transportation equity

Freight is essential to California's and the nation's economy; however, communities near freight transportation facilities often bear the brunt of climate impacts and pollution stemming from goods movement and storage. In response, CalSTA seeks to award projects that provide a direct, meaningful, and assured benefit to disadvantaged communities and priority populations, consistent with the objectives of [SB 535](#) and [AB 1550](#). Applicants should also demonstrate how their projects are consistent with the CalSTA's [Statement on Racial Equity, Justice and Inclusion in Transportation](#), including projects that will help achieve a cleaner, safer, and more accessible and connected future. Scoring in this area will reflect equity impacts of freight vehicles or vessels moving through impacted communities, as well as freight origin and destination points that affect priority populations. Equity impacts such as direct and indirect displacement of businesses and residents, light, air quality, noise, safety, and accessibility will be considered. For projects located entirely outside of disadvantaged communities, applicants should demonstrate a clear nexus to how the project will reduce the impacts on disadvantaged communities. If impacts (positive and/or negative) to passenger travel are expected to be realized, the nature of such impacts and how they may be realized and mitigated through the proposed project must be described.

Applicants should also demonstrate how meaningful public engagement and discussions around equity impacts shaped the project application. Please include summaries of reference materials as applicable. For projects seeking

pre-construction funding, applicants should articulate how the public, including disadvantaged communities and priority populations, have been and/or will be meaningfully engaged in the project development process. Describe any input and feedback received from the community and if the feedback is included in the project scope. Furthermore, applicants will be evaluated according to how the project will provide employment and workforce development and training benefits to the community, particularly to priority populations.

D. Maintain, enhance, and modernize the multimodal freight transportation system

Applications must demonstrate, and not merely state, how and when the project will maintain, enhance, and modernize the multimodal freight transportation system. The nexus to freight must be clear for projects to score highly in this criterion. For example, if a project proposes to enhance or improve railroad track and infrastructure, the application should state the impact of the project on corridor reliability and capacity, including impacts on all corridor users.

E. Grow the economic competitiveness of California's freight sector through increased system efficiency and productivity

CalSTA intends to fund projects that increase the efficient throughput of goods through California maritime ports and intermodal freight facilities. Eligible applicants should articulate how their proposed projects will increase throughput and/or travel time reliability of goods moving through ports and intermodal facilities. Projects that score high for this criterion will be able to demonstrate either quantitatively or qualitatively how the project will grow the economic competitiveness of California's freight sector. Examples could include the change in the estimated amount of TEUs moved per hour; reduction in container, railcar, or chassis dwell times; calculating measurable improvements in freight efficiency; reduction in truck vehicle miles traveled; increase travel time reliability; etc.

For projects where data is difficult to attain or not easily used to make projections, applicants should make a strong qualitative case for how the project could be transformative in helping increase California's freight competitiveness based on outcomes / experiences from other global locations, research, etc.

F. Reduce freight-related deaths and injuries

Applicants should demonstrate how a project can reduce freight-related deaths and injuries, including safety improvements for vulnerable road users (such as at grade crossings). This can include projects where the safety benefits are indirect (for example, building new truck parking spaces near a community where trucks are parking in an unauthorized manner and are getting struck by other vehicles).

G. Improve system resilience by addressing infrastructure vulnerabilities associated with security threats, climate change, and natural disasters

Applications should articulate the desired resiliency outcome for the freight system following project implementation. The results can be articulated either quantitatively or qualitatively. For example, if a project at a port improves a dock to help increase cargo throughput but also serves as an adaptation project to mitigate impacts from future sea level rise, those benefits to system resiliency should be stated and/or quantified. If a project incorporates adaptation strategies, those strategies should be included in the application. Applications should also consider the vulnerability of the project itself to security threats, climate change, and natural disasters and how the project avoids or minimizes those vulnerabilities.

H. Funding match and leveraging federal and state funding and innovative financing

The Port and Freight Infrastructure Program does not have a minimum match requirement, but a substantial committed federal, state, local, regional or private match is desirable and will be considered in the project's evaluation for the award of funds.

Project sponsors should also articulate how the Port and Freight Infrastructure Program funding will be used to leverage the maximum amount of federal funding and financing available to California through the *Infrastructure Investment and Jobs Act (IIJA)*, or other subsequent federal actions, federal infrastructure credit programs and state programs, such as the California Infrastructure Bank. Where applicable, project sponsors are strongly encouraged to articulate how they will achieve the equity outcomes outlined in federal programs where they are seeking funding (e.g., the Multimodal Project Discretionary Grant Opportunity (MPDG) for the INFRA and MEGA programs).

