AGENDA

STANISLAUS COUNTY REDEVELOPMENT AGENCY

1010 10TH STREET, BASEMENT LEVEL, MODESTO

APRIL 22, 2008

10:05 A.M.

I. **CALL TO ORDER**

II. **CONSENT CALENDAR (Those items marked with an *)**

III. **APPROVAL OF MINUTES**

*A. Minutes of April 8, 2008.

IV. **CORRESPONDENCE**

A. None.

V. **PUBLIC HEARINGS**

A. None.

VI. **AGENDA ITEMS**

A. Approval of a Memorandum of Understanding (MOU) between the Stanislaus County Redevelopment Agency, the County of Stanislaus and PCCP West Park LLC regarding the Crows Landing Air Facility.

VII. **PUBLIC FORUM**

VIII. **ADJOURNMENT**

MINUTES

STANISLAUS COUNTY REDEVELOPMENT AGENCY

APRIL 8, 2008

The Stanislaus County Redevelopment Agency met in the Joint Chambers at 10th Street Place, Basement Level, 1010 10th Street, Modesto, California.

I. CALL TO ORDER

The meeting was called to order at 9:39 a.m.

Members present:	William O'Brien, Jim DeMartini, Jeff Grover, Thomas Mayfield, and Dick Monteith.
Members absent:	None
Staff present:	Kirk Ford, Interim Executive Director Ana Rocha, Associate Planner

II. CONSENT CALENDAR (*)

Upon motion by Agency members Grover/Monteith, Agency unanimously approved the Consent Calendar.

III. APPROVAL OF MINUTES

*A. Upon motion by Agency members, Grover/Monteith, the Agency approved the minutes of February 26, 2008.

IV. CORRESPONDENCE

A. None

V. PUBLIC HEARINGS

A. None.

VI. AGENDA ITEMS

*A. Upon motion by Agency members Grover/Monteith, the Agency approved the allocation of $700,000 from the FY 2007-08 Budget to continue the Land Acquisition Program; and authorised the Interim Executive Director to sign and negotiate on behalf of the Agency.

B. Upon motion by Agency members Monteith/Grover, the Agency authorized the expenditures of $199,575 of Housing Set-Aside funds for the rehabilitation of the following four single-family residential lots in the Airport Neighborhood Redevelopment sub-area: 1125 Del Mar Court, Modesto; 1020 Tenaya Drive, Modesto; 1114 Tenaya Drive, Modesto; and 510 Benson, Modesto; authorized the Interim Executive Director to sign an negotiate on behalf of the Agency.

VII. PUBLIC FORUM

A. No persons spoke.

VIII. ADJOURNMENT

The meeting adjourned at 9:44 a.m

Kirk Ford
Interim Executive Director

I:\USERS\ROCHA\RDA\4.22.08 RDA meeting\4.8.08-MIN.wpd

SITTING AS THE REDEVELOPMENT AGENCY

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS

ACTION AGENDA SUMMARY

DEPT: Redevelopment Agency VI **BOARD AGENDA #** 10:05 AM - VI-A

Urgent ☐ **Routine** ☒ **AGENDA DATE** April 22, 2008

CEO Concurs with Recommendation YES ☐ **NO** ☐ **4/5 Vote Required YES** ☐ **NO** ☒
(Information Attached)

SUBJECT:

Approval of a Memorandum of Understanding (MOU) Between the Stanislaus County Redevelopment Agency, the County of Stanislaus and PCCP West Park LLC Regarding the Crows Landing Air Facility

STAFF RECOMMENDATIONS:

1. Approve the Memorandum of Understanding (MOU) incorporating essential terms and conditions of a Disposition and Development Agreement with PCCP West Park to be formally adopted upon future adoption of a Redevelopment Plan on the County owned property.
2. Authorize the Chair of the Board of Directors to sign the Memorandum of Understanding (MOU).
3. Authorize the Executive Director to sign the Memorandum of Understanding (MOU).
4. Direct staff to initiate preparation of a Redevelopment Plan for the project area.

FISCAL IMPACT:

Estimated tax increment and rental revenue generated by the proposed PCCP West Park project could range from between $31,343,931 to $73,511,213 depending on absorption and value of development. These funds could be used to offset some infrastructure or related construction costs on the Air Facility site. Revenue generated from tax increment must be used to benefit the Redevelopment site only (the1,524 acre Air Facility) and cannot be used for any off-site infrastructure that does not benefit the site.

BOARD ACTION AS FOLLOWS:

No. 2008-297

On motion of Supervisor Grover , **Seconded by Supervisor** Monteith
and approved by the following vote,
Ayes: Supervisors: O'Brien, Grover, Monteith, and Chairman Mayfield
Noes: Supervisors: DeMartini,
Excused or Absent: Supervisors: None
Abstaining: Supervisor: None

1) X **Approved as recommended**
2) _____ **Denied**
3) _____ **Approved as amended**
4) _____ **Other:**
MOTION:

Christine Ferraro

ATTEST: **CHRISTINE FERRARO TALLMAN, Clerk** **File No.**

DISCUSSION:

On November 15, 2005, the Agency approved the Crows Landing Air Facility as a Redevelopment Project and adopted a Preliminary Redevelopment Plan. On February 27, 2007, the Board of Supervisors approved an exclusive negotiation with PCCP West Park, LLC to evaluate potential development scenarios for the Air Facility and to prepare related technical and financial assessments. Subsequently, staff members from the County Crows Landing Development Team (multiple County departments and Agency staff) and West Park (Developer planning team) have been working with the Supervisor's Ad Hoc Committee to evaluate project scope and development details. Agency staff has also provided support to the Crows Landing Steering Committee on an as needed basis.

Throughout the first quarter of the negotiation period, the Ad Hoc Committee entered into a pre-development agreement whereby West Park agreed to be the responsible fiscal party for third-party project analysis costs. During quarter two the Ad Hoc grappled with land disposition issues (with the Board concurring with a long-term lease strategy for land disposition), community outreach and preliminary project analysis. In quarter three the Ad Hoc facilitated the discussion on land use alternatives based upon air facility safety zones and adjacent community input, monitored the development and final submission of the I Bond (Trade Corridor Infrastructure Funding – TCIF) application, and continued to meet with the developer team on preliminary analysis and public outreach.

Quarter four has been dedicated to detailed analysis of probable infrastructure costs, potential tax increment (Redevelopment Agency designation), review of preliminary fiscal and feasibility analysis provided by the developer candidate, and Disposition and Development Agreement (DDA) negotiation.

A status report regarding Quarter Four deliverables and recommendations to proceed will be presented to the Board of Supervisors on April 22, 2008. Depending on the decision of the Board, the Redevelopment Agency will be asked to consider approval of the three-way Memorandum of Understanding between the Agency, the County and the developer.

Detailed discussion of various analyses, including those related to Redevelopment Agency involvement and Tax Increment (TI) are provided in the10:00 a.m. Scheduled Matter of the April 22, 2008 Board of Supervisors agenda report.

The analyses demonstrate that there is a strong likelihood that the proposed West Park Phase 1 development could generate substantial TI revenues to help offset infrastructure costs and other community development expenditure needs in the area, over a 35-year time frame. However, it is important that the Agency structure Redevelopment projects to weather any unexpected downturns in the economy while also structuring its involvement in any project proposal so that if the development performs especially well, the Agency will share equitably in any windfalls.

Disposition and Development Agreement/Ground Leases: Major Deal Points and Process

The Memorandum of Understanding attached hereto includes as attachments the significant proposed development and infrastructure phasing for the project, a draft DDA and draft rental and default provisions that will be included in the ground leases. The draft DDA and lease terms set forth in the DDA are not binding on the parties until formal adoption of the DDA and lease but the parties have agreed, subject to approval of the MOU by the Board of Supervisors and the RDA Board of Directors, that the final DDA and lease provisions presented to the Redevelopment Agency will be in substantially the form that they are presented in the MOU.

Details regarding the Disposition and Development Agreement, and draft rental and default provisions are provided in the 10:00 a.m. Scheduled Matter of the April 22, 2008 Board of Supervisors agenda report.

Recommendation

Should the Board of Supervisors move to proceed with the West Park project proposal and approve the Memorandum of Understanding (MOU), staff recommends that the Redevelopment Agency also adopt the MOU.

POLICY ISSUES:

The Agency should consider whether approval of the MOU for the Crows Landing Air Facility facilitates the Agency's priorities of creating economic development activity, fostering employment opportunity and alleviating blighting conditions.

STAFFING IMPACTS:

Staff from the Agency, and County Chief Executive Office, Planning and Community Development, Public Works, Department of Environmental Resources, and County Counsel (County Crows Landing development team) will continue to provide on-going project support.

SUPPORTING DOCUMENTATION:

10:00 a.m. Scheduled Matter of the April 22, 2008 Board of Supervisors Agenda Report which is available from the Clerk of the Board.

ATTACHMENTS (Available from Clerk):

1. Memorandum of Understanding

MEMORANDUM OF UNDERSTANDING
(Crows Landing Air Facility)

THIS MEMORANDUM OF UNDERSTANDING (this "**MOU**"), dated and made effective as of April 22, 2008 (the "**Effective Date**"), is entered into by and between the Redevelopment Agency of the County of Stanislaus, a public body, corporate and politic ("**Agency**"), the County of Stanislaus, a political subdivision of the State of California ("**County**") and PCCP West Park, LLC, a Delaware limited liability company ("**Developer**"). Agency, County and Developer are hereinafter collectively referred to as the "**Parties.**"

RECITALS

A. County is or will be the owner of 1524 acres of that certain real property located in the County of Stanislaus and known as the Crows Landing Naval Air Facility as shown on the map attached hereto as Exhibit A and incorporated herein by this reference (the "**Property**").

B. On February 27, 2007, the Board of Supervisors of the County authorized an exclusive negotiation with Developer regarding the master development of the Property.

C. County and Developer entered into a Pre-Development Agreement dated June 5, 2007 ("**Pre-Development Agreement**"), which set forth the respective roles and obligations of County and Developer and the procedures for developing a project description for master development of the Property.

D. Pursuant to the Pre-Development Agreement, the Parties have undertaken discussions and studies relating to the development of the Property, and the Parties wish to set forth in this MOU their preliminary points of agreement without intending to be bound thereby.

