

# Memorandum

**To:** CHAIR AND COMMISSIONERS  
CALIFORNIA TRANSPORTATION COMMISSION

**CTC Meeting:** May 7, 2013

**Reference No.:** 2.1c.(5g)  
Action Item

**From:** NORMA ORTEGA  
Chief Financial Officer

**Prepared by:** Katie Benouar  
Division Chief  
Transportation Planning

**Subject:** **TRADE CORRIDORS IMPROVEMENT FUND-PROJECT BASELINE AMENDMENT  
RESOLUTION TCIF-P-1213-58, AMENDING RESOLUTION TCIF-P-1213-06**

## **RECOMMENDATION:**

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) amend the Trade Corridors Improvement Fund (TCIF) Project Baseline Agreement for Project 75, Southline Rail Improvements - Mainline Improvements for Phase 4 - Final Palomar Siding and System Upgrades (PPNO 2104) in San Diego County. The San Diego Border Region Consensus Group concurs with this amendment and the requested changes.

## **ISSUE:**

The San Diego Association of Governments (SANDAG) proposes to amend the TCIF Project Baseline Agreement for Project 75, Southline Rail Improvements – Mainline Improvements (Southline) to revise the project scope, update the delivery schedule, cost and funding for Phase 4 - Palomar Siding and System Upgrades.

## **BACKGROUND:**

The Southline project, located in the cities of San Diego, National City, and Chula Vista, will increase freight capacity (goods movement) on the South Line. Demand for goods movement by rail, especially from northern Baja California, will soon surpass the existing capacity of the South Line. Regional consumption of bulk commodities, along with demand for these same commodities in northern Baja California, Mexico, have been increasing and are expected to continue to increase. Increasing freight service will accommodate this capacity demand and prevent the diversion of much of this traffic to trucks, which would tax the already congested border crossings, regional freeways, and arterials.

The project was adopted in the TCIF Program by the Commission on April 10, 2008, under Resolution TCIF-P-0708-01. A Baseline Agreement was executed between SANDAG, the Department, and the Commission and approved on October 29, 2008, under Resolution TCIF-P-0809-04B. An amendment to the Baseline Agreement was approved on April 7, 2010, under Resolution TCIF-P-0910-08, to split the project into three phases and update the delivery schedule. A second amendment to the Baseline Agreement was approved on September 15, 2011,

under Resolution TCIF-P-1112-07 to split Phase 3 into Phases 3 and 4. A third amendment to the Baseline Agreement was approved on February 22, 2012 under Resolution TCIF-P-1112-18, to update the project schedule for Phase 3, move a portion of the work from Phase 4 to Phase 3, and update the cost and funding plan for Phase 3 and Phase 4. A fourth amendment to the Baseline Agreement was approved on September 27, 2012 under Resolution TCIF-P-1213-06, to update the project schedule for Phase 3.

This proposed programming change updates the project scope and construction schedule, and reduces the construction funding for the project. The overall project scope remains within the parameters of the original Commission-approved project and, as such, will still deliver the benefits (outcomes) committed to by SANDAG as part of the original Baseline Agreement.

The change to the project scope is intended to document the elimination of the installation positive train separation equipment, as described in the original Project Status Report (PSR) and included as a specific improvement (output) identified in the original Baseline Agreement.

The schedule has been updated to reflect accelerated ‘End Design Date (RTL)’ and ‘Begin Construction’ dates and the ‘End Closeout Phase’ has been updated to reflect the actual closeout duration anticipated for the project.

The proposed amendment revises the project schedule, as shown in the following table:

<b>Project Milestone</b>	<b>Current Approved</b>	<b>Proposed</b>	<b>Change</b>
Begin Environmental Phase	07/01/08	07/01/08	No Change
End Environmental Phase	04/01/10	04/01/10	No Change
Begin Design Phase	04/03/10	04/03/10	No Change
End Design Phase	06/03/13	05/03/13	-1 Month
Begin Right of Way Phase	N/A	N/A	N/A
End Right of Way Phase	N/A	N/A	N/A
Begin Construction Phase	12/02/13	11/01/13	-1 Month
End Construction Phase	07/01/15	07/01/15	No Change
Begin Closeout Phase	07/02/15	07/02/15	No Change
End Closeout Phase	01/01/16	01/01/16	No Change

The construction funding for this project has been changed to reflect cost savings resulting from scope reduction, construction efficiencies achieved due to project phasing, and reduced construction costs due to the current bid climate.

<b>(DOLLARS IN THOUSANDS) Phase IV</b>										
<b>FUND SOURCE</b>	<b>TOTAL</b>	<b>Totals by Fiscal Year</b>					<b>Totals by Project Phase</b>			
		<b>Prior</b>	<b>10/11</b>	<b>11/12</b>	<b>12/13</b>	<b>13/14</b>	<b>PA&amp;ED</b>	<b>PS&amp;E</b>	<b>R/W</b>	<b>CONST</b>
<b>State Funds (TCIF)</b>										
Current Approved	66,660					66,660				66,660
Change	(45,039)					(45,039)				(45,039)
Proposed	<b>21,621</b>					<b>21,621</b>				<b>21,621</b>
<b>Local Funds (Port Funds)</b>										
Current Approved	8,970	8,970					220	8,750		
Change	0	0					0	0		
Proposed	*8,970	8,970					220	8,750		
<b>TOTAL</b>										
Current Approved	75,630	8,970				66,660	220	8,750		66,660
Change	(45,039)	0				(45,039)	0	0		(45,039)
Proposed	<b>30,591</b>	8,970				<b>21,621</b>	220	8,750		<b>21,621</b>

\*\$8,970 in PA&ED and PS&E costs cover all four phases

**RESOLUTION TCIF-P-1213-58**

Be it Resolved, that the California Transportation Commission does hereby amend the Trade Corridors Improvement Fund Baseline Agreement for Project 75, Southline Rail Improvements – Mainline Improvements to update the schedule for Phase 4 - Palomar Siding and System Upgrades (PPNO 2104), in accordance with the changes as described and illustrated.

