

STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGER
Governor

Department of Alcoholic Beverage Control
Department of Corporations
Department of Financial Institutions
California Highway Patrol
California Housing Finance Agency
Department of Housing & Community Development
Department of Managed Health Care



DALE E. BONNER
Secretary

Office of Military & Aerospace Support
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Department of Real Estate
Office of Real Estate Appraisers
Office of Traffic Safety
Department of Transportation

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

October 10, 2007

Mr. James Ghielmetti, Chairman
California Transportation Commission
1120 N Street
Sacramento, California 95814

RE: Trade Corridors Improvement Fund

Dear Chairman Ghielmetti:

At the September 20, 2007, meeting of the California Transportation Commission (Commission), the Business, Transportation and Housing Agency (BT&H) requested that the Commission adopt, by the end of this year, a preliminary Trade Corridors Improvement Fund (TCIF) program. I also outlined a general framework in which all parties could work together to achieve this goal, and I promised to propose and undertake a more specific series of actions prior to the Commission's October 24, 2007 meeting.

Since the September 20 meeting, I have received a number of constructive comments from members of the Legislature and regional stakeholders – all expressing optimism that this year-end goal can be achieved and a willingness to work together toward that end. One theme that has emerged, however, is a general concern that the Commission be afforded an opportunity to adopt project selection criteria before considering specific projects that may be proposed by the Administration and regional planners.

Having carefully considered this concern, I have determined that the process would be improved and the interests of all parties better served if we invite a thorough discussion of criteria before the Administration identifies what we believe to be the highest priority projects throughout the State. As I mentioned at the September 20 meeting, the Administration's priorities will be based on the goods movement criteria set forth in the Bond Act and our Goods Movement Action Plan (GMAP), which was released in January of this year. The criteria have been identified and reaffirmed through a variety of sources: voter intent as reflected in Proposition 1B, legislative criteria expressed and implied by SB 1266, the GMAP, and the California Marine and Intermodal Transportation Advisory Council (CALMITSAC) report, also released earlier this year.

We understand, however, that there remain important questions to consider as to how the proposed criteria should be weighted and applied in the evaluation of specific projects, and we hope to address these and other important questions during the eight public meetings that BT&H will convene around the State before the Commission's October 24 meeting. For your information, we have enclosed a package of materials we will be discussing at our upcoming public meetings. The package includes our proposed criteria for evaluating TCIF

Mr. James Ghielmetti
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projects, our proposed actions and timetable, a notice of meeting schedule and a proposed agenda for the public meetings.

We very much appreciate the leadership and commitment the Commission has demonstrated through its previous work on the TCIF program and its willingness to take the important steps necessary to immediately address the long-term and systemic under-investment in our goods movement infrastructure.

Rest assured that BT&H respects the role of regional planners and the ultimate discretion reserved to the Commission. Our intent is to stimulate discussion that is constructive, comprehensive and leads to early action. We do not intend to foreclose the Commission's consideration of criteria or projects that may be proposed by regional planning agencies, and we trust the Commission will exercise its independent judgment in the adoption of guidelines and criteria and the adoption of a preliminary TCIF program.

We further respect the important role of all stakeholders and the Legislature and, therefore, welcome the early and active participation of stakeholders and legislative staff in the eight public meetings to be convened by BT&H and subsequent public hearings the Commission will convene.

In all, we know the Commission will conduct a thorough review and seek guidance from many sources throughout this process. We look forward to working with the Commission, the Legislature, regional agencies, and the public to make sure that we collectively develop a timely and effective program that addresses California's urgent goods movement needs.

I am, of course, available to discuss any comments or concerns you may have regarding the above.

Sincerely,

A handwritten signature in black ink, appearing to read "Dale E. Bonner", with a long horizontal line extending to the right.

DALE E. BONNER
Secretary

Enclosures

**Business, Transportation & Housing Agency
Proposition 1B Trade Corridors Improvement Fund
Proposed Criteria, Actions and Timetable
For Consideration by the
California Transportation Commission**



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Rationale for Proposed Criteria and Priority Projects

The Business, Transportation and Housing Agency (BT&H) has asked the California Transportation Commission (CTC or Commission) to adopt, by December 31, 2007, a preliminary program of priority goods movement projects to be funded from the Proposition 1B Trade Corridor Improvement Fund (TCIF). The overall goal is to ensure a project mix that best improves the performance of the statewide goods movement system in a timely manner.