E. County intends to adopt a redevelopment plan for the Property pursuant to Health and Safety Code Section 33492 *et seq.* and convey the Property to Agency for the purpose of redevelopment. Accordingly, County and Agency intend to hold public hearings to adopt a redevelopment plan prior to entering into an agreement with Developer for disposition and development of the Property.

F. Agency and Developer intend to negotiate a Disposition and Development Agreement ("**DDA**") which, subject to the approval of the governing board of the Agency, would incorporate the terms of this MOU and set forth additional terms and conditions relating to the disposition of the Property and the development and construction of an intermodal inland port facility, general aviation airport, commercial, industrial and business park improvements on the Property, together with related infrastructure improvements described herein (all of the foregoing, collectively, the "**Project**").

G. The Parties acknowledge that the effectiveness of any definitive agreements will be contingent upon the approval of such definitive agreements and related documents by the County Board of Supervisors, Redevelopment Agency Board of Directors and Developer.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Purpose of this MOU.** This MOU is intended as an expression of preliminary points of agreement amongst the Parties. The Parties expressly acknowledge and agree that: (i) the terms and conditions set forth in this MOU are subject to the approval of, or modification by, the governing boards of the County and Agency; and (ii) following approval of this MOU by the County and Agency, the Parties intend to execute a DDA and leases with terms substantially in the form and content attached hereto and set forth in Exhibit B (as such terms may be modified pursuant to the direction of the Agency Board of Directors and the written agreement of the Parties).

2. **Preliminary Terms; No Obligation to Proceed.** Nothing in this MOU creates a binding obligation, and no binding agreement will exist unless the Parties sign final and definitive agreements. Each Party expressly acknowledges and agrees that this MOU creates no obligation on the part of any Party to: (i) enter into a DDA; (ii) grant any approvals or authorizations required for the Project; (iii) agree to any specific terms or obligations; (iv) provide financing for the Project, or (v) proceed with the development of the Property. All of the terms set forth in this MOU are preliminary in nature and subject to approval by the County, Agency and Developer; and memorialization in an executed DDA and related documents including but not limited to lease documents. The Parties acknowledge that the Project may be revised as the environmental, financial and planning processes proceed and, provided that Agency and County approve of such revisions, that the DDA and other related documents may be modified. The provisions of this section are hereby incorporated into each and every section of this MOU as though set forth in their entirety in each such section.

3. **Good Faith Efforts to Negotiate.** This MOU only binds the Parties to negotiate in good faith for the purposes specified herein. County, Agency and Developer shall use reasonable efforts to complete negotiations for and preparation of a DDA and related documents including but not limited to lease documents which shall set forth the terms and conditions governing disposition and development of the Property by Developer. Furthermore, the Parties shall use reasonable efforts to obtain any third-party consent, authorization, or approval required in connection with the transactions contemplated hereby.

4. **Term.** The term of this MOU (the "**Term**") shall commence on the Effective Date, and shall terminate [one hundred eighty (180)] days thereafter, unless extended or earlier terminated as provided herein. The Term may be extended for up to a maximum of three (3) thirty (30) additional day terms upon the mutual written agreement of Developer, the Agency acting through and in the discretion of its Executive Director and the County acting through and in the discretion of its Chief Executive Officer.

5. **Redevelopment Plan; Project.**

(a) County and Agency intend to use their reasonable efforts to designate the Property as a redevelopment project area and adopt a redevelopment plan for such project area ("**Redevelopment Plan**") pursuant to the redevelopment of military bases under California Redevelopment Law (Health and Safety Code Section 33492 *et seq.*). Provided that a Redevelopment Plan is adopted, County will convey the Property to Agency. County and Agency will hold the appropriate public hearing for adoption of a Redevelopment Plan. Approval of a DDA and related documents including but not limited to lease documents may be considered by the County and Agency during such public hearings, but after the adoption of a Redevelopment Plan and conveyance of the Property from County to Agency.

(b) The Project will include Developer and its development partners or sub-lessees (i) designing, engineering and obtaining permits for and constructing an intermodal inland port facility, (ii)

designing, engineering and obtaining permits for and constructing commercial, industrial and business park improvements on the Property, together with related infrastructure improvements as further described in Developer's Master Plan attached hereto as Exhibit C and approved by the County Board of Supervisors on April 22, 2008, (iii) designing and constructing infrastructure improvements described in the Preliminary Statement of Probable Costs by Stantec Consulting dated February 20, 2008, attached hereto as Exhibit D, and (iv) designing and constructing the Project pursuant to the phasing schedule attached hereto as Exhibit E, and (v) satisfying the obligations set forth in the DDA and leases including but not limited to designing, engineering, obtaining permits for and constructing infrastructure improvements to the community of Crows Landing. The Project will also include the County owning and operating the airfield on the existing runways and taxiways within the Property.

6. Development Fees; Processing and Entitlements; CEQA.

6.1 Development Costs; Design Review. Except as otherwise expressly stated herein, Developer will be responsible for all Project development costs (other than the remediation of the existing Hazardous Materials on the Property), including without limitation all design, development, demolition and construction costs, the cost of all permits, planning, impact and processing fees including consultant costs, and the cost of all on-site and off-site public improvements required in connection with the Project.

6.2 County Approvals. Developer shall be responsible for obtaining all approvals required by County for the Project in accordance with County's standard application process for discretionary land use entitlements, including payment for all of County's costs of processing such approvals. Nothing set forth herein shall be construed as a grant of any such approvals, or as an obligation on the part of County to grant such approvals.

6.3 CEQA. Any approval by County or Agency shall be subject to and in full compliance with the California Environmental Quality Act ("**CEQA**"), Sections 21000 *et seq.* of the Public Resources Code and the CEQA Guidelines set forth in 14 California Code of Regulations Sections 15000 *et seq.*

7. Expenses.

7.1 Agency Staff. Agency staff costs and expenses shall be the sole responsibility of and paid by the Agency.

7.2 County and Agency Consultants.

(a) Reimbursement. County and/or Agency may in its sole discretion determine that it is necessary to obtain additional assistance from external consultant sources to expedite the approvals necessary under this MOU and to provide subject matter expertise. Subject to the requirements of this Section 7.2, Developer shall pay for County's and Agency's third-party costs and expenses (including, without limitation, all legal and/or consultant fees and related expenses) incurred in connection with this MOU and the activities contemplated by the Parties. County and/or Agency shall forward invoices from consultants to Developer, and upon receipt, Developer shall pay the County and/or Agency the amount(s) owed for all invoices within thirty (30) days.

(b) Consultation with Developer. Developer shall be provided a copy of all contract proposals and amendments, including the scope of work and pricing, for all consultants that County and/or

Agency intend to retain. County and/or Agency will obtain and take into consideration Developer's input regarding the scope of work, pricing and deliverables, but final determination on the scope of work, pricing and deliverables shall solely be the discretion of County and/or Agency or its respective staff designee.

7.3 Developer Expenses. Developer shall pay for its own third-party costs and expenses (including, without limitation, all legal and/or consultant fees and related expenses) incurred in connection with this MOU and the activities contemplated by the Parties.

8. Developer Access. During the Term, County shall provide Developer access to the Property and will cooperate with the Developer to enable Developer or its representatives to obtain access to the Property for the purpose of obtaining data and making tests necessary to investigate the condition of the Property, provided that Developer complies with all safety rules and does unreasonably interfere with the operations of any current tenants. Developer's inspection, examination, survey and review of the Property will be at Developer's sole expense. Developer shall provide County with copies of all reports and test results promptly following completion of such reports and testing. Except as otherwise agreed upon by County in writing, Developer shall repair, restore and return the Property and any improvements thereon to their condition immediately preceding Developer's entry thereon at Developer's sole expense. Developer shall at all times keep the Property free and clear of all liens and encumbrances affecting title to the Property. Without limiting any other indemnity provisions set forth in this MOU, Developer shall indemnify, defend (with counsel approved by Agency) and hold County and Agency and their respective elected and appointed officers, officials, employees, agents and representatives (all of the foregoing, collectively hereinafter the "**Indemnitees**") harmless from and against all liability, loss, cost, claim, demand, action, suit, legal or administrative proceeding, penalty, deficiency, fine, damage and expense (including, without limitation, reasonable attorney's fees and costs of litigation) (all of the foregoing, collectively hereinafter "**Claims**") resulting from or arising in connection with entry upon the Property by Developer or Developer's agents, employees, consultants, contractors or subcontractors pursuant to this Section 8.

9. Execution of Disposition and Development Agreement. Provided that County and Agency adopt a redevelopment plan for the Property and the Parties successfully complete negotiations for and preparation of a DDA and leases, Agency staff, County staff and Developer shall recommend approval of such documents to their respective governing bodies or members, as applicable. The Parties shall have no legal obligation to grant any approvals or authorizations for the Project unless and until their respective governing bodies or partners, as applicable, have authorized execution of a DDA and related documents.

10. Reserved.

11. No Liability.

11.1 Project Costs. Developer hereby acknowledges and agrees that Agency has no obligation whatsoever to accept or approve of any DDA, lease or related documents proposed in this MOU. County and Agency have no obligation whatsoever to reimburse Developer for any costs incurred by Developer during the term of this MOU, including reimbursement costs for County or Agency retained consultants.

11.2 Indemnification.

(a) Developer hereby covenants, on behalf of itself and its permitted successors and assigns, to indemnify, hold harmless and defend the Indemnitees from and against all Claims and liability,

arising out of or in connection with this MOU provided however, Developer shall have no indemnification obligation with respect to the gross negligence or willful misconduct of any Indemnitee.

(b) The obligations of Developer under this indemnification shall survive the termination of this MOU, regardless of whether any approvals, permits or entitlements are granted by County or Agency.

(c) County and Agency will promptly notify Developer of any Claim that is or may be subject to this indemnification and will cooperate fully in the defense.

(d) County and/or Agency may, in its respective unlimited discretion, participate in the defense of any Claim if the County and/or Agency defends the Claim in good faith. To the extent that the County and/or Agency use any of its resources responding to a Claim, Developer shall reimburse County and/or Agency its respective reasonable expenses upon demand. Such expenses include, but are not limited to, staff time, court costs, legal fees (County Counsel's time at their regular rate for external or non-County agencies or retained outside counsel), and any other direct or indirect cost associated with responding to the Claim. Managerial staff time shall not be reimbursable. Developer shall not pay or perform any settlement by the County and/or Agency of the Claim unless the settlement is approved in writing by Developer, which approval shall not be unreasonably withheld.

