



SACOG Board of Directors

December 13, 2007

Trade Corridor Improvement Fund Update and Project Submittal

Issue: SACOG staff will provide an update on the State's Proposition 1B Trade Corridor Improvement Fund (TCIF) program and request approval of projects to submit for the TCIF program.

Recommendation: The Transportation Committee recommends that the Board endorse the "Northern California Trade Projects" list and ask the project sponsors to apply to the California Transportation Commission (CTC) for funding under the TCIF program with SACOG support.

Committee Action/Discussion: The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, includes \$2 billion, available to the California Transportation Commission, upon appropriation in the annual Budget Bill by the Legislature and subject to such conditions and criteria as the Legislature may provide by statute, for infrastructure improvements along federally designated "Trade Corridors of National Significance" in this state or along other corridors within this state that have a high volume of freight movement. The Commission must consult and consider the state's Goods Movement Action Plan, trade infrastructure and goods movement plans adopted by regional transportation planning agencies, regional transportation plans, and Cal-MITSAC Statewide Port Master Plan.

Over the past year, SACOG has been working with its counterparts in the Bay Area and San Joaquin and Stanislaus Counties to form a trade coalition and develop a mutually agreeable list of projects to put forward for the TCIF program. At its September 2007 meeting, the Board approved this approach and a "Nor-Cal" project list that included three specific candidate projects that fall within our region. These projects are:

- Downtown Sacramento Station Rail Re-alignment Project
- Port of Sacramento Channel Deepening Project
- Union Pacific Donner Pass Double-track and Tunnel Modification Project

On November 19 and 20, the Secretary of the State's Business, Transportation and Housing Agency took the unprecedented step of convening a meeting of the directors of the state's regional transportation planning agencies to develop a consensus on the guidelines and how to allocate the funds for this program. One of the early agreements in this process was that any funds spent on this program for rail improvements also had to provide some benefit for passenger rail service. Although a consensus was finally reached on the allocations, some representatives of the Los Angeles/Inland Empire region were still dissatisfied with the outcome. Nevertheless, on November 27, the California Transportation Commission acted to adopt the draft guidelines, timeline and allocations (as agreed to in the meetings on the 19th and 20th). This information is included as Attachment A. SACOG staff will be working with the individual project sponsors to ensure that project applications are submitted in a timely fashion.

A few other projects have been added by other regions, which has pushed the total Northern California request to \$874 million (about \$34 million above the high end of our approved target). The only additional project added in our region is the I-80 HOV lane project that SACOG submitted under the

Congestion Mitigation Improvement Account (CMIA) program. It has been added as part of Tier Two of the Northern California list, which means that it would be funded only if other projects fail from Tier One or if additional funding becomes available. This information is included shown in Attachment B.

Approved by:

Mike McKeever
Executive Director

MM:JC:gg
Attachments

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PRELIMINARY: Northern California Trade Projects: These projects are preliminary staff recommendations and are subject to review and approval by regional policy boards.

Project #	Region	Projects	Project Cost Estimate	Trade	Match required	Match secured	Source	GMAP Recommended	Notes
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TIER 1 *costs in thousands*

Anchor									
1	ALA/ Port	7th Street Grade Crossing	\$ 250,000	\$ 125,000	\$ 125,000	Y	Port	X	Match to come from the Port. Key grade crossing and overpass work at primary gateway to the Port.
2	ALA/CC Port	Martinez Subdivision Improvements	\$ 315,000	\$ 157,500	\$ 157,500	Y	UP	X	UP has said they will be a contributing partner, but no specific dollar amount known yet. The project will increase capacity along the primary rail line in to the Port, and also the Capitol Corridors route. Grade crossings must be addressed.
3	ALA/ Port	Construct Outer Harbor Intermodal Terminal	\$ 325,000	\$ 162,500	\$ 162,500	Y	Port	X	New intermodal rail terminal at the Port of Oakland to serve both UP and BNSF. Provides increased intermodal capacity to help divert a higher fraction of container traffic to rail instead of truck. Increases rail capacity from 1.2m TEUs to 3.1m TEUs.
Anchor Total			\$ 890,000	\$ 445,000	\$ 445,000				