CalSTA will consider approving Port and Freight Infrastructure Program funds either in advance of the normal program adoption schedule, or as a contingent award during the normal adoption schedule, for projects that are both eligible for Port and Freight Infrastructure Program funds and are also planned to be submitted to the federal government for federal discretionary (grant) funding. Advance funds will be considered when the applicant can demonstrate significant freight benefits as defined in these guidelines and rely on Port and Freight Infrastructure Program funds as a non-federal match in a federal grant application to increase the competitiveness of the project. CalSTA must be given a reasonable amount of time to adequately review the project and analyze potential impacts on the program. The federal grant must be awarded before any advance funds will be allocated to the project.

I. Construction readiness priority and innovative/transformational/pilot projects

CalSTA seeks to prioritize funding for projects that result in near-term construction. At least 75 percent of Port and Freight Infrastructure Program funding will be awarded to projects reasonably expected to begin construction within 24 months after funding is awarded, or with a high certainty of construction completion by June 30, 2028. Note the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) clearance requirements for design, right-of-way and construction funding (Section 10 - Allocations and Project Delivery).

Remaining funds may be awarded to support the planning and development stages of projects that are not reasonably expected to begin construction within 24 months after funding is awarded. However, as stated in Section 6 – Eligible Projects, this grant program requires expenditure or encumbrance and liquidation by June 30, 2028 for half of the available funding and June 30, 2029 for the other half of the funding. Eligible projects include innovative or transformational projects (i.e., advancing new ideas or methods), as well as implementing pilot demonstration projects (i.e., an initial small-scale implementation that is used to prove the viability of a project idea) that advance the purpose, goals and objectives (Section 2 – Purpose, Goals and Objectives) of the Port and Freight Infrastructure Program. Applicants should clearly articulate how the project will be transformational to the freight industry, or a novel innovation that perhaps has not been implemented before in California. Project sponsors seeking Port and Freight Infrastructure Program funding for the planning and development of innovative projects or the implementation of pilot demonstration projects should clearly indicate that their projects should be considered for innovative, transformational or pilot project funding.

Applicants should submit an electronic Project Programming Request (ePPR) form as part of their application for funding. Instructions about how to access and fill out this form can be found here: [ePPR log-in and instructions webpage](#).

9. Project Selection Process

CalSTA, in collaboration with Caltrans, will evaluate applications for compliance with the purpose, goals and objectives (Section 2 – Purpose, Goals and Objectives) of the program and rate them based on the evaluation criteria (Section 7 – Evaluation Criteria), assigning ratings such as “High,” “Medium-High,” “Medium,” “Medium-Low”, and “Low” to the specific alignment of the project to each of the evaluation criteria.

Due to the wide variety in the type and size of projects that can be funded from this program, CalSTA may group projects for the purpose of comparing the ratings of like applications or comparing projects within a region.

In addition, projects with a clear segmenting strategy or scalability may be evaluated for the portion of the project that would receive the highest rating if partial funding for the project is under consideration. The highest rated applications that meet the program objectives will be selected for funding.

Highly rated projects will clearly communicate a compelling need for the project in terms of specific benefits for the public. Unless a project sponsor has identified its project as an innovative, transformative or a pilot demonstration project, highly rated projects will demonstrate a high degree of project readiness and provide a reasonable schedule with few risks related to proceeding into construction and achieving the proposed benefits once the project is completed. Most highly rated projects will have an approved environmental document.

CalSTA will collaborate with other state entities when evaluating project proposals, including but not limited to: Caltrans, the Commission, the California Air Resources Board (CARB), the California Energy Commission (CEC) and the Governor’s Office of Business and Economic Development (GO-Biz).

CalSTA, or Caltrans acting on CalSTA’s behalf, may request additional documentation to support statements or data provided in the applications. However, applicants should endeavor to be as clear as possible in their applications and not assume that opportunity will be provided to clarify or better support a submitted application.

10. Programming

CalSTA will publish its program of projects as part of the Port and Freight Infrastructure Program award announcement. When CalSTA releases the program, it will include a narrative for each approved project that describes that project's rating for each evaluation criteria.

After the program of projects is published, CalSTA (or Caltrans when delegated by CalSTA) and the Sponsoring/Applicant agency may execute a Baseline/Master Agreement, which is an agreement between the implementing agency and the State defining the general terms and conditions that must be met to receive funds through the Port and Freight Infrastructure Program. CalSTA (or Caltrans when delegated by CalSTA) and the implementing agency may also execute one or more Program Supplement agreements, which are project-specific agreements executed pursuant to the Baseline/Master Agreement that include all project-specific information (e.g., project scope, funding fiscal year, project delivery schedule, project budget, etc.) needed to encumber funding and shall include expected outcomes and deliverables.