(e) Developer shall pay all court ordered costs and attorney fees.

12. Termination; Effect of Termination. This MOU may be terminated for cause at any time by any Party. Upon [thirty (30)] days prior written notice and upon a showing of cause, each Party shall have the right to terminate this MOU in its sole discretion. Upon termination as provided herein, or upon the expiration of the Term and any extensions thereof without the Parties having successfully negotiated a DDA and related documents, this MOU shall forthwith be void, and there shall be no further liability or obligation on the part of each Party or their respective officers, employees, agents or other representatives; provided however, the provisions of Section 7 (Expenses), Section 8 (Property Access), Section 10 (Confidentiality) and Section 11 (Indemnity) shall survive such termination.

13. Notices. Except as otherwise specified in this MOU, all notices to be sent pursuant to this MOU shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Parties in accordance with this Section. All such notices shall be sent by:

(i) personal delivery, in which case notice is effective upon delivery; or

(ii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

County: County of Stanislaus
1010 Tenth Street, Suite 6800
Modesto, CA 95354
Attn: Chief Executive Officer
Telephone: (209) 525-6333
Facsimile: (209) 525-6226

Agency: Redevelopment Agency of the County of Stanislaus
1010 Tenth Street, Suite 3400
Modesto, CA 95354
Attn: Executive Director
Telephone: (209) 525-6330
Facsimile: (209) 525-6557

with a copy to: The Office of County Counsel
1010 Tenth Street, Suite 6400
Modesto, CA 95354
Attention: County Counsel
Telephone: (209) 525-6376
Facsimile: (209) 525-4473

Developer: PCCP West Park, LLC
111249 Gold Country Blvd, Suite 190
Gold River, CA 95670
Attn: Gerry Kamilos
Phone: (916) 631-8440
Facsimile: (916) 631-8445

with a copy to: Trainor Fairbrook
980 Fulton Avenue
Sacramento, CA 95825
Attn: Charles W. Trainor
Phone: (916) 929-7000
Facsimile: (916) 929-7111

14. Severability. If any term or provision of this MOU or the application thereof shall, to any extent, be held to be invalid or unenforceable, such term or provision shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining terms and provisions of this MOU or the application of such terms and provisions to circumstances other than those as to which it is held invalid or unenforceable unless an essential purpose of this MOU would be defeated by loss of the invalid or unenforceable provision.

15. Entire Agreement; Amendments in Writing; Counterparts. This MOU contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, oral and written, between the Parties with respect to such subject matter. This MOU may be amended only by a written instrument executed by the Parties or

their successors in interest. This MOU may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

16. Successors and Assigns; No Third-Party Beneficiaries. This MOU shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns; provided however, that neither Party shall transfer or assign any of such Party's rights hereunder by operation of law or otherwise without the prior written consent of the other Party, and any such transfer or assignment without such consent shall be void. Subject to the immediately preceding sentence, this MOU is not intended to benefit, and shall not run to the benefit of or be enforceable by, any other person or entity other than the Parties and their permitted successors and assigns.

17. Governing Law. This MOU shall be governed by and construed in accordance with the laws of the State of California.

18. Relationship of Parties. The Parties agree that nothing in this MOU is intended to or shall be deemed or interpreted to create among them the relationship of buyer and seller, or of partners or joint venturers.

19. Captions. The captions used in this MOU are for convenience only and are not intended to affect the interpretation or construction of the provisions hereof.

SIGNATURES ON THE NEXT PAGE

IN WITNESS WHEREOF, the Parties have executed this Memorandum of Understanding effective as of the date first written above.

AGENCY

REDEVELOPMENT AGENCY OF THE COUNTY OF STANISLAUS,
a public body, corporate and politic

By: _____
Thomas Mayfield
Chair of the Board of Directors

ATTEST:

By: _____
Christine Ferraro Tallman
Agency Secretary

APPROVED AS TO CONTENT:

By: _____
Kirk Ford
Executive Director

APPROVED AS TO FORM:

By: _____
John P. Doering
Agency Counsel

COUNTY

COUNTY OF STANISLAUS, a political subdivision of the State of California

By: _____
Thomas Mayfield
Chair of the Board of Supervisors

ATTEST:

By: _____
Christine Ferraro Tallman
Clerk of the Board of Supervisors

APPROVED AS TO CONTENT:

By: _____
Richard W. Robinson
Chief Executive Officer

APPROVED AS TO FORM:

By: _____
John P. Doering
County Counsel

DEVELOPER

PCCP WEST PARK, LLC,
a Delaware limited liability company

By: WESTPARK HOLDINGS, LLC,
a Delaware limited liability company,
Administrative Member

By: _____
Gerry N. Kamilos, co-Trustee of the
Gerry and Karen Kamilos Family Trust u/t/a
dated August 31, 1998, sole Member

Exhibit List

EXHIBIT A
MAP OF THE PROPERTY

EXHIBIT B
FORM OF DISPOSITION AND DEVELOPMENT AGREEMENT, LEASE RENT AND DEFAULT TERMS

EXHIBIT C
PROJECT DESCRIPTION AND DEVELOPER MASTER PLAN

EXHIBIT D
STANTEC REPORT OF PROBABLE INFRASTRUCTURE COSTS (2/20/2008)

EXHIBIT E
PROJECT PHASING: STEPS 1A – 1D

HERUM CRABTREE BROWN
Attorneys At Law

Steven A. Herum
sherum@herumcrabtree.com

April 22, 2008

VIA HAND DELIVERY

Redevelopment Agency
County of Stanislaus
1010 Tenth Street, Suite 6500
Modesto, California 95354

Re: Crows Landing Business Park

Dear Members of the Redevelopment Agency:

This office represents the City of Patterson regarding the City's concern about the Crows Landing Business Park project. Accordingly, we submit these comments to the Agency on behalf of the City.

After reviewing the documents prepared by the proponent, Stanislaus County, and the identified private entity partner, we conclude that the California Environmental Quality Act ("CEQA") must be satisfied before the County acts on the pending action. While we offer no opinion about the type of environmental review required at this point in time it is our opinion that the action constitutes a Project as defined by CEQA and controlling legal authorities. Therefore, before taking action on the scheduled action the County must comply with CEQA.

GENERAL RULE CONCERNING COMPLIANCE WITH CEQA

The law relating to CEQA is grounded in statutory provisions (Pub. Res. Code, § 21000 et seq. [further section references are to the Public Resources Code unless otherwise designated]), administrative regulations (Cal. Code Regs., title 14, § 15000 et seq. (hereafter referred to as Guidelines)), and nearly 30 years of judicial decisions. "The foremost principle under CEQA is that the Legislature intended the act 'to be interpreted in such manner as to afford the fullest possible protection to the environment within the reasonable scope of the statutory language.' [Citation.] ... 'It is, of course, too late to argue for a grudging, miserly reading of CEQA.' [Citation.] The Legislature has emphasized that 'It is the intent of the Legislature that all agencies of the state government which regulate activities ... which are found to affect the quality of the environment, shall regulate such activities so that major consideration is given to preventing environmental damage....' " (*Laurel Heights Improvement Assn. v. Regents of University of California* (1988) 47 Cal.3d 376, 390 *(Laurel Heights I).*)

"The EIR is the primary means of achieving the Legislature's considered declaration that it is the policy of this state to 'take all action necessary to protect, rehabilitate, and enhance the environmental quality of the state.' [Citation.] The EIR is therefore 'the heart of CEQA.' [Citations.] An EIR is an 'environmental "alarm bell" whose purpose is to alert the public and its responsible officials to environmental changes before they have reached ecological points of no return.' [Citations.] The EIR is also intended 'to demonstrate to an apprehensive citizenry that the agency has, in fact, analyzed and considered the ecological implications of its action.' [Citations.] Because the EIR must be certified or rejected by public officials, it is a document of accountability. If CEQA is scrupulously followed, the public will know the basis on which its responsible officials either approve or reject environmentally significant action, and the public, being duly informed, can respond accordingly to action with which it disagrees. [Citations.] The EIR process protects not only the environment but also informed self-government." (*Laurel Heights I, supra,* 47 Cal.3d at p. 392.)

It is noteworthy that when interpreting CEQA for the first time our Supreme Court emphasized:

> In resolving the conflict on intent, as we must, we conclude that the Legislature intended the CEQA to be interpreted in such manner as to afford the fullest possible protection to the environment.

Friends of Mammoth v. Board of Supervisors (1972) 8 Cal.3d 247, 259 (underlining added). When interpreting CEQA's requirements public agencies, courts and the public should embrace an interpretation offering the greatest protection to the environment. CEQA is an informational disclosure statute intended to act as an "environmental alarm bell" and notify the public and public agencies of potential environmental impacts as early as possible. Thus any dispute over the correct time to comply with CEQA must favor early satisfaction of the statute's requirements.

As a consequence CEQA Guidelines provide assistance to determine when a public agency complies with CEQA. CEQA Guideline section 15004 provides in full:

> (a) Before granting any approval of a project subject to CEQA, every lead agency or responsible agency shall consider a final EIR or negative declaration or another document authorized by these guidelines to be used in the place of an EIR or negative declaration. See the definition of "approval" in Section 15352.
>
> (b) Choosing the precise time for CEQA compliance involves a balancing of competing factors. EIRs and negative declarations should be prepared as early as feasible in the planning process to enable environmental considerations to influence project program and design and yet late enough to provide meaningful information for environmental assessment.

(1) With public projects, at the earliest feasible time, project sponsors shall incorporate environmental considerations into project conceptualization, design, and planning. CEQA compliance should be completed prior to acquisition of a site for a public project.

(2) To implement the above principles, public agencies shall not undertake actions concerning the proposed public project that would have a significant adverse effect or limit the choice of alternatives or mitigation measures, before completion of CEQA compliance. For example, agencies shall not:

(A) Formally make a decision to proceed with the use of a site for facilities which would require CEQA review, regardless of whether the agency has made any final purchase of the site for these facilities, except that agencies may designate a preferred site for CEQA review and may enter into land acquisition agreements when the agency has conditioned the agency's future use of the site on CEQA compliance.

(B) Otherwise take any action which gives impetus to a planned or foreseeable project in a manner that forecloses alternatives or mitigation measures that would ordinarily be part of CEQA review of that public project.

(3) With private projects, the Lead Agency shall encourage the project proponent to incorporate environmental considerations into project conceptualization, design, and planning at the earliest feasible time.

(c) The environmental document preparation and review should be coordinated in a timely fashion with the existing planning, review, and project approval processes being used by each public agency. These procedures, to the maximum extent feasible, are to run concurrently, not consecutively. When the lead agency is a state agency, the environmental document shall be included as part of the regular project report if such a report is used in its existing review and budgetary process.

The approach identified in section 15004 is fully in keeping with Public Resources Code section 21006's command that CEQA is to be "an *integral part* of any public agency's decision making process". (Italics added). Read together these rules focus on a compelling

need for a public agency to integrate CEQA's procedural and substantive requirements into the agency's decision-making process at the earliest possible time.

Citizens for Responsible Government v. City of Albany (1997) 56 Cal.App.4th 1199, 1221, aptly summarizes the rule:

> The appropriate time to introduce environmental considerations into the decision making process was during the negotiation of the development agreement. **Decisions reflecting environmental considerations could most easily be made when other basic decision were being made, that is during the early stages of 'project conceptualization, design and planning.' Since the development site and the general dimensions of the project were known from the start, there was no problem in providing 'meaningful information for environmental assessment'. At this early stage, environmental review would be a integral part of the decisionmaking process**.

(Bolding and underlining added.)

Moreover, section 15004's actual language is fascinating and obviously chosen to promote integrating CEQA into a public agency's decision-making at the earliest possible time. For instance the Guidelines compel Project sponsors to incorporate environmental considerations into "*project conceptualization*" and subsection 15004(b)(1) represents the only moment in the CEQA Guidelines where the term "conceptualization" is used. Webster's Dictionary defines "conceptualize" as "*to form* a concept or idea of." Webster's New World Dictionary (2d College Ed. 1985) (italics added). To put a finer point on it, it is virtually impossible to identify and express an earlier point in time in creating an idea than at the point the idea is "*formed*".

The Crow's Landing project is either a hybrid public/private development effort or a public project. Indeed the County declares that it is a joint private/public process in some documents and describes it as a County development in other documents. Introducing a public effort into a Project invokes subsection (b) of section 15004. This is because CEQA is to be interpreted in a manner to maximize possible protection of the environment. This rule has been applied to instances where the action has competing characteristics. For instance, the general rule is that ministerial projects are exempt from CEQA but discretionary projects are subject to CEQA. If a project has both ministerial and discretionary features courts have emphatically stated that the discretionary aspects of the proposal makes the entire project subject to CEQA review. CEQA Guidelines §15268(d); *Friends of Westwood v. City of Los Angeles* (1987) 191 Cal.App.3d 259, 270.

The *Friends of Westwood* opinion expressly cites *Friends of Mammoth* as guidance in deciding whether a hybrid discretionary/ministerial proposal must comply with CEQA. This conclusion logically followed a judicial pronouncement that when deciding whether CEQA needs to be satisfied public agencies and courts should focus on the statutory

objective and purpose rather than static classifications. A "municipality's classification of a certain approval process as ministerial is *not* conclusive. 'The applicability of CEQA cannot be made to depend upon the unfettered discretion of local agencies, for local agencies must act in accordance with state guidelines *and the objectives of CEQA.*'" (*Day v. City of Glendale, supra*, 51 Cal.App.3d at p. 822.) *Friends of Westwood, supra* 191 Cal.App.3d at 270 (italics in original).

Therefore, "[s]tatutory *policy*, not semantics, *forms the standard for segregating discretionary from ministerial functions* ... CEQA is to be interpreted to "'afford the fullest possible protection to the environment within the reasonable scope of the statutory language.'" [Citation omitted.] ... So construed, section 21080 extends CEQA's scope to hybrid projects of a mixed ministerial-discretionary character; doubt *whether a project is ministerial or discretionary should be resolved in favor of the latter characterization.*" *People* v. *Department of Housing & Community Dev.* (1975) 45 Cal.App.3d 185, 194 (italics added). In sum, as the Supreme Court identified in *Friends of Mammoth*, overarching statutory policies and objectives are major, if not determinative, factors concerning the time to comply with CEQA. Here, consistent with the County's public statements, the hybrid public/private project should be considered a public project for purposes of Guidelines section 15004 and thus CEQA should be complied with at the "project conceptualization, design, and planning" stage. That stage is abundantly present today.

The Fifth District's opinion in *Friends of the Sierra Railroad v. Tuolumne Park and Recreation District* (2007) 147 Cal.App.4th 643 provides useful guidance in this case. Although the appellate court concluded a conveyance of a railroad right of way did not constitute a Project under CEQA because there was **no** development plan, the opinion makes clear that the result would be different if **some** form of development plan existed. Specifically the appellate court explains:

> ...we hold that the transfer was not a project within the meaning of CEQA. As we will explain, *some* plan with an identifiable impact on the right-of-way would have to be on the table before the CEQA review process could be meaningfully carried out. There is no reason why CEQA review cannot be triggered by a transfer of ownership away from a public agency if development plans are present at the same time, but that is not what happened here.

Id. at 651 (italics in original).

The Fifth District's analysis essentially parallels the analysis by other courts concerning the hybrid discretionary/ministerial issue. *Friends of Sierra Railroad* starts by reminding us that, "CEQA's concept of project is broad" citing as authority for this proposition the Supreme Court's language in *Friends of Mammoth* quoted earlier in this letter. *Id.* at 653. The Court emphasized:

> Without first carrying out CEQA review, agencies must not "take any action which gives impetus to a planned or foreseeable project in a manner that forecloses alternatives or mitigation measures that would ordinarily be part of CEQA review." [Citation omitted.]...This means that **agency action** approving or ***opening the way for a future development*** **can be part of a project and can trigger CEQA even if the action takes place prior to planning or approval of all the specific features of the planned development.**

Id. at 654. This passage logically follows from earlier Supreme and appellate court opinions discussing the very real concern that failing to integrate CEQA review at the earliest stages of the development process may create irrevocable physical, fiscal and psychological momentum toward approving a project. As a result, environmental concerns cannot be incorporated into the public agency's decision-making and the project's design: **"the later the environmental review process begins, the more bureaucratic and financial momentum there is behind a proposed project, thus providing a strong incentive to ignore environmental concerns that could be dealt with more easily at an early stage of the project."** *Laurel Heights I, supra,* 47 Cal.3d at 390 (bolding and underlining added). "Under CEQA, the agency must consider the cumulative environmental effects of its action before a project gains irreversible momentum." *City of Antioch v. City Council* (1986) 187 Cal.App.3d 1325,1333.

Dispensing with CEQA compliance at the earliest possible moment in turn, "generate[s] substantial economic and psychological pressures in favor of" a development proposal. *Bakersfield Citizens for Local Control v City of Bakersfield* (2004) 124 Cal.App.4th 1184, 1203. Indeed the Fifth District has repeatedly and consistently warned about the danger of irreversible momentum favoring proposed development projects before adequate environmental review is conducted. *Id.*; *San Joaquin Raptor/Wildlife Rescue Center v. County of Stanislaus* (1994) 27 Cal.App.4th 713.

As discussed below, this development exceeds the moment of "forming a concept." Indeed, unlike in *Friends of Sierra Railroad* where there was "no specific plan...on the table," the documents prepared by the County and the developer recognize there is "*some* plan with an identifiable impact...for CEQA review to be meaningfully carried out." *Friends of Sierra Railroad* at 651 (italics in original).

THE WEST PARK PROJECT IS A PUBLIC PROJECT WELL PAST THE PROJECT CONCEPTUALIZATION PHASE REQUIRING ENVIRONMENTAL REVIEW.

Guidelines section 15004(b)(1) insists environmental assessment for public projects be conducted at the earliest feasible time, either through preparing an EIR or negative declaration, with environmental considerations incorporated into project conceptualization, design, and planning. In the words of the California Supreme Court, "[o]bviously it is desirable that the precise information concerning environmental consequences which an EIR affords be furnished and considered at the earliest possible stage...Thus, EIR's should

be prepared as early in the planning process as possible to enable environmental considerations to influence project, program or design." *Bozung v. Local Agency Formation Com.* (1975) 13 Cal. 263, 282 (internal quotations omitted).

Applying this standard, where enough detail known about a project – that is during the stage of "project conceptualization, design and planning" – environmental review must be conducted so that the decision-making agency is informed of the environmental consequences of a project before momentum in favor of a project accumulates. *Albany, supra,* 56 Cal.App.4th at 1220, 1223. By contrast, "[w]here future development is unspecified and uncertain, no purpose can be served by requiring an EIR to engage in sheer speculation as to future environmental consequences." *Topanga Beach Renter's Assn. v. Department of General Services* (1976) 58 Cal.App.3d 188, 196. Thus, determining whether to conduct environmental review hinges upon the level of project detail produced during the planning process. When there is enough information about a project to "provide meaningful information for environmental assessment" CEQA review is mandated. *Albany* at 1220-1221.

The issue before the County is whether sufficient data exists about the West Park Project to prepare a meaningful and accurate environmental assessment. As explained in detail below, during the Project conceptualization phase, a significant amount of information and detail regarding the Project was generated – much of which demonstrates that the Project will have significant environmental impacts – thereby triggering the environmental assessment requirement of Guidelines section 15004(b)(1). Therefore, the Board cannot consider a Master Developer Agreement or any other Project entitlements without first conducting CEQA review.

A. Public Nature of the Project

The West Park Project is either a hybrid of public and private development or a public project, and thus, for purposes of CEQA compliance, environmental review must occur at the outset of project conceptualization as mandated by Guidelines section 15004(b)(1). Although the County intends on working with a private sector developer to develop the Crows Landing Naval Air Facility site ("Project Site"), the County retains public ownership of the Project Site indefinitely, and thus the Project retains its status as a public project.

After considering its various options regarding disposition of the Project Site, the Board opted to retain the County-owned properties (1,524 acres of the total 4,800-acre site), including the air facility, related industrial areas, and remaining property for long-term lease options. *See* Second Quarter Status Report at 4 (all County and developer documents are hereby incorporated by reference). The Second Quarter Status Report presents a table outlining the various options the County considered. *See* Attachment A to Second Quarter Status Report. The County considered four disposition options, including sale, lease, grant and hybrid options. After assessing the relative merits of each option, the County concluded that leasing the property would be the most profitable as it allowed the County to

maintain a long-term asset and revenue generated would extend beyond a single lump-sum payment. *Id.* In deciding to lease the property, the County guaranteed not only a steady stream of revenue from the Project, but also its involvement in the development and full buildout of the Project.

The Project's "public" status is further evidenced by the County's Request for Proposals for a Master Developer ("RFP"), issued to identify "a master developer who, *in conjunction with the County development team*, will be responsible for private development of the Crows Landing Air Facility site. The master developer will also be expected to coordinate with the County and other agencies to ensure construction of public transportation, water, wastewater, storm drainage and other public infrastructure elements of the Crows Landing Air Facility Master Plan." *See* RFP, Attachment A at 3 (italics added). The RFP's purpose was to select a partner to develop the Project, not to relinquish control of the Project and convert it into a private project.

Any doubt about the joint private/public nature of this Project is fully answered by the "Trade Corridor Infrastructure Bond Application (TCIF) for the San Joaquin Valley Short Haul Rail/Inland Port Project" submitted by the County in January 2008. *See* TCIF Application attached hereto as **Exhibit "A"**. Richard Robinson, CEO of Stanislaus County, stated the project "**represents a public/private collaborative effort** between Stanislaus Council of Governments (StanCOG) and the implementing entities; the County of Stanislaus, San Joaquin Regional Rail Commission, and West Park, LLC." *See* January 16, 2008 Cover Letter to John Barna, Executive Director of California Transportation Commission attached to TCIF (bolding and underlining added). Throughout the application, West Park is repeatedly referred to as the County's private development partner. For instance, the application states that "Stanislaus County, and its *private sector partner*, West Park, are now undertaking a major development at the site of the former Crows Landing Naval Air Facility. Altogether, some *4800 acres of County and private lands* will be developed into distribution centers, industrial facilities, business parks and public service facilities such as medical facilities, water treatment plants and public safety operations. " (italics added).

A recent letter from Richard Robinson, Stanislaus County CEO, to the Executive Director of the California Transportation Commission also highlights the public nature of the Project. In discussing Stanislaus County's commitment to the Project, Mr. Robinson states:

> The County fully understands that we are the public entity applying for the funds and that we will be fully responsible and accountable to see that any state bond funds are spend (sic) in accordance with all terms and conditions required by the C.T.C...[T]he redevelopment of the former Crows Landing Naval Air Facility is the County's highest economic development priority...*We are committed to the project and our partnership*, and are convinced, as you will see that the state's investment in bond funds will reap substantial, long term and sustainable public benefits.

See Letter from Richard Robinson, Stanislaus County CEO to John Barna, Executive Director, California Transportation Commission dated March 31, 2008, at 1, attached hereto as **Exhibit "B"** (exhibits excluded). The letter further provides that "[t]he County, as applicant is responsible to secure matching funds for the project, and as the applicant, the County has already made assurances that matching funding would be available." *Id.* at 4. (This letter and in particular the CEO's brash statement vividly illustrates the "impetus" or "bureaucratic and financial momentum...behind a proposed project" compelling immediate CEQA compliance.)

In addition, the Executive Summary discloses the hybrid nature of the Project. The Executive Summary describes the Project's three main components as: (1) Stanislaus County's redevelopment of the former Crows Landing Naval Air Facility as a major employment center, (2) West Park's development of an adjacent industrial/business park, and (3) the existence of a nearby rail line. *See* Second Quarter Status Report, Executive Summary (Attachment 4) at 2.

Clearly the County intended this Project to remain within its control and much consideration was given to whether the County should partner with a private sector developer. The Project has a public component and is thus subject to the environmental review requirements in Guidelines section 15004(b)(1).

B. <u>Project Conceptualization</u>

The County has compiled an extensive inventory of documents providing enough meaningful information to conduct an environmental assessment of the Project in compliance with Guidelines section 15004(b)(1). The level of detail in these documents exceeds identifying a project site and layout, which is sufficient information to initiate environmental review. *See Albany, supra,* 56 Cal.App.4th 1199 (holding an EIR was required because the development site and general dimensions of the project were known from the start of the planning process). In this case, a project concept has been fully designed and a plethora of studies regarding traffic, air quality, biological resources, and public infrastructure have already been undertaken by the County, developer, and consultants compelling CEQA review at this moment in the planning process.

The County has actively assessed its options about disposing of and developing the Crows Landing Naval Air Facility. In 2001, after NASA decommissioned the facility, the Board adopted a "Reuse Plan" prepared by the Stanislaus County Crows Landing Steering Committee (formed in 2000 to identify potential reuse opportunities for the site). *See* September 26, 2006 Board Agenda B-8 at 2-3. In 2004, the Board accepted the conveyance of the property from the United States and began designing the Project concept. *Id.* During a six-week period from May 15 to June 30, 2006, the County and Environmental Science Associates – the consultant originally hired to prepare an EIR for the Project, but eventually terminated – worked together to identify three proposed Project concepts and appropriate land uses. *See* Master Development Plan Concept Review ("Master Plan") at 1;

First Quarter Status Report at 2. The Master Plan contains substantial information about the Project, including detailed descriptions of the Project's background and purpose, concept development, potential land uses, runway concepts, a railroad access and infrastructure overview, a summary of traffic constraints and opportunities, a summary of infrastructure options, a summary of public comments, and a projected timeline for development of the Project. Critically, the geographic area of this Project has remained relatively unchanged.

Upon completing the Master Plan, the County issued its RFP. The County's ultimate goal in issuing the RFP was selecting a master developer to "implement the Crows Landing Air Facility Conceptual Master Plan as approved by the Stanislaus County Board of Supervisors on September 26, 2006." RFP, Attachment A at 3. The RFP mirrors the Master Plan and contains detailed descriptions of the Project's proposed land uses, development concept, and short-term use and long-term development goals for the Project. *Id.* at 4-22. The proposed land uses include an airport, airport support, public services and facilities, industrial uses, a business park, and agriculture and open space uses. *Id.* at 7. In outlining the master developer responsibilities, the RFP states that the County expected a master developer "to provide what is essentially a draft 'Specific Plan' for the project site." *Id.* at 23. The response was required to include: a development plan consistent with the land uses identified in the Conceptual Development Plan; a funding and financing strategy to fund infrastructure to serve the entire proposed development area; a fiscal strategy illustrating how there would be no net costs to or liability on the part of the County or other public agencies or Special Districts to provide services; detail regarding how the developer anticipates acquiring entitlements; and a plan demonstrating the developer can coordinate with the cities of Newman and Patterson for services. *Id.* Each response was required to "include a proposed **conceptual specific plan** for development of the Crows Landing Air Facility site" and the development plan and financial assessments were required "to provide **adequate detail** to allow the selection committee to clearly understand how the Master Developer intends to develop the site." *Id.* at 29-30 (bolding added).

Responding to the RFP, West Park submitted a proposal, which included: a description of the proposed development area; summary of the project goals and objectives; proposed land use plan; access and circulation plan; public services/facilities and infrastructure plan; natural, open space, and cultural resource protection plan; financing plan; and fiscal plan. *See* West Park's RFP Response. On February 27, 2007, the County approved a 12-month exclusive negotiation agreement with West Park, triggering further review and design of the Project. *See* First Quarter Status Report at 3.

After entering into the exclusive agreement, the County, developer, and various consultants began preparing plans and studies regarding the Project, and released the following documents (all of which are hereby incorporated by reference):

- Executive Summary;
- Preliminary Geotechnical Engineering Report and Geological Hazard Investigation Report;
- Preliminary Environmental Site Assessment;

- Ecological Reconnaissance and Preliminary Wetland Delineation;
- Dry Utilities Master Plan;
- Short Haul/Inland Master Plan;
- Storm Drainage Water Quality Master Plan;
- Sewer Master Plan;
- Water Systems Master Plan;
- Preliminary Traffic Circulation Master Plan, and
- West Park Inland Port Short-Haul Rail Analysis.

Each plan details the Project's various components, and includes either a site plan, Project description or study area description, in addition to preliminary analyses of the Project Site's existing conditions, the Project's potential environmental impacts, and necessary improvement measures. These reports and plans contain a sufficient amount of reliable data about the Project to permit preparing a meaningful and accurate environmental assessment in compliance with Guidelines §15004(b)(1).

For instance, the October 25, 2007 Preliminary Traffic Circulation Master Plan ("Traffic Study") prepared by TJKM Transportation Consultants, includes a site plan and detailed "Proposed Project Description", which states in part:

> **Project Location**
> The proposed West Park Project will be located within the area north of Fink Road, east of the California Aqueduct that runs parallel to I-5, west of SR 33 and south of Elfers Avenue in Stanislaus County, California. The proposed project covers 4,800 acres.
>
> **Site Layout**
>
> The West Park Project will be a large-scale, industrial-based master plan development in Stanislaus County that includes a private rail Inland Port Facility. A short-haul freight rail operator will serve the Port facility by hauling single or double stack containers to and from intermodal yards at the Port of Oakland. The site will have approximately 330 acres of airfield runways reserved for use by California Department of Forestry (CDF) and Law Enforcement Regional Facility.
>
> The proposed project consists of approximately 290 acres of business park, 30 acres of medical planning area, 20 acres of workforce training area, 170 acres of inland port shipping facilities, 600 acres of industrial distribution sites, 2,000 acres of general industrial, 250 acres of airport industrial and 250 acres of agricultural industrial land uses. The site will also have water and sewage treatment plants, storm water quality detention basins, circulatory roads, open spaces, drainage conduits, creeks, canals and aqueducts. Additionally, the site may have a 5-acre law enforcement regional facility and 50-acre CDF aviation firefighting facility for the region.

Traffic Study at 7. The project description also includes information regarding the Inland Port Facility and discusses the Project's regional significance. *Id.* The study examines traffic impacts under existing conditions, 2016 conditions, and 2030 conditions, and provides a summary of necessary improvement measures. In analyzing the traffic impacts, the study concludes the Project will include up to 37,650 employees generating 141,167 daily trips. *Id.* at 33. The study also identifies the level of service for roadway segments within and surrounding the Project Site, many of which will operate at unacceptable levels. *Id.* at 26-27, 37-41. Clearly, if a traffic consultant can estimate daily trips and associated roadway impacts, there is enough information regarding the Project to initiate CEQA review. Indeed, TJKM's Project Description forms the foundation to provide the five requirements of an adequate Project Description. *See* Guidelines section 15124.

The Executive Summary provides an overview of most of the plans listed above, and describes the Project Location and proposed development. It states, "a major component of the Project is an 'Inland Port' that will be the rail hub in the Central Valley for moving people and freight to and from the Bay Area as well as other major cargo handling centers along the West Coast of the United States." *See* Second Quarter Status Report, Executive Summary (Attachment 4) at 2.

The August 14, 2007 Dry Utilities Master Plan ("Dry Utilities Plan"), and November 8, 2007 Storm Drainage Water Quality Master Plan ("Storm Drainage Plan"), Sewer Master Plan ("Sewer Plan"), and Water Systems Master Plan ("Water Systems Plan") (all prepared by Stantec Consulting Inc.), describe the study area, proposed land uses, existing site conditions, proposed infrastructure and necessary improvements. These studies disclose that the Project will need to develop several major utilities, including: (1) potable water treatment and distribution; (2) wastewater collection, treatment and disposal; (3) storm drainage and flood control; (4) electric power service distribution system; (5) natural gas distribution system; and 6) communications. *See* Second Quarter Status Report at 9.

The Dry Utilities Plan estimates the annual electrical and gas consumption of the Project, and determines how the Project will be served by various dry utilities. *See* Dry Utilities Plan at 3-4. The Storm Drainage Plan defines the storm drainage system infrastructure and the improvements necessary to accommodate the Project, computes projected generated stormwater runoff, and determines the overall storm drainage system layout and sizing. *See* Storm Drainage Plan at 1. The Sewer Plan computes projected sewer flows, discusses treatment methods and disposal alternatives for Project generated wastewater, and determines the overall sewer system and layout. *See* Sewer Plan at 1. The Water Systems Plan computes projected potable water demand for the Project, discusses alternative potable water supply sources and potential treatment methods, and determines the overall preliminary water system layout and sizing. *See* Water Systems Plan at 1. According to this report, the Project is located adjacent to the Delta-Mendota Canal and the California Aqueduct, falls within the Del Puerto and Oak Flat Water Districts, and the County has no intention of utilizing the existing City of Patterson or Diablo Grande groundwater wells as water supply sources. *Id.* at 6. Further, it has been

determined that surface water will be the primary source of water supply for the Project. *Id.* at 11.

The November 21, 2007 Preliminary Geotechnical Engineering Report and Geotechnical Hazard Investigation Report ("Geotechnical Report") prepared by Wallace-Kuhl & Associates, evaluates potential geological hazards, describes the nature and general engineering characteristics of the subsurface conditions within the Project area, provides findings and conclusions regarding potential geotechnical concerns, discusses mitigation of geotechnical concerns, and outlines necessary future studies. The report describes the Project as including an intermodal facility, distribution/manufacturing facilities, industrial facilities, and business park/mixed use development, and ultimately concludes that the site is suitable for the proposed construction from a geotechnical and engineering-geological standpoint. *See* Geotechnical Report at 2.

The Ecological Reconnaissance and Preliminary Wetland Delineation ("Ecological Plan"), also prepared by Wallace-Kuhl summarizes the consultant's observations of wildlife, vegetation, and wetland features on the Project Site. The report provides recommended mitigation measures for impacts on the burrowing owl, Swainson's hawk, and San Joaquin kit fox. *See* Ecological Plan at 40-49.

Likewise, the April 7, 2008 Second Draft Fiscal Impact and Financial Feasibility Analyses ("Fiscal and Financial Analyses") prepared by Goodwin Consulting Group "provide[s] a high-level preview of fiscal and financial feasibility based on information available currently and the state of the entitlement process that the proposed development is in presently." Fiscal and Financial Analyses at (v). The analysis describes the Project as a "large-scale, industrial based master plan development that consists of business park, professional, distribution, industrial, and inland port shipping land uses totaling 3,660 acres," with another 1,140 acres devoted to public facilities, open space, aqueducts, and other similar uses. *See* Fiscal and Financial Analyses at (i). Specifically, the report provides, "[t]he Project is envisioned to be a large-scale, industrial-based master plan development that consists of approximately 290 acres of business park, 600 acres of industrial distribution, 250 acres of agricultural industrial, 250 acres of airport industrial, 2,050 acres of general industrial, 30 cares of medical planning, 20 acres of work force training, and 170 acres of inland port shipping land uses." *Id.* at 1. The report also includes Table 1.1, which summarizes the acreage breakdown among the Project's various uses, and Figure 2, which is a detailed land use plan. *See id.* at 3-4. "Overall, the Project is expected to generate more than 50 million building square feet..." *Id.* at 1. Notably, the project description was sufficiently precise to enable Goodwin Consulting Group to conclude the Project will produce a deficit to the County budget by approximately $200,000 at buildout of Phase 1. *Id.* at (v). The April 7, 2008 Economic Impact Analysis West Park County of Stanislaus (Second Draft) ("Economic Impact Analysis") is equally as detailed. *See e.g.,* Economic Impact Analysis at 1.

Similarly, a document entitled West Park – the Central Valley's Inland Port to the World, ("West Park Report") which was prepared by the West Park Inland Port Consultant

Team, includes an elaborate project description and anticipated project phasing. *See* West Park Report at 4-7. According to the report, "[t]he plan developed by West Park includes distribution centers, industrial facilities, business parks, work force training, a set-aside area for medical facilities and supporting infrastructure including water purification and waste water treatment plants, and storm water detention ponds." West Park Report at 3. "The airport is planned to serve potential uses by the California Department of Forestry (CDF), the West Stanislaus Fire District, Stanislaus County Sheriff, and private aircraft." *Id.* The report further notes that "[a]ccess to the area will be provided through the development of a new freeway interchange in the vicinity of Oak Flat Road and I-5 to the west of the designated area, as well is [sic] from State Route 33 to the east." *Id.* The West Park Report also proposes five measures to mitigate "the environmental impacts of the Inland Port and the rail transport of containers between Crows Landing and the Port of Oakland..." *Id.* at 7.

The County's bond application includes a project summary, background of the Project concept, a description of the purpose and need for the Project, screening criteria for TCIF bond funding (including sections on eligibility requirements, deliverability, economics/job growth, transportation and air quality analysis discussion and assumptions, and a summary of short haul rail truck to train air quality emissions comparison), and evaluation criteria for TCIF bond funding (including sections on freight system factors, transportation system factors, and community impact factors). The application states that "some 4800 acres of County and private lands will be developed into distribution centers, industrial facilities, business parks and public service facilities such as medical facilities, water treatment plants and public safety operations...[but] there will be no residential development on the site, making it ideal for inland port and industrial land uses for the long term." TCIF at 2. The application also describes the short-haul rail system in great detail, stating in part:

> All of the operations of both the short-haul rail system and the inland port will utilize equipment and operating practices that will ensure minimum environmental impacts whether or not currently required by state or federal law. The inland port will use all electric cranes and all yard trucks and other equipment will operate with natural gas, hybrid or the cleanest engines available for superior emissions profiles. The locomotives used to move the containers between the Port of Oakland and Crows Landing will utilize the cleanest emissions technology available.
>
> Initially there will be one train in each direction between Oakland and the Crows Landing facility. Later phases of the project will increase the number of trains up to six in each direction as business grows. The trains will operate over the existing Union Pacific Railroad Oakland Subdivision between Oakland and Lyoth Junction, near Tracy and from there over the California Northern Railroad Westside branch line that serves Crows Landing.

TCIF at 4. Further, the application includes a total project cost breakdown, a development schedule, and an overview of Northern California Trade Strategy.

In preparing the TCIF, the County requested a "Cost Estimate" from Vern Cummings of Associated Right of Way Services, Inc. The Cost Estimate provides project and site descriptions and specifies, "the subject property is located in an Agricultural, A-2-40 zoning district" and the County's "current plan is to change the zoning to industrial uses." Cost Estimate at 13. The report discloses that the County is currently "in the process of re-zoning the area which includes the subject parcel." *Id.* at 13.

Another detailed source of Project information is the "Operating Business Plan" prepared for the Inland Port/Short Haul Rail, which projects: import and export container traffic between the Project Site and the Port of Oakland; operational and maintenance costs to service the freight demand; revenue from shippers; and anticipated net operating deficits/income.

Upon completing the preliminary and complimentary studies listed above, the County enlisted Global Insight USA, Inc., to review the work and provide constructive feedback to the Crows Landing redevelopment analysis team. The report titled "West Park Inland Port Short-Haul Rail Analysis" addresses the basic assumptions, methodologies and conclusions of the preliminary reports. Among the documents attached to this report is a project description detailing the anticipated Project phasing. *See* West Park Inland Port Short-Haul Rail Analysis, Appendix II at 4. The Project is divided into four phases, with start-up of the short haul freight service to begin in 2011, with one train operating per day when the intermodal rail facility is developed. *Id.* Phase 2 includes three train trips per day, expected to occur in 2016, when the port will be expanded. *Id.* at 6. Phase 3 will be initiated when rail volumes reach six train trips per day, expected to occur in 2021, when full buildout of the Inland Port is expected. *Id.* Phase 4 is expected to occur in 2025 when the number of trains required to move freight between the Port of Oakland and the Inland Port required more than six train trips daily. *Id.* The report also includes environmental considerations, an analysis of truck emissions, preliminary cost estimates, and an operating/business model. *Id.* at 7-34.

This extensive list of documents demonstrates that the Project is well past the point of conception and requires CEQA review. Stated slightly differently, there is sufficient detail about the Project to "provide meaningful information for environmental assessment", and thus CEQA review is mandated. Guidelines §15004(b); *Albany, supra,* 56 Cal.App.4th at 1221.

In *Albany,* the City violated CEQA because it did not conduct environmental review at the earliest possible time, which was when the location and general dimensions of the proposed gambling facility project were known. *Id.* Here, the County has provided not only the location of the Project Site, but also a detailed description of the Project's components, Project layout, existing site conditions, existing and required infrastructure and utilities, a cost estimate, potential environmental impacts, and a timeline for development.

Moreover, this is not a case "where analysis of potential environmental impacts would be wholly speculative and essentially meaningless." *Concerned McCloud Citizens v. McCloud Community Services Dist.* (2007) 147 Cal.App.4th 181, 197. In *McCloud*, the agency did not have sufficient information regarding the proposed bottling facility (even the location was unknown) and thus, the court concluded that preparation of an EIR would be premature. *Id.* Here, the Project is substantially more certain and defined, and a great deal is known about the location and design. The County even conceded that it would be in a position to begin environmental review by stating "these reports will begin to add increasing amounts of information and detail to what will ultimately serve as sufficient input for a Notice of Preparation pursuant to the California Environmental Quality Act (CEQA)." *See* First Quarter Status Report at 8. Thus, the County cannot defer mandated environmental review until after the Master Developer agreement is approved, and in order to comply with CEQA's basic tenet that environmental analysis "should be prepared as early as feasible in the planning process to enable environmental considerations to influence project program and design and yet late enough to provide meaningful information for environmental assessment", the County must initiate environmental review at this time. *No Oil, Inc. v. City of Los Angeles* (1974) 13 Cal.3d 68.

Approving a Master Developer Agreement (although it may be viewed as a preliminary step of development) simply cannot be segmented from the larger approval of the Project and implemented without a CEQA mandated analysis of potential environmental impacts. CEQA defines a project to include the whole of an action; "a group of interrelated actions may not be chopped into bite-size pieces to avoid CEQA review." *Association for a Cleaner Environment v. Yosemite Community College* (2004) 116 Cal.App.4th 629, 639.

The total record before the Board illustrates the need for environmental considerations at this stage of planned development before it gains irreversible momentum. *Bozung v. Local Agency Formation Commission, supra,* 13 Cal.3d at 284, fn. 28. Undoubtedly, the County has spent a considerable sum of money preparing documents to support the bond application and the Project. West Park likewise has invested several hundred thousand dollars and has gained effective control of thousands of acres of adjacent properties to the project site in anticipation of being selected as the master developer. *See* West Park's RFP Response, Cover Letter. If the County and developer enter into a Master Developer Agreement without preparation of adequate environmental review, financial and development momentum will continue to build, providing the County with a strong incentive to ignore environmental concerns that could be dealt with more easily at this stage of the process.

The Project Will Have Significant Environmental Impacts Requiring Mitigation.

Not only do the documents described above provide extensive detail about the Project's concept and design, but many also provide a preliminary review of the Project's potentially significant environmental impacts and recommended mitigation measures. In

addition, the studies specify what further analyses need to be prepared so that the County can adequately mitigate these significant impacts. The preliminary studies, along with others prepared by outside consultants retained by the City of Patterson, disclose the following environmental impacts: traffic, air quality and resultant health effects, growth inducement, energy, biological resources, water supply, and conflicts with County and city policies.

A. Traffic

According to the Traffic Study, the "principal traffic impacts from the development will be West Park employees commuting to and from the project site." Traffic Study at 1. Specifically, the proposed full buildout of the Project is expected to include up to 37,650 employees that will generate approximately 141,167 daily trips. *Id.* at 33. The traffic study examined traffic impacts under existing conditions, 2016 conditions, and 2030 conditions. The study analyzed roadway segments located in the County, and in the cities of Patterson and Modesto.

Under each scenario, a substantial number of roadway segments were identified as operating at unacceptable levels (LOS D-F). *Id.* at 19, 26-28, 37-41. In an effort to reduce traffic congestion and mitigate roadway impacts, a "Summary of Needed Improvement Measures" was provided. For example, under "2030 With Project Conditions", Crows Landing Road (north of W. Main Steet/Highway J17) will operate at LOS D. *Id.* at 40. To mitigate this significant impact, TJKM recommends widening "the segment between W. Main Street/Highway J17 and Grayson Road/Highway J16 from two lanes to four lanes to achieve acceptable operations." *Id.* According to the analysis, a reasonable goal for reducing traffic impacts "would be for a minimum of about 15 percent of the 37,650 employees to use alternative means of arriving to work through such means as ridesharing. This would eliminate 11,295 daily trips, or about eight percent of all trips associated with the West Park project." *Id.* at 60. To achieve this goal, TJKM recommends increasing public transportation and employer-based support (i.e., ridesharing programs). *Id.* at 50.

The Traffic Study also analyzed truck trip generation stating, "the project will generate and attract hundreds of truck movements each day while eliminating hundreds of daily truck trips north of the facility to the Port of Oakland." *Id.* at 1. Daily truck trips were estimated for industrial uses (8,301 daily truck trips), distribution uses (3,496 daily truck trips), the business park (2,939 daily truck trips), and the inland port (15,978 daily truck trips). *Id.* at 55-56. Truck traffic accounts for 11.3 percent of all West Park daily traffic generation. *Id.* at 56. The study concludes, "[a]lthough the number of total truck trips will not diminish, existing and future export truck trips between the Central Valley and the Port of Oakland will be 'intercepted' by the West Park facility significantly reducing truck trip length and removing truck trips from the Altamont Pass and the Bay Area." *Id.* TJKM suggests that conditions of approval should be "established to ensure that trucks traveling to or from West Park only utilize approved truck routes", some of which "may not have sufficient structural cross-section currently to accommodate truck traffic", thus

requiring further review of the required pavement structural upgrades and lane geometry need to be addressed in an EIR. *Id.* at 57.

The City of Patterson's traffic consultant, George Nickelson, prepared comments regarding the traffic report's assumptions and findings. *See* Nickelson letter dated March 31, 2008 attached hereto as **Exhibit "C"**. This response highlights the need for further detailed review, particularly regarding peak hour LOS analyses and impacts on local streets. In addition, Mr. Nickelson recommends that TJKM clarify how employee densities were derived for trip generation calculations and explain the Project's anticipated redistribution of truck trips. Further, because the impacts on the City of Patterson are not accurately defined in TJKM's report, Mr. Nickelson recommends the County prepare a much more detailed analysis of AM and PM peak commute hour conditions.

As the County concluded in its Second Quarter Status Report, "[t]he West Park development will have a significant impact on the nearby local and regional roadway and freeway system." *See* Status Report at 8. This is just one of the Project's many significant impacts the County has thus far disclosed triggering the need for environmental analysis at this stage in the proceedings.

B. Air Quality

The TCIF bond application concludes that the Project "improves air quality, reduces green house gases, reduces overall energy consumption by reducing vehicle traffic and utlilizing on-site green operations and renewable energy policies." *See* January 16, 2008 Cover Letter to John Barna, Executive Director of California Transportation Commission from Richard Robinson. "The air quality impacts attributable to the Crows Landing project were calculated using methodologies developed by the California Air Resources Board (ARB) and US Environmental Protection Agency (EPA). Using Cambridge Systematics truck modeling mileage results and county by county Heavy Duty Diesel Truck emission factors...the total emissions per vehicle mile traveled were computed." TCIF at 6. Implementation of the short-haul rail system will apparently "replace heavy-duty truck travel associated with the movement of approximately 115 containers per 1 full train from the current interstate freight transportation system." *Id.* at 7. The net change in emissions was calculated, along with a comparison of locomotive and truck emissions of NOx, PM10 and CO2. *Id.*, Figure V.

Although the increase in locomotive use may decrease the number of daily truck trips, the level of emission in tons per day remains significant. According to the City of Patterson's air quality expert, Autumn Wind Associates ("AWA"), these emission levels will exceed the San Joaquin Valley Air Pollution Control District's (SJVAPCD) thresholds of significance, thereby resulting in significant health risks. *See* AWA letter dated February 21, 2008 attached hereto as **Exhibit "D"**. According to SJVAPCD thresholds, a new project will result in significant air impacts if it causes a net increase in pollutant emission of reactive organic gases (ROG or NOx) exceeding 10 tons per year. *Id.* at 2. The bond application reveals the Project will exceed the thresholds for ROG and NOx for

construction, area sources, and operational vehicle emissions by a wide margin. *Id.* at 4. As a result, the increased levels of toxic diesel particulate matter (DPM) from increased truck traffic on Highway 33 and increased locomotive traffic running adjacent to the highway, in the vicinity of Las Palmas Avenue, indicates that SJVAPCD's related threshold of significance of ten in one million (the probability of contracting cancer) will be exceeded by a considerable amount. *Id.* at 9. Thus, not only will the Project result in significant air quality impacts, but it will also lead to significant adverse health effects, such as cancer, which need to be adequately identified and disclosed to the decisionmakers and public at this time.

C. Growth Inducement

Another potentially significant impact of the Project is growth inducement. It is likely that this 4,800-acre mixed use Project – expected to generate at least 37,650 direct jobs – will foster economic or population growth, along with the construction of additional housing in the surrounding environment. Guidelines §15126.2(d). According to the TCIF bond application:

> In Northern California, the existing population of 14.9 million is expected to grow by 5 to 10 million people in the next 20 years, with much of this growth in the San Joaquin Valley. Stanislaus County is located in the heart of San Joaquin Valley. Much of the County is rural and economically dependent of agricultural activities. However, because the proximity of Interstate 5 and access to the Altamont Corridor, many cities, including Modesto, Patterson and Newman have experienced significant growth in recent years. As the price of housing has increased dramatically in the San Francisco Bay Area, many commuters have moved to these areas in Stanislaus County for more affordable housing. Commute times have increased drastically in the past 10 years as County residents join the legions of workers traveling over the highway system to jobs in the Bay Area. While portions of Stanislaus County have grown as bedroom communities, County leaders and state policy makers have sought to improve the "jobs-housing" imbalance in this region.

TCIF at 2. "The creation of the Inland Port and Short-Haul Rail system collectively, will create 37,000 new sustainable 'Family Wage Jobs' for Stanislaus County and the region over the thirty year build out of the West Park Development." *Id.* at 5. The Project is expected to "provide the **catalyst** for a needed employment center and job creation that the Westside, Stanislaus County and the entire San Joaquin Valley region need to maintain strong, sustainable local economies." *Id* (bolding added).

The April 7, 2008 Economic Impact Analysis estimates that the Project will not only directly produce jobs, but also indirectly induce employment as well. According to the Economic Impact Analysis, not only is the Project "projected to generate 8,400 direct jobs during Phase 1 buildout and 34,200 direct jobs at Project buildout," but also businesses supported by this direct employment in the County are expected to employ "an additional

8,600 people (indirect and induced jobs) by buildout of Phase 1 and an additional 35,800 people by buildout of the Project." Economic Impact Analysis at 8. Thus, "[t]otal direct, indirect, and induced jobs in the County related to the Project are anticipated to reach 17,000 and 70,100 at Phase 1 and Project buildout, respectively." *Id.* at 8-9.