Central Corridor									
4	SACOG	Donner Summit Improvements	\$ 75,000	\$ 37,500	\$ 37,500	Y	UP	X	UP has committed to provide the match (1:1). Passenger rail concessions from UP for Capitol Corridor service from Sacramento to Roseville and Auburn are necessary for support.
5	SACOG	Sacramento Depot Rail Realignment	\$ 50,000	\$ 20,000	\$ 30,000	Y	Local		Rail realignment; match already secured with local funds, greater than 1:1. Improves service efficiency and reliability for both UP and Capitols. Strong local support.
6	SOL	Cordelia Truck Scales	\$ 99,600	\$ 49,800	\$ 49,800	Y	Local	X	Match from bridge tolls. Project improves truck flows near I-80/680 interchange and reduces unsafe conditions of trucks queuing onto I-80 and difficult weaving patterns.
Central Corridor Total			\$ 224,600	\$ 107,300	\$ 117,300				

Altamont Corridor									
7	SJ	Hwy 4 Extension to Port of Stockton (Phase 1)	\$ 180,000	\$ 90,000	\$ 90,000	Y	Local	X	Key access for the Port of Stockton; reduces major truck impacts on local community. Phase 1 match of \$60m from Measure K. Enterprise zone.
8	ALA	I-880 Improvements @ 29th & 23rd Avenues	\$ 95,000	\$ 47,500	\$ 47,500	N	Local	X	Key truck access route to the Port with clearance issues and difficult on and off ramps. If match is not secured, becomes a Phase 2. Match possibly from local/regional highway funds, user fees or SHOPP.
9	Port State	Tehachapi Pass Improvements	\$ 82,000	\$ 41,000	\$ 41,000	Y	BNSF	X	Match from BNSF. Increases key capacity for both domestic export from Valley and transcontinental traffic from Port. Would open up rail capacity in the San Joaquin Valley.

Short haul rail projects									
10	SJ	San Joaquin Rail Commission ROW purchase for future short haul service - Stockton to Fremont.	\$ 150,000	\$ 75,000	\$ 75,000	Y	ACE/RMK	X	Purchase of key segments of ROW. This is a critical foundation step to allow for eventual short haul rail service connecting the Central Valley to the Port. ACE match of \$75m from Regional sales tax. UP negotiations ongoing; therefore project cost in flux. Requires ROW to be made an eligible expense for bond funds. ACE currently operates on this ROW; multiple benefits from ownership. GMAP recommended continued investment on the Altamont Rail Corridor; this project provides foundation for rail shuttle.
11	Stan.	Short haul terminus at Crows Landing development	\$ 52,000	\$ 26,000	\$ 26,000	N	Local/private		Short haul rail terminus option. Stanislaus County requesting investment on rail corridor serving the proposed facility. Private developer contributing to match; value of county land committed to project proposed as additional match source. Requires either operating rights from UP along the Coast Subdivision or investments along East Bay (#16&17) connecting to the Port of Oakland, as well as access to intermodal facility at Port- timing and feasibility of which are unclear. Requires #10 above for mainline rail connection. Operating subsidy required.
12	Kern	Shafter Intermodal facility	\$ 30,000	\$ 15,000	\$ 15,000	TBD	Local		New intermodal facility in Shafter to serve future short haul rail operation. Questions outstanding include: operating subsidy, match availability and access to rail network.
Altamont Corridor Total			\$ 589,000	\$ 294,500	\$ 294,500				

Dredging projects									
13	SACOG Port 12/3/2007	Port of Sacramento Dredging	\$ 70,502	\$ 10,000	\$ 10,000	Y	Local		Deepening the channel from 30' to 35'. Match to come from Port of Sacramento operating funds. \$50-60m needs to come from Corps-because multi-year funding in which the Corps does it's budget (annual capability), the funds can be guaranteed only on an annual basis. Currently the Corps' FFY 2008 budget includes \$900,000, and \$600,000 has been proposed for the FFY 2009 budget.

Project #	Region	Projects	Project Cost Estimate	Trade	Match required	Match secured	Source	GMAP Recommended	Notes
14	SJ	Port of Stockton dredging	\$ 140,000	\$ 17,500	\$ 17,500	Y	Port		Project request is half the local share (75% federal, 25% local) required for Army Corps dredging projects. The project has been approved by the Corps but the federal portion of the funds can be guaranteed only on annual basis because the Corps does its budget based on annual capacity rather than multi-year commitments.
Dredging Total			\$ 210,502	\$ 27,500	\$ 27,500				
TOTAL PHASE 1			\$ 1,914,102	\$ 874,300	\$ 884,300				

TIER 2

Central Corridor									
15	MTC/ SACOG	Capitol Corridor Operational Improvements	\$ 60,000	\$ 30,000	\$ 30,000	N	UP		Various rail upgrades along the corridor from Oakland to Sacramento. Improves service for both UP and Capitols.
16	SACOG	I-80 widening project	\$ 200,000	\$ 80,000	\$ 120,000	Y	Local		Operational and capacity improvements. Local sales tax secured for match.
Central Corridor Total			\$ 260,000	\$ 110,000	\$ 150,000				

Altamont Corridor									
Short haul rail: Bay Area - Central Valley									
17	ALA	Oakland Subdivision ROW Purchase	\$ 60,000	\$ 30,000	\$ 30,000	N	None		Short haul rail alignment option- links Niles Junction to Port of Oakland. Match would rely on larger Dumbarton project, which is underfunded and the project status unclear. Final cost is unclear as it will be a negotiation with UP. Not a top priority for the Port of Oakland.
18	ALA/SJ	Alameda Creek Bridge	\$ 32,000	\$ 16,000	\$ 16,000	N	None		Short haul rail alignment option- provides connection at Niles Junction to the Oakland Sub separating passenger and freight service. No match- was originally included as part of the Dumbarton Rail project but there is no funding available.
Altamont highway projects									
19	ALA/ SJ	EB I-580 Truck Climbing Lane Over Altamont	\$ 60,000	\$ 30,000	\$ 30,000	N	Local	X	Match source needed. ITIP funds a possible match source. Strong support from Central Valley ag community. Caltrans staff is working on project development. Possible local match under discussion.
20	ALA/ SJ	WB I-580 Truck Climbing Lane Over Altamont	\$ 50,000	\$ 25,000	\$ 25,000	N	Local	X	Match source needed. ITIP funds a possible match source. Strong support from Central Valley ag community. Caltrans staff is working on project development. Possible container fee match if highway projects are eligible.
21	Stan.	State Route 132 Improvements	\$ 100,000	\$ 50,000	\$ 50,000	N	None		Expand capacity on Rt 132; 15 mile project to connect w/ SR99. Key truck route in the Valley. Have \$14m federal available for easternmost portion, and possible TCRP funds. Phasing and scope being determined. May require ROW purchase to be eligible.
22	SJ	Hwy 4 Extension to Port of Stockton (Phase 2)	\$ 100,000	\$ 50,000	\$ 50,000	N	TBD/ local	X	Phase 2 of key Port of Stockton connection (#8). Match tbd.
23	SJ	Sperry Road	\$ 65,000	\$ 32,500	\$ 32,500	N	Local		Extension of Sperry Road results in a new east/west arterial connection bt I-5 and SR 99. Includes 3 grade separations. EIR is complete. Match possibly available in regional sales tax.
24	SJ	I-5/580 SR 32/Bird Interchange	\$ 41,000	\$ 20,500	\$ 20,500	Y	Local/ private		Construction of new interchange on SR132 and widening of SR132 bt I-5/580. Would help serve aggregate businesses in the area. Match may come from private sector but is not committed.
25	ALA	North Airport Air Cargo Road Access Improvements	\$ 10,000	\$ 5,000	\$ 5,000	Y	Port		Project is first phase, another \$8.4M second phase for a later date. Match is Port funds. Improves capacity and access to North Airport air cargo tenants.
26	SJ	I-5 widening project- Stockton							
Altamont Corridor Total			\$ 518,000	\$ 259,000	\$ 259,000				
PHASE 2 TOTAL			\$ 778,000	\$ 369,000	\$ 409,000				

TOTAL PHASE 1 AND 2 **\$ 2,692,102** **\$ 1,243,300** **\$ 1,293,300**

*Project numbers are NOT an indication of priority ranking. They are for identification purposes only.

November 27, 2007

Trade Corridors Improvement Fund (TCIF) Guidelines

General Program Policy

1. Authority and purpose of guidelines. The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, provided for \$2 billion to be transferred to the Trade Corridors Improvement Fund (TCIF) for infrastructure improvements along corridors that have a high volume of freight movement. The funds are available, upon appropriation by the Legislature, for allocation by the California Transportation Commission.