BT&H suggests that the CTC adopt a preliminary TCIF program consisting of high priority projects identified by stakeholders in accordance with the Bond Act. BT&H is proposing evaluation criteria based on the best information available to date as discerned from: (i) the *Goods Movement Action Plan (GMAP)*, prepared jointly by BT&H and the California Environmental Protection Agency, (ii) the report titled, *Growth of California Ports: Opportunities and Challenges*, which was mandated by the Legislature and prepared by the California Marine and Intermodal Transportation System Advisory Council (CALMITSAC Report), and (iii) input from local and regional transportation stakeholders during a series of meetings convened by BT&H during the summer of 2007 and subsequent additional discussions.

The priorities to be identified by BT&H will represent its best effort to address the most critical needs throughout the entire statewide goods movement system. A statewide perspective enables:

- Assessment of projects as part of a statewide goods movement system.
- Comparison of port, rail, and highway projects in a common framework.
- Identification and implementation of critical public health and environmental mitigation and community impact mitigation actions.
- Prioritization of projects and actions to address the most important needs first.
- Concentration of effort to secure required funding in an orderly fashion.

By making investments from this perspective, we will provide an improved level of service for the movement of goods through our major gateways,* ensure connectivity to key seaports and other major freight facilities, and enhance our environment. The principles and criteria set forth in the GMAP call for the State to:

- Consider all goods movement infrastructure and related operations throughout the State as part of one integrated, multi-modal system.
- Evaluate priority projects on their merits first without regard to funding sources. Once relative merits are established, decision-makers can consider the practical concerns of funding sources and limitations when determining which choices to select.
- Recognize project benefits within, between, and among goods movement corridors.
- Undertake simultaneous and continuous improvement in infrastructure and environmental mitigation.

The GMAP and the CALMITSAC Report are in general agreement on needed key infrastructure investments. The GMAP includes a broad discussion of criteria for selecting projects as well as strategies for funding. Importantly, the CALMITSAC Report encourages consideration of the GMAP selection criteria when establishing priorities for major infrastructure projects.

*The GMAP identifies four major trade corridors: (i) the Bay Area/Northern California -- encompassing the Port of Oakland to the State Line via Donner Pass; (ii) the Central Valley -- extending from San Joaquin County to the Tehachapi Mountains in Southern Kern County; (iii) Los Angeles/Inland Empire -- encompassing the corridor from the Ports of Los Angeles/Long Beach to the Inland Empire and the California State Line; and (iv) the San Diego/Border -- including the port area and nearby border crossings.

Clearly, the development of meaningful criteria for California's goods movement system is an iterative process. Nonetheless, decisions must be based on the best information available. Therefore, the BT&H recommendations regarding the evaluation criteria reflect nearly three years of analysis and an extensive public input process that considered which strategies and projects meet the most important criteria over the short to intermediate time frames.

The proposed evaluation criteria (described below and in Exhibit A) are not weighted in order of importance.

Criteria for the Evaluation of TCIF Priorities

1. **Eligibility:** Project appears in the GMAP, CALMITSAC, or in an adopted regional goods movement plan; also must be in a Regional Transportation Plan.
2. **Deliverability:** Project will begin construction by December 31, 2013.
3. **Throughput:** Project provides for increased volume of freight traffic through capacity expansion or operational efficiency.
4. **Velocity:** Project increases the speed of freight traffic moving through the distribution system.
5. **Safety:** Project increases the safety of the public, industry workers, and traffic.
6. **Reliability:** Project reduces the variability and unpredictability of travel time.
7. **Air Quality:** Project reduces emissions of diesel particulate or other pollutant emissions. Impacts will be assessed locally and over the length of the trade corridor.
8. **Community Impact Mitigation:** Project reduces negative impacts on communities.
9. **Congestion Reduction/Mitigation:** Project reduces daily hours of delay on the system and improves access to freight facilities.
10. **Economic/Jobs Growth:** Project stimulates economic activity and preserves/creates jobs.
11. **Financial Leverage Potential:** Project has potential for higher leveraged funding matches and for negotiated supplemental benefits.
12. **Multi-modal Strategy to Reduce Vehicle-Miles-Traveled:** Project employs or supports multi-modal strategies to increase port and transportation system throughput while reducing truck VMT/VHT (Vehicle Miles/Hours Traveled).
13. **Key Transportation Bottleneck Relief:** Project relieves key freight system bottleneck where forecasts of freight traffic growth rates indicate infrastructure or system needs.
14. **Interregional Benefits:** Project links regions/corridors to serve statewide or national trade corridor needs.
15. **Reasonable Geographic Balance:** Assure that the full program addresses needs throughout the State.