Attachment



Reference No. : 2.1c.(5g)

May 7, 2013

Attachment

401 B Street, Suite 800  
San Diego, CA 92101-4231  
(619) 699-1900  
Fax (619) 699-1905  
www.sandag.org

Ms. Dawn Cheser  
TCIF Program Leader  
California Department of Transportation  
1120 N Street  
Sacramento, CA 95814

Dear Ms. Cheser:

**SUBJECT:** TCIF South Line Mainline Freight Improvement Project Proposed Amendment Number 5 to the Baseline Agreement to De-Program \$45.039 Million from Phase Four (Down To \$21.621 Million) and Allocate \$21.621 Million to Phase Four

Please accept this letter of support for the attached, revised Project Programming Request (PPR) document outlining adjustments for Phase Four of the South Line Mainline Rail Project for consideration at the May 7, 2013, California Transportation Commission (CTC) meeting. Background information about this proposed amendment appears below.

**CURRENT PROJECT SCOPE:**

TCIF funded South Line Mainline Freight Improvement Project is currently divided into four phases, with current approved and/or allocated funding as follows:

- Phase 1: Aerial Cabling Project (TCIF Funding: \$4.61 million)
  - Phase 2: Signaling for Reverse Running and Initial Track Improvements (TCIF Funding: \$10.59 million)
  - Phase 3: Palomar Siding and Mainline Track Improvements (TCIF Funding: \$5.4 million)
  - Phase 4: Final Palomar Siding Track Improvements and System Upgrades (TCIF Funding: \$66.66 million, Total project cost: \$75.63 million)
- 
- Current Overall Project Funding (Phases 1 – 4): TCIF: \$87.26 million, Total Project Cost: \$96.23 million

**PROJECT SCOPE CHANGES:**

This amendment reflects the latest cost, scope, and schedule information for the project, including four previous actions taken by the CTC, as well as the \$10.8 million de-allocation of funds from Phases 1 and 2 which occurred at the March 2013, meeting.

This proposed amendment to the September 2012, Amended Baseline Agreement will update the project scope, update the construction schedule, and reduce the construction funding for Phase 4 of the project. The overall project scope remains within the parameters of the original CTC-approved project,

**MEMBER AGENCIES**

- Cities of
- Carlsbad
- Chula Vista
- Coronado
- Del Mar
- El Cajon
- Encinitas
- Escondido
- Imperial Beach
- La Mesa
- Lemon Grove
- National City
- Oceanside
- Poway
- San Diego
- San Marcos
- Santee
- Solana Beach
- Vista
- and
- County of San Diego

**ADVISORY MEMBERS**

- Imperial County
- California Department of Transportation
- Metropolitan Transit System
- North County Transit District
- United States Department of Defense
- San Diego Unified Port District
- San Diego County Water Authority
- Southern California Tribal Chairmen's Association
- Mexico

and as such will still deliver the benefits (outcomes) committed to by the San Diego Association of Governments (SANDAG) as part of the original Baseline Agreement; the overall TCIF funding would be reduced to \$42.221 million; and the total project cost would be commensurately reduced to \$51.191 million.

As part of this Fifth Amendment request, the change to the project scope on Phase 4 intends to document the elimination of the installation of positive train separation (PTS) equipment as described in the original project study report (PSR) and included as a specific improvement (output) identified in the original Baseline Agreement. SANDAG has determined that the project, with the current design elements approved as part of the original Baseline Agreement and previous Amendments, does not require positive train separation equipment to be installed on San Diego Trolley light rail vehicles, SD&AE freight locomotives and/or block signals to achieve the outcomes committed to by SANDAG as part of the original Baseline Agreement. Based on the project budget included in the PSR and original funding application, the elimination of PTS from the project will provide a project savings of approximately \$22 million.

**PROJECT SCHEDULE CHANGES:**

As part of this Amendment request, the Phase 4 schedule has been updated to reflect accelerated 'End Design Date (RTL)' and 'Begin Construction' dates. Additionally, the 'End Closeout Phase' has been updated to reflect the actual closeout duration anticipated for this project. The 'End Construction' date remains constant and the completion of the overall project remains on schedule.

**PROJECT FUNDING CHANGES:**

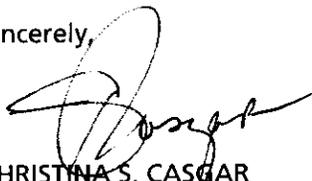
As part of this Amendment request, the TCIF funding for Phase 4 of the project would be reduced to \$21.621 million with the total cost of Phase 4 reduced to \$30.591 million. The total TCIF funding for the overall project will be reduced to \$42.221 million with the total project cost of \$51.191 million. As a reminder, all funding for the pre-construction phases of the overall project are included in Phase 4. The allocations for Phases 1, 2 and 3 only included construction funding.

The reduction in funding for Phase 4 of the project is a result of the following:

- Refinements to the project design that eliminated the need for installation of positive train separation equipment;
- Construction efficiencies gained by breaking the project into phases and combining the TCIF Freight improvements with concurrent Trolley projects in Phases 1, 2 and 3; and
- Reduced construction costs as compared to the predicted cost escalation included in the original 2008 PSR and funding application.

An updated PPR form for Phase 4 is attached. Approval of this request will ensure that the construction schedules for this project can move forward. Thank you for your ongoing support and our TCIF team is available to address any questions you may have.

Sincerely,



CHRISTINA S. CASGAR

Gateway Coordinator for the San Diego Border Region