The TCIF program is subject to the provisions of Government Code Section 8879.23(c)(1), as added by Proposition 1B, and to Section 8879.50, as enacted through implementing legislation in 2007 (SB 88 and AB 193). The implementing legislation designated the Commission as the administrative agency responsible for programming TCIF and the agency authorized to adopt guidelines for the program.

The purpose of these guidelines is to identify the Commission's policy and expectations for the TCIF program and thus to provide guidance to the Department of Transportation (Caltrans), regional agencies, and project applicants and proponents in carrying out their responsibilities under the program. These guidelines are not intended to preclude any project nomination or any project selection that is consistent with the Bond Act.

2. Statutory program eligibility. Proposition 1B calls for the Commission to determine corridor and project eligibility, consulting:
 - the goods movement action plan (GMAP) submitted to the Commission by the Secretary of the Business, Transportation and Housing Agency and the Secretary for Environmental Protection;
 - trade infrastructure and goods movement plans adopted by regional transportation planning agencies;
 - adopted regional transportation plans required by state and federal law; and
 - the statewide port master plans prepared by the California Marine and Intermodal Transportation System Advisory Council (Cal-MITSAC).

Under Proposition 1B, eligible projects may include, but are not limited to:

- highway capacity improvements,
- freight rail system improvements,
- port capacity and efficiency projects,
- truck corridor improvements,
- improvements that maximize state access to federal border infrastructure funds, and
- airport ground access improvements.

3. Statutory programming mandates. Proposition 1B mandates that the Commission program and allocate TCIF in a manner that:
 - addresses the state's most urgent needs,
 - balances the demands of various ports,
 - provides reasonable geographic balance between regions, and
 - places emphasis on projects that improve trade corridor mobility while reducing emissions of diesel particulate and other pollutant emissions.

The Commission is also mandated to consider the following factors:

- Velocity: the speed by which large cargo would travel from the port through the distribution system.
 - Throughput: the volume of cargo that would move from the port through the distribution system.
 - Reliability: a reasonably consistent and predictable cargo travel time between points on any given day or time.
 - Congestion reduction: the reduction in recurrent daily hours of delay to be achieved.
4. Statutory mandate for supplemental funding. Proposition 1B mandates that the Commission allocate TCIF to projects that have identified and committed supplemental funding from appropriate local, federal, or private sources. The Commission is to determine the appropriate amount of supplemental funding for each project based on a project-by-project review and an assessment of the project's benefit to the state and the program. Except for border access improvements receiving federal border infrastructure funding, the supplemental funding shall be at least equal to the TCIF contribution, and the Commission may give funding priority to projects with higher levels of committed supplemental funding.
 5. Program Schedule. The Commission intends to implement the TCIF program on the following schedule:

CTC adopts TCIF guidelines	November 27, 2007
TCIF project nominations due	January 17, 2008
Hearings	Week of February 18, 2008
CTC issues staff recommendations	March 13, 2008
CTC adopts the initial TCIF program of projects	April 10, 2008

Project Nominations

6. Eligible applicants and projects. The Commission will accept project nominations from Caltrans, regional agencies, and other public agencies, including counties, cities, and port authorities. Project proposals from railroads or other private entities should be submitted by a public agency sponsor. A nomination may identify an entity other than the nominating agency to be the project implementing agency. The implementing agency is the agency responsible for carrying out the work and completing the project.

After consulting the GMAP, Cal-MITSAC and regional transportation plans, the Commission has determined that the following corridors have a high volume of freight movement and are eligible for funding under this program:

- Bay Area Corridor
- Central Valley Corridor
- Los Angeles/Inland Empire Corridor
- San Diego/Border Corridor

The Commission acknowledges that other regions of the state may have goods movement infrastructure needs along corridors that have a high volume of freight movement that would be eligible for funding through the TCIF. The Commission would anticipate those regions would nominate their projects for consideration.

Under statute, the applicant agency must provide a project funding plan through construction that demonstrates that the supplemental funding in the plan (local, federal or private sources) is reasonably expected to be available and sufficient to complete the project. The Commission expects that TCIF project funding will be limited to the costs of construction.

The investment of public funding must be tied to public benefit as demonstrated through a public/private benefit assessment. TCIF should not supplant revenues otherwise available through existing private sector revenue streams.