For investments in rail projects, CalSTA expects a Memorandum of Understanding to be in place by the time of the execution of the project Baseline/Master Agreement between the implementing agency, the private railroad, and the appropriate state, local and regional agencies that details how and when public and private funding would be made available.

Funds will be considered as committed when they are programmed by CalSTA, or when the agency or other funding partner with discretionary authority over the funds has made its commitment to the project by ordinance, resolution or appropriate contract vehicle.

If a project does not receive their anticipated federal, local or other funding commitments, CalSTA may delete the project from the program and consider selection of projects or components of projects that were highly rated but not selected due to lack of sufficient funds as long as the project is still viable and deliverable and demonstrates acceptable levels of benefits with the most current quantification methodologies.

11. Allocations and Project Delivery

When an agency other than Caltrans is ready to implement a project or project component, the agency will submit an allocation request through Caltrans'

Freight Planning Program. If Caltrans is the implementing agency, it will submit an allocation request to CalSTA.

CalSTA (or Caltrans when delegated by CalSTA) will review the request and determine whether funding shall be allocated. The review will include a determination of project readiness, completion of funded segments, components or phases that require completion prior to proceeding into the next segment, component or phase, the availability of appropriated funding, and the availability of all identified and committed funding needed to support the specific allocation request. On projects where Caltrans develops the project's construction allocation recommendation(s), CalSTA expects Caltrans to certify the project's plans, specifications and estimates are complete, right-of-way clearances are achieved, and all necessary permits and agreements (including railroad construction and maintenance) are executed. CalSTA will fulfill these responsibilities when Caltrans is the project sponsor.

In compliance with Section 21150 of the Public Resources Code (PRC), CalSTA will not allocate funds for design, right-of-way, or construction prior to documentation of environmental clearance under the CEQA and all needed environmental documents are provided. As a matter of policy, CalSTA will not allocate funds for design, right-of-way, or construction of a federally funded project prior to documentation of environmental clearance under NEPA. Exceptions to this policy may be made in instances where federal law allows for the acquisition of right-of-way prior to completion of NEPA review.

Caltrans will execute all appropriate contractual agreements with the implementing agency when delegated by CalSTA. These agreements may include project specific conditions required by CalSTA's award announcement and will be based on the awarded scope of work, schedule for completion and expected outcome of the project.

Once an awardee has been allocated Port and Freight Infrastructure Program funding, funds will subject a timely use of funds policy that will be developed by CalSTA and Caltrans, and for the construction phase, awardees are expected to execute the third-party contract within six months of the allocation unless a longer timeline is approved at the time of allocation. CalSTA and Caltrans may grant an extension for the period of contract award, project completion or project reimbursement if it finds that an unforeseen or extraordinary circumstance has occurred that justifies the extension. The extension will not exceed the period of delay directly attributable to the extraordinary circumstance.

Any changes to the scope, cost, and schedule of a project must be approved by CalSTA, with the exception of minor schedule changes that do not change

the fiscal years of the schedule. CalSTA will consider changes to the scope, cost, and schedule of a programmed project on a case-by-case basis.

12. Reporting and Administration

As a condition of the project selection and allocation, the implementing agency must submit to Caltrans quarterly reports on the activities, progress, risks and any corrective actions made toward implementation of the project.

Within one year of the project becoming operable, or a later time period if approved by CalSTA, the implementing agency must provide a final delivery report to Caltrans which includes:

- A) The scope of the completed project as compared to the programmed project.
- B) Performance outcomes derived from the project as compared to those described in the project application.
- C) The final costs as compared to the approved project budget by component and fund type
- D) Its duration as compared to the project schedule in the project application.

Caltrans will administer the Port and Freight Infrastructure Program consistent with these guidelines and all applicable Commission and Caltrans policies and procedures for the administration of similar grant programs.

CHECKLIST FOR PROJECT APPLICANTS

Project Title:

Lead Implementing Agency:

Partnering Agency (ies):

Fund Amount Requested by Phase, Segment and/or Component:

Total Project Cost:

Priority: X of X

Name of Port(s) that is a Co-Sponsor or Provided a Letter of Support:

Railroad Company Co-Sponsor or Letter of Support: Y or N/A

Fact Sheet:

Map:

Project Scope:

Documentation of Project Costs:

Project Schedule:

Employment, Workforce Development, and Training Benefits (if applicable):

Letters of Support:

Statement and Documentation of Project Readiness: