

DEC 19 2005



PORT OF OAKLAND

JERRY A. BRIDGES
Executive Director

cc: Jan [Signature]

December 13, 2005

Mr. Barry Sedlik
Undersecretary and Senior Advisor for Economic Development
California Business, Transportation and Housing Agency
980 9th Street, Suite 2450
Sacramento, CA 95814

Re: Comments on Key Improvement Projects List

Dear Undersecretary Sedlik:

As you are aware, the Port of Oakland has been an active participant in the work groups that have been meeting to develop a California Goods Movement Action Plan. We are pleased to see that two of our infrastructure projects, Reconstruction of 7th Street/Union Pacific Grade Separation and the Outer Harbor Intermodal Terminal in Oakland, are being considered for inclusion in the plan.

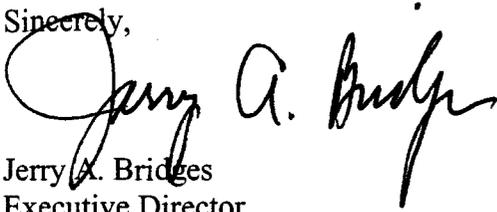
However, we have noted that two projects throughout the state that are essential to creating connectivity within the goods movement system have not been included in the list of projects that will be considered for future funding. These projects address critical rail capacity improvements: the Central Corridor Capacity Enhancement: Donner Summit and Tehachapi Rail Capacity Increase.

The lengthy recovery from the West Coast port labor shortages and the subsequent operational meltdown as a result of rail congestion at Southern California ports have shown us how important it is to have multiple trade gateways and adequate surface transportation capacity to support those gateways available to move goods throughout California and beyond. GMAP is an opportunity to develop that capacity. While the Port of Oakland sponsored projects listed in your Key Improvement Projects will create capacity and efficiency within the local Port complex, it is essential that we also focus on major corridors and facilities that will allow California's goods movement system to meet the growing demand. If Donner Summit, the Tehachapi Mountains and other rail infrastructure needs are not considered, then we have addressed only half of the challenge that faces us in the future.

I appreciate your consideration of the Port of Oakland's infrastructure requests as you deliberate Phase II of the Goods Movement Action Plan. I have attached a more extensive

description of projects that we believe should be incorporated into the statewide project list. Please feel free to contact me if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink that reads "Jerry A. Bridges". The signature is written in a cursive style with a large, prominent initial "J".

Jerry A. Bridges
Executive Director

CC: Kirk Marckwald, Co-Chair Infrastructure Committee
James Spinoso, Co-Chair Infrastructure Committee
Fran Inman, Co-Chair Infrastructure Committee
Richard Nordahl, Caltrans

Port of Oakland
Projects of Statewide Significance
December 13, 2005

The Port of Oakland is the fourth largest container port in the country by volume. We are projecting that our intermodal container volume will triple over the next 20 years. To meet this demand, the Port's rail facilities and the rail access to the Port, both within the region and extending throughout California must be upgraded. Accordingly, we submit for your consideration the following four intermodal rail infrastructure programs.

The Port of Oakland is directly sponsoring two infrastructure projects that are designed to increase the capacity of the Port to handle the nation's international goods movement. These are the development of the Outer Harbor Intermodal Terminal and the Grade separation and realignment of 7th Street. However, just doing the capacity projects within the Port area will not be sufficient to handle the growth of international trade expected through the state over the next ten years. Because of the systemic nature of rail operations, alleviating bottlenecks at one location and creating capacity at terminals will not have the intended results. It is imperative to relieve congestion and increase the capacity of the rail systems that serve the Port in order to allow cargo to grow. There are two infrastructure projects within the state that must be completed before any real relief from congested will be realized. While geographically removed from the Port, the importance of these projects to the growth of the Port and the movement of goods within and through the State of California is critical.

Improvements to the Central Corridor Line

Major improvements to the former Southern Pacific central corridor line were anticipated as part of the Southern Pacific /UPRR merger plan approved by the Federal Surface Transportation Board (STB). The improvements include; raising overhead clearances by removing or modifying snow sheds and tunnels on the line to allow unrestricted double-stack container operations, reopening double track sections of the line that were closed for economic reasons, and signal improvements to allow faster more efficient use of the line.

Currently, both international and domestic container traffic is routed over the Feather River route. This route is very circuitous and adds a full day to transit times for goods moving between Northern California and the Midwest and East Coast. Train length is restricted by short sidings in the Feather River Canyon. By opening the Central Corridor for container trains it will reduce transit times and allow Union Pacific to run longer more efficient trains, thereby reducing vehicle emissions and providing new capacity their system.

Project cost was estimated to be \$22.1 million in 2003 dollars.

Tehachapi Rail Capacity Increase

This project will double track a critical statewide rail link between Kern Junction and Mojave that connects the Bay Area with the rest of the U.S. and accesses Southern California from the Central Valley. Project requires construction of 14 rail bridges through the mountains and lengthening of key sidings. The line, which is owned by Union Pacific, is actually part of BNSF Railway's main transcontinental route. This route, if not improved will create a major bottleneck for moving BVNSF traffic between northern California and the rest of the nation. Further this line provides the main access for Union Pacific traffic between Northern California and the Southwest and Gulf Coast.

The estimate for constructing these improvements is \$300 million.

Port of Oakland Intermodal Infrastructure Improvements

The final piece of increasing Port rail infrastructure capacity is the improvement of the intermodal infrastructure at the Port. The following two projects comprise this program.

- ***7th Street Grade Separation Improvements.***

This project will replace the railroad bridge crossing at 7th Street that provides access to the Port's intermodal facilities. Replacing the bridge will allow the widening of 7th Street, a major arterial street that connects the Port with I-880 and will improve the grade separation of the access tracks that serve the JIT. 7th Street also provides the main access for the public to the Port's 40-acre Middle Harbor Shoreline Park. The current rail bridges and roadway were constructed in phases between 1930 and 1954 and cannot meet the rail infrastructure requirements for future Port growth.

This project will increase the Port's capacity for moving both rail and truck cargo into and out of the Port area. A new rail bridge is necessary to connect the existing rail terminals with the Port's planned new Outer Harbor Intermodal Terminal and provide an integrated, grade separated rail system to serve the Port. Current studies performed by JWD/Parsons Transportation indicate that 7th Street will reach its capacity of about 3 million TEUs by 2010. Construction of this project is necessary for the Port to handle the projected growth in the future and will provide safer access to the Port's terminals and for the public using the Middle Harbor Shoreline Park.

Project cost is estimated to be \$100 million.

- ***Outer Harbor Intermodal Terminal.***

This project will construct an expanded intermodal rail terminal at the Port on the former Oakland Army Base. The OHIT Project will include constructing container loading and unloading tracks, parking areas for over 2000 containers and connections to the railroad mainlines. This new facility will increase the rail terminal capacity at Oakland from approximately 640,000 containers per year to 1.7 million containers (1.2 million TEUs to 3.1 million TEUs).

Between 1998 and 2006, the Port will have invested over a billion dollars to increase its marine terminal capacity to 5 million TEUs. To fully take advantage of this increased capacity and for the Port to continue to serve as a major California gateway to the nation, the current capacity of the rail terminals must be increased. With this new intermodal terminal, the Port will be able to increase the number of jobs it generates and augment its contribution to the overall economic vitality of the region. Additionally, increasing rail capacity at Oakland will make it possible to reduce regional and statewide truck movements of containers by providing alternative delivery services by rail.

The project cost is estimated to be \$88 million.