The useful life of a TCIF project shall not be less than the required useful life for capital assets pursuant to the State General Obligation Bond Law, specifically subdivision (a) of Section 16727 of the Government Code. That section generally requires that projects have an expected useful life of 15 years or more.

7. Project nominations. Project nominations and their supporting documentation will form the primary basis for the Commission's TCIF program of projects. Each project nomination should include:

- A cover letter with signature authorizing and approving the nomination.
- A programming request form (Appendix A) together with a map of the project location that describes the project scope, useful life, cost, funding plan, delivery milestones, and major project benefits. Cost estimates should be escalated to the year of proposed implementation. The project delivery milestones should include the start and completion dates for environmental clearance, land acquisition, design, construction bid award, construction completion, and project closeout.
- A brief narrative that provides:
 - Project background and a purpose and need statement.
 - A concise description of the project scope and anticipated benefits (outcomes and outputs) proposed for TCIF funding.

- A specific description of non-TCIF funding (source and amount) to be applied to the project and the basis for concluding that the non-TCIF funding is expected to be available.
- A description of the project delivery plan, including a description of the known risks that could impact the successful implementation of the project and a description of the response plan for the known risks. The risks considered should include, but not be limited to, risks associated with deliverability and engineering issues, community involvement, and funding commitments.
- A description of the transportation corridor and the function of the proposed project within the corridor.
- A description and quantification of improvements in trade corridor mobility, including measures of velocity, throughput, reliability and congestion reduction for freight movement in the corridor.
- A description and quantification of the local and corridor effects of the project on diesel particulate and other pollutant emissions.
- A description of the corridor plan or other coordinated management strategy being implemented by the applicant agency and other jurisdictions within the corridor to preserve corridor mobility.
- Documentation supporting the benefits and cost estimates cited in the nomination. This should be no more than 10 pages in length, citing or excerpting, as appropriate, the project study report, environmental document, regional transportation plan, and other studies that provide quantitative measures of the project's costs and benefits, including both trade corridor mobility benefits and emission reduction benefits. Where investment of TCIF is proposed to improve private infrastructure, this documentation should include an assessment of public and private benefits to show that the share of public benefit is commensurate with the share of public funding.
- Documentation for rail investments that acknowledges and describes how the private railroads, regional agencies and appropriate state agencies will come to agreement on public and private investment levels and resulting benefits.
- Documentation supporting the availability of supplemental funding identified as part of the project funding plan. Local, federal or private funds to be expended after the adoption of the project into the TCIF program may be used for the 1:1 funding match, with the exception of Grade Separation projects where non-state funds expended since the approval of Proposition 1B may be counted for the match. The project funding plan may include other state funds but those funds may not be counted for the match. For these purposes SHOPP, STIP and TCRP are state funds which are not eligible for match, local gas tax subvention funds, and user fees will be treated as local funds, and Section 190 Grade Separation Fund revenues, RSTP and CMAQ are regarded as federal funds.

8. Submittal of project nominations. For the initial TCIF program of projects, the Commission will consider only projects for which a nomination and supporting documentation are received in the Commission office by (date to be determined), in hard copy. A nomination from a regional agency or port authority will include the signature of the Chief Executive Officer or other authorized officer of the agency. A nomination from Caltrans will include the signature of the Director of Transportation or a person authorized by the Director to submit the nomination. A nomination from a city, county, or other public agency will include the signature from an officer authorized by the city council, board of supervisors, or other agency board. Where the project is to be implemented by an agency other than the nominating agency, the nomination will also include the signature of the Chief Executive Officer or other authorized officer of the implementing agency.

The Commission requests that each project nomination include five copies of the cover letter, the project fact sheet, and the narrative description, together with two copies of all supporting documentation. All nomination materials should be addressed or delivered to:

John Barna, Executive Director
California Transportation Commission
Mail Station 52, Room 2222
1120 N Street
Sacramento, CA 95814

Project Selection and Programming

9. Program of projects based on nominations. The Commission will develop its TCIF program of projects primarily on the basis of the nominations received by the nomination due date.
10. Project nomination scoring. The Commission staff will screen and evaluate project nominations according to the following screening and evaluation criteria. The Commission will take into consideration the methods by which the corridor agencies have determined the relative priority of their nominations.

<u>Screening Criteria:</u> Screening criteria determine whether the nomination is evaluated further.
1. Eligibility:
<ul style="list-style-type: none">• Project is included in GMAP, Cal-MITSAC, trade infrastructure and goods movement plans adopted by regional transportation planning agencies, or an adopted regional transportation plan
<ul style="list-style-type: none">• Project can demonstrate a 1:1 funding match (local, federal or private funds)

<p>2. Deliverability: Project will begin construction by December 31, 2013.</p>
<p>3. Air Quality: Project contributes to corridor or air basin emission reduction of particulates and other pollutants</p>
<p>4. Economic/Jobs Growth: Project will stimulate economic activity, enhance trade value, and preserve/create jobs</p>

<p>Evaluation Criteria: Evaluation criteria are outcome oriented and customizable to each corridor. Evaluation criteria are grouped into three categories. The Commission may give priority to projects with higher levels of committed supplemental funding.</p>
<p>1. Freight System (Goods Movement) Factors:</p>
<ul style="list-style-type: none"> • Throughput: Project provides for increased volume of freight traffic through capacity expansion or operational efficiency
<ul style="list-style-type: none"> • Velocity: Project increases the speed of freight traffic moving through the distribution system
<ul style="list-style-type: none"> • Reliability: Project reduces the variability and unpredictability of travel time
<p>2. Transportation System (Priorities) Factors:</p>
<ul style="list-style-type: none"> • Safety: Project increases the safety of the public, industry workers, and traffic
<ul style="list-style-type: none"> • Congestion Reduction/Mitigation: Project reduces daily hours of delay on the system and improves access to freight facilities
<ul style="list-style-type: none"> • Key Transportation Bottleneck Relief: Project relieves key freight system bottlenecks where forecasts of freight traffic growth rates indicate infrastructure or system needs are inadequate to meet demand
<ul style="list-style-type: none"> • Multi-modal Strategy: Project employs or supports multi-modal strategies to increase port and transportation system throughput while reducing truck vehicle miles/hour traveled (VMT/VHT)
<ul style="list-style-type: none"> • Interregional Benefits: Project links regions/corridors to serve statewide or national trade corridor needs
<p>3. Community Impact Factors:</p>
<ul style="list-style-type: none"> • Air Quality Impact: Project reduces local and regional emissions of diesel particulate, CO₂, NO_x, and other pollutants.
<ul style="list-style-type: none"> • Community Impact Mitigation: Project reduces negative impacts on communities (noise, localized congestions, safety, etc.)
<ul style="list-style-type: none"> • Economic/Jobs Growth: Project stimulates local economic activity, enhances trade value, and preserves/creates jobs

Where a project is proposed to improve private infrastructure, the Commission's evaluation will examine the public/private benefit assessment of the project.

11. Program adoption. The Commission recognizes that statewide goods movement needs far exceed the amount that Proposition 1B authorizes for the TCIF program, that other sources of funding may and should be explored for meeting those needs, and that delivery challenges may limit the funding of identified projects by December 2013. The Commission also supports the funding strategy proposed by Caltrans and the corridor agencies to increase TCIF funding by approximately \$500 million from the State Highway Account (SHA) to fund state-level priorities that are critical to goods movement. Additionally, the Commission anticipates that it will initially program about 20% more than the resulting \$2.5 billion available from the TCIF and the SHA. This overprogramming assumes that new revenue sources (additional federal funding, user fees, tolls, etc.) will become available and will be dedicated to funding the adopted program. The Commission anticipates reviewing the programming and delivery status of all projects in 2010 on a schedule coordinated with development of the 2010 STIP. The Commission may also adopt amendments to the program to recognize the availability of other funds or changes in project delivery. The Commission may, if it finds it necessary or appropriate, advise potential applicants to submit new or revised nominations.

12. Corridor-based programming targets. The Commission supports a corridor-based programming approach to the TCIF, which recognizes and complements the goods movement planning work already done within the major trade corridors. The Commission also recognizes and supports the key role that the state has to play in project identification and supports integrating statewide goods movement priorities into the corridor approach.

To promote this corridor-based approach, the Commission has developed the following geographic programming ranges, in consultation with the Department and corridor regional agencies. The targets are neither minimums nor maximums. They do not constrain what any agency may propose or what the Commission may approve for programming and allocation within any particular corridor.