EXHIBIT A
Proposed Criteria for Evaluation of TCIF Priorities¹
(Not listed in order of importance.)

Criteria	Source and Authority
Eligibility: Project appears in GMAP, CALMITSAC, or in an adopted regional goods movement plan; also must be in a Regional Transportation Plan.	<ul style="list-style-type: none"> • SB 1266 [Gov. C. § 8879.23(c)(1)(A)] • GMAP • CALMITSAC Report
Deliverability: Project will begin construction by December 31, 2013.	<ul style="list-style-type: none"> • SB 1266 [In keeping with 5-year timeframe of CMIA program (see Gov. C. § 8879.23(a)(6)(B))] • CALMITSAC Report (§ 11.C.3), at 79
Throughput: Project provides for increased volume of freight traffic through capacity expansion or operational efficiency.	<ul style="list-style-type: none"> • SB 1266 [Gov. C. § 8879.23(c)(1)(B)(ii) – among the “factors” for CTC to consider in making allocations] • GMAP, at IV-7, 12
Velocity: Project increases the speed of freight traffic moving through the distribution system.	<ul style="list-style-type: none"> • SB 1266 [Gov. C. § 8879.23(c)(1)(B)(i) – among the “factors” for CTC to consider in making allocations] • GMAP, at IV-7, 12
Safety: Project increases the safety of the public, industry workers, and traffic.	<ul style="list-style-type: none"> • GMAP, at IV-1, 2, 11; VII-5; VIII-1, 6, 10; IX-1
Reliability: Project reduces the variability and unpredictability of travel time.	<ul style="list-style-type: none"> • SB 1266 [Gov. C. § 8879.23(c)(1)(B)(iii) – among the “factors” for CTC to consider in making allocations] • GMAP, at IV-8, 13
Air Quality: Project reduces emissions of diesel particulate or other pollutant emissions. Impacts will be assessed locally and over the length of the trade corridor.	<ul style="list-style-type: none"> • SB 1266 [Gov. C. § 8879.23(c)(1)(B)(iv) – one “manner” in which the CTC is to make allocations]
Community Impact Mitigation: Project reduces negative impacts on communities.	<ul style="list-style-type: none"> • GMAP, at IV-9-11
Congestion Reduction/Mitigation: Project reduces daily hours of delay on the system and improves access to freight facilities.	<ul style="list-style-type: none"> • GMAP, at IV-2
Economic/Jobs Growth: Project stimulates economic activity and preserves/creates jobs.	<ul style="list-style-type: none"> • GMAP, at II-4, IV-2, 5, 11 • CALMITSAC Report (§ 11.A.1), at 78
Financial Leverage Potential: Project has potential for higher leveraged funding matches and for negotiated supplemental benefits.	<ul style="list-style-type: none"> • SB 1266 [Gov. C. § 8879.23(c)(1)(C)] • GMAP, at IV-5-6, 9 • CALMITSAC Report (§ 11.C.), at 79
Multi-modal Strategy to Reduce Vehicle-Miles-Traveled: Project employs or supports multi-modal strategies to increase port and transportation system throughput while reducing truck VMT/VHT (Vehicle Miles/Hours Traveled).	<ul style="list-style-type: none"> • GMAP, at IV-9 • CALMITSAC Report (§ 11.D.), at 79-80
Key Transportation Bottleneck Relief: Project relieves key freight system bottleneck where forecasts of freight traffic growth rates indicate infrastructure or system needs.	<ul style="list-style-type: none"> • SB 1266 [Gov. C. § 8879.23(c)(1)(A)(i)-(vi) and (c)(1)(B)(i)-(iv) – among the “factors” for CTC to consider in making allocations] • GMAP, at IV-4, 8-9 • CALMITSAC Report (§ 11.D.5), at 80
Interregional Benefits: Project links regions/corridors to serve statewide or national trade corridor needs.	<ul style="list-style-type: none"> • GMAP, at IV-3, 4, 8
Reasonable Geographic Balance: Assure that the full program addresses needs throughout the State.	<ul style="list-style-type: none"> • SB 1266 [Gov. C. § 8879.23(c)(1)(B)(iii) – one “manner” in which the CTC is to make allocations] • GMAP, at IV-3-4

¹ The fifteen criteria are derived from SB 1266 (Proposition 1B), existing reports such as the GMAP and the CALMITSAC report. The criteria list is designed to capture the major criteria, principles, and factors that are included in those sources and which have a significant bearing on the benefits to be gained by projects proposed for TCIF funding.

EXHIBIT B

Proposed Actions and Timetable For Adoption of Preliminary Trade Corridors Improvement Fund (TCIF) Program by the California Transportation Commission (CTC)

The following set of actions will bring about timely adoption of a preliminary program for goods movement infrastructure investments under the TCIF portion of Proposition 1B.

ACTION	TIMETABLE*
1. Secretary of Business, Transportation and Housing Agency (BTH) releases proposed evaluation criteria and timetable for TCIF funding to CTC and stakeholders.	October 10, 2007
2. BTH holds a series of public meetings around the state to take input on the TCIF program.	October 15-22, 2007
3. BTH works with CTC to refine guidelines and criteria for program adoption.	October 15-24, 2007
4. BTH presents timetable and criteria to CTC at its public meeting in Sacramento. CTC adopts timetable, criteria and project nomination format.	October 24, 2007
5. CTC adopts project nomination guidelines at regularly scheduled meeting (La Quinta).	November 7, 2007
6. TCIF project applications due to CTC.	November 26, 2007
7. CTC adopts preliminary TCIF program of projects at regularly scheduled meeting (Sacramento).	December 12-13, 2007
8. Governor includes funds for first-year TCIF appropriation in budget proposal.	January 10, 2008
9. Legislature evaluates program and budget.	January-June 2008
10. CTC revisions to TCIF Program, if necessary, based on further guidance from Legislature and Governor.	July 2008, or sooner
11. State formulates united proposal to include as part of federal transportation funding reauthorization strategy.	July 2008 and beyond
12. Continue process to fund priorities not addressed in first round.	Ongoing

- Subject to change in accordance with ongoing CTC deliberations.

EXHIBIT C

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BUSINESS, TRANSPORTATION AND HOUSING AGENCY

NOTICE OF MEETING SCHEDULE

For Public Discussion regarding the Proposition 1B Trade Corridors Improvement Fund (TCIF) and the Agency's proposal for the CA Transportation Commission (CTC) to adopt a preliminary TCIF program relating to statewide goods movement infrastructure.

Date/Time

Public Meeting Locations

October 15, 2007
9:00 – Noon

Caltrans District 11 Building, Garcia Auditorium
4050 Taylor Street, San Diego, CA 92110

October 15, 2007
5:00 – 7:00 p.m.

Caltrans Building, Garcia Auditorium
4050 Taylor Street, San Diego, CA 92110

(With a focus on community and air quality impacts)

October 17, 2007
1:00 – 4:00 p.m.

Caltrans District 4 Building, Auditorium
111 Grand Avenue, Oakland, CA 94612

October 17, 2007
5:00 – 7:00 p.m.

Caltrans District 4 Building, Auditorium
111 Grand Avenue, Oakland, CA 94612

(With a focus on community and air quality impacts)

October 19, 2007
10:00 – 1:00 p.m.

San Bernardino Public Library, Bing Wong Auditorium
555 West 6th Street, San Bernardino, CA 92410

October 20, 2007
Noon– 3:00 p.m.

Long Beach Civic Center, Council Chambers
333 West Ocean Boulevard, Long Beach, CA 90802

(With a focus on community and air quality impacts)

October 22, 2007
9:00 – Noon.

State of CA Building
31 E. Channel Street, Stockton, CA 95202

October 22, 2007
5:00 – 7:00 p.m.

Caltrans District 10 HQ Building, Room #5671
1976 E. Charter Way, Stockton, CA 95205

(With a focus on community and air quality impacts)

EXHIBIT D



AGENDA

Public Meetings Regarding Proposition 1B Trade Corridors Improvement Fund (TCIF) to Adopt a Preliminary Program for Goods Movement

- I. Overview of the TCIF Program
- II. Process Update
- III. Discussion of Project Evaluation Criteria
- IV. Discussion of State and Regional Priorities
- V. Comment by Elected Officials
- VI. Public Comment