TCIF Corridor Programming Ranges (Range, in \$ millions)		
	Low	High
Los Angeles/Inland Empire Corridor	\$1,500	\$1,700
San Diego/International Border Corridor	250	400
San Francisco Bay/Central Valley Corridor	640	840
Other Corridors	60	80
Administration Fees	40	40
Total	\$2,490	\$3,060

Project Delivery

13. Project baseline agreements. Within three months after the adoption of a project into the TCIF program of projects, the Commission, Caltrans and the implementing agency, together with the regional agency and any entity committed to providing supplemental funding for the project, will execute a project baseline agreement, which will set forth the project scope, benefits, delivery schedule, and the project budget and funding plan. The funding plan will identify the source of supplemental funding. For investments in rail projects, the Commission expects a memorandum of understanding to be in place by the time of execution of the project baseline agreements between the private railroads, appropriate regional agencies, and appropriate state agencies that details how and when public and private funding would be made available. In addition, the Commission expects the memorandum of understanding would stipulate what public benefits (i.e., additional passenger rail capacity and investments in grade separations) would accrue to the affected regions and by when those benefits would be realized. The Commission may delete a project for which no project baseline agreement is executed, and the Commission will not consider approval of a project allocation prior to the execution of a project baseline agreement.

14. Quarterly delivery reports: As a part of the project baseline agreement, the Commission will require the implementing agency to submit quarterly reports on the activities and progress made toward implementation of the project, including those project development activities taking place prior to a TCIF allocation and including the commitment status of supplemental funding identified in the project baseline agreement.

As mandated by Government Code Section 8879.50, the Commission shall forward these reports, on a semiannual basis, to the Department of Finance. The purpose of the reports is to ensure that the project is being executed in a timely fashion and is within the scope and budget identified when the decision was made to fund the project. If it is anticipated that project costs will exceed the approved project budget, the implementing agency will provide a plan to the Commission for achieving the benefits of the project by either downscoping the project to remain within budget or by identifying an alternative funding source to meet the cost increase. The Commission may either approve the corrective plan or direct the implementing agency to modify its plan. Where a project allocation has not yet been made, the Commission may amend the program of projects to delete the project.

15. Amendments to program of projects. The Commission may approve an amendment of the TCIF program in conjunction with its review of a project corrective plan as described in Section 14. The implementing agency may also request and the Commission may approve an amendment of the program at any time. An amendment need only appear on the agenda published 10 days in advance of the Commission meeting. It does not require the 30-day notice that applies to a STIP amendment.
16. Allocations from the TCIF. The Commission will consider the allocation of funds from the TCIF for a project or project component when it receives an allocation request and

recommendation from Caltrans, in the same manner as for the STIP. The recommendation will include a determination of the availability of appropriated TCIF and the availability of all identified and committed supplemental funding. The Commission will approve the allocation if the funds are available, the allocation is necessary to implement the project as included in the adopted TCIF program, and the project has the required environmental clearance.

17. Final delivery report. Within six months of the project becoming operable, the implementing agency will provide a final delivery report to the Commission on the scope of the completed project, its final costs as compared to the approved project budget, its duration as compared to the project schedule in the project baseline agreement, and performance outcomes derived from the project as compared to those described in the project baseline agreement. The Commission shall forward this report to the Department of Finance as required by Government Code Section 8879.50.

The implementing agency will also provide a supplement to the final delivery report at the completion of the project to reflect final project expenditures at the conclusion of all project activities. For the purpose of this section, a project becomes operable at the end of the construction phase when the construction contract is accepted. Project completion occurs at the conclusion of all remaining project activities, after acceptance of the construction contract.

18. Audit of project expenditures and outcomes. The Department of Transportation will ensure that project expenditures and outcomes are audited. For each TCIF project, the Commission expects the Department to provide a semi-final audit report within 6 months after the final delivery report, and a final audit report within 6 months after the final delivery report supplement. The Commission may also require interim audits at any time during the performance of the project.

Audits will be performed in accordance with Generally Accepted Government Auditing Standards promulgated by the United States Government Accountability Office. Audits will provide a finding on the following:

- Whether project costs incurred and reimbursed are in compliance with the executed project baseline agreement or approved amendments thereof; state and federal laws and regulations; contract provisions; and Commission guidelines.
- Whether project deliverables and outcomes are consistent with the project scope, schedule and benefits described in the executed project baseline agreement or approved amendments thereof.