Inevitably, an increase in jobs in the area will spur residents to relocate to the surrounding communities, which in turn will result in residential and commercial development. Since the Project does not contain a residential component, it is logical to assume that private developers will attempt to capitalize on the Project's addition of 70,100 jobs to the County and the resulting population growth.

D. Other Potential Impacts

Other potentially significant impacts that can be inferred from the studies include energy, biological resources, noise, water supply and water quality impacts, and increased traffic accidents and safety hazards as a result of the substantial increase in train traffic.

For instance, the estimated annual electrical consumption for the Project area is 760,000 MWh and the estimated annual gas consumption is 2,140,000 thousand cubic feet. *See* Dry Utilities Plan at 3-4. Although the Dry Utilities Plan does not indicate whether the Project's anticipated consumption of electricity and natural gas will result in a significant energy impact, this conclusion can be drawn from the high projections and the study's inclusion of an "energy reduction concept" intended to "provide a framework to conserve energy." *Id.* at 4.

The Project is also likely to result in impacts to biological resources. The ecological assessment describes detailed mitigation measures to reduce the potentially significant impacts to the burrowing owl, Swainson's hawk, and San Joaquin kit fox. Ecological Plan at 40-49. The study also suggests that wetland mitigation may be required, including obtaining a US Army Corps of Engineers 404(d) permit necessary for the development of wetlands. *Id.* at 50.

In addition, there is a potential for significant noise impacts because NASA has reserved the use of a portion of the Project site for aviation activities. *See* 2004 NASA Quitclaim Deed at 2. Hence, the Project design needs to incorporate the flight pattern and study noise effects to the physical and psychological health of workers. *See Berkeley Keep Jets Over the Bay Committee v. Board of Port Commissioners* (2001) 91 Cal.App.4th 1344, 1371.

Further, the Project may result in significant water supply and quality impacts. The Water System Plan states that surface water will be the Project's primary source of water supply, and water rights and entitlements for water must be obtained from the Delta-Mendota Canal and the rights to use the existing canal turnouts must be secured. *See* Water System Plan at 8-11. The plan ultimately concludes that additional studies and testing are required to determine the feasibility of water supply alternatives, quality of

water supply sources, and appropriate water treatment methods. According to the H2O Group, the water engineering, planning and design consultant hired by Patterson, the Water System Plan fails to adequately quantify the availability of groundwater or surface water sources, which is crucial to determining the Project's impact on water supply *See* H2O Group memo dated March 27, 2008 attached hereto as **Exhibit "E"**. The County's study lacks critical information regarding groundwater yield, groundwater quality, surface water availability, and surface water quality. *Id.* at 2. The H2O Group concludes that water for the Project is "limited" and "relatively unreliable", and "groundwater recharge...is not necessarily feasible."

The Project is also likely to cause significant health and safety impacts resulting from the increased train traffic through the City of Patterson. For example, Patterson City Police Chief Tyrone Spencer points out that "[w]ith an increase in the amount of train traffic traversing the City of Patterson, there will be a corresponding increase in the potential for train vs. motor vehicle and pedestrian collisions." Such accidents usually involve fatalities, and improvements to all warning and crossing equipment should be considered. *See* Memorandum from Chief Tyrone Spencer to City Attorney George Logan dated April 15, 2008, attached hereto as **Exhibit "F"**.

E. Conflict With Existing City and County Policies

The Project proposal conflicts with policies adopted by the City of Patterson, Stanislaus County and the Stanislaus Local Agency Formation Commission, and the conflict is both immediate and meaningful. It is immediate because the policy conflicts are present even if the geographic scope and land use intensity of the proposal is subsequently modified or altered. To put a finer point on it, the policy conflicts exist whether the present project is modified either in terms of use or geographic scope. A less intense land use plan for the Crows Landing Naval base still implicates this potentially significant environmental impact.

The immediate conflict with existing policies is also meaningful because controlling legal authority compels preparation of an EIR when this form of policy conflict is present. *Pocket Protectors v. City of Sacramento* (2004) 124 Cal.App.4th 903 explains that potential conflicts between a development proposal and adopted policies triggers the need for an evaluation under CEQA:

> ...if substantial evidence supports a fair argument that the proposed project conflicts with the policies of the PUD, this constitutes grounds for requiring an EIR. Whether a fair argument can be made on this point is a legal question on which we do not defer to the City Council's determination....[¶] The Pocket Protectors have adduced substantial evidence that the project conflicts with the objectives of the PUD. Not only did the PUD require "townhouses and similar development" for the site, but the site's unusually narrow shape dictated that only such housing could be built at the desired density without violating the PUD's objectives.

Id. at 930-31 (underlining added).

Included in our material is an April 3, 2008 memorandum from Crawford Multari & Clark ("CMC"), a private planning and environmental consulting group, to the Patterson City Attorney, attached hereto as **Exhibit "G"**. In CMC's professional opinion, "the project raises significant questions regarding consistency with LAFCo policies..." (CMC Memorandum at 5.) CMC outlines potential policy conflicts with adopted LAFCO, County and City of Patterson policies, (Memorandum at pp. 5-6.) CMC's professional planning opinion constitutes substantial evidence that a potentially significant environmental effect is present even if the proposal is altered in geographic scope or land use intensity. Thus, the level of conceptualization, design and planning for the proposal requires an evaluation under CEQA.

TIERING EIRS MAY BE AN APPROPRIATE OPTION FOR EVALUTATING THE PROJECT'S ENVIRONMENTAL IMPACTS.

Early in the conceptualization phase of this Project, the County "retained ESA Airports to prepare the necessary environmental impact report for the project as it relates to the air facility property." *See* RFP, Pre-Proposal Meeting Questions & Answers at 2. According to the County, the "environmental impact report being prepared by ESA Airports is to support the master development plan, which includes designation of the Crows Landing Air Facility as a redevelopment area...The environmental review will consider all potential impacts associated with the project." *Id.* In the RFP, the County announced its plan to produce "**program level** environmental documentation for the business park." RFP, Attachment A at 24. For reasons unknown, however, the contract was suspended and no EIR was ever prepared. First Quarter Status Report at 2 (bolding added).

A program level EIR is one of the many options before the County, allowing it to "tier" EIRs for the Project approvals so that subsequent EIRs incorporate and build on the information provided in the previous EIRs. Pub.Res.C. §§21068.5; 21093; Guidelines §15152. Tiering is typically used to cover general matters in broad EIRs, reserving detailed studies of issues specific to later approvals for subsequent EIRs that incorporate the previous general EIR by reference. Pub.Res.C. §21068.5; Guidelines §15385. Later tiered EIRs concentrate on environmental effects that are capable of being mitigated or that were not analyzed as significant environmental impacts in the previous EIR. Pub.Res.C. §21068.5.

Tiering allows public agencies to reserve detailed evaluation of environmental impacts until the severity of the impact and its likelihood of occurrence are known more specifically. *Schaffer Land Trust v. San Jose City Council* (1989) 215 Cal.App.3d 612, 632. Thus, tiering is a process by which the scope and level of detail provided by an EIR may be adjusted depending on the level of approval being considered. Kotska & Zischke, Practice Under the Environmental Quality Act (CEB 2006) §11.4 at 518. A first-tier EIR on a program or policy may leave detailed evaluation of the impacts of individual projects that

will implement the program or policy to a later, second-tier EIR and may contain generalized mitigation criteria and policy-level alternatives. *Id.* (citing *Koster v. County of San Joaquin* (1996) 47 Cal.App.4th 29).

The studies already commissioned by the County and developer for this Project provide detailed descriptions of the Project's concept and design, and also provide a preliminary level of detail regarding the Project's potentially significant impacts. Tiering may be the best option for conducting environmental review for this Project since many of the reports disclose that additional more detailed environmental studies need to be prepared. For example, the traffic study states that a subsequent EIR needs to address the adequacy of pavement structure and roadway width to accommodate truck traffic. Traffic Study at 5. As TJKM explained, "the major components of the land use are not expected to change significantly, so the evolution of this document will be quite useful in identifying preliminary impacts of the project." Traffic Study at 7. In addition, the Storm Drainage Plan indicates that more detailed hydraulic and hydrologic analyses need to be conducted to determine the Project's flood impacts. Storm Drainage Plan at 5. According to the reports prepared by Stantec, the findings contained in the studies "are preliminary and are subject to change as the Project progresses and more in-depth design analyses are performed." Sewer Plan at 1; Water System Plan at 1. The Sewer Plan states that additional studies are required to determine the feasibility of sewer treatment methods, distribution, storage, and disposal for the Project. Sewer Plan at 12. The Water System Plan indicates additional studies and testing are required to determine the feasibility of water supply alternatives, quality of water supply sources, and appropriate water treatment methods for the Project. Water System Plan at 29.

A first-tier EIR may in fact be the appropriate environmental documentation at this time; however, the purpose of this letter is not to dictate what type of EIR(s) the County should prepare, but rather its purpose is to demonstrate that there is enough detail regarding the Project to initiate environmental review.

Very truly yours,

STEVEN A. HERUM
Attorney-at-Law

EXHIBIT A

Northern California's Inland Port/Short Haul Rail Project

Nominated By
County of Stanislaus
January 17, 2008

TABLE OF CONTENTS

Signed by:

Therese McMillan, Deputy Executive Director
MTC

METROPOLITAN TRANSPORTATION COMMISSION

Michael McKeever, Executive Director
Sacramento Area Council of Governments

SACOG

Andrew Chesley, Executive Director
San Joaquin Council of Governments

Vincent Harris, Executive Director
Stanislaus Council of Governments

StanCOG

Barbara Goodwin, Executive Director
Council of Fresno County Governments

Council of Fresno County Governments

Ronald E. Brummett, Executive Director
Kern Council of Governments

Kern Council of Governments

Jesse Brown, Executive Director
Merced County Association of Governments

MCAG
MERCED COUNTY ASSOCIATION OF GOVERNMENTS

Ted Smalley, Deputy Executive Director
Tulare County Association of Governments

TCAG

Terri King, Executive Director
Kings County Association of Governments

Patricia Taylor, Executive Director
Madera County Transportation Commission

Madera County Transportation Commission

CHIEF EXECUTIVE OFFICE

Richard W. Robinson
Chief Executive Officer

Patricia Hill Thomas
Chief Operations Officer/
Assistant Executive Officer

Monica Nino-Reid
Assistant Executive Officer

Stan Risen
Assistant Executive Officer

1010 10th Street, Suite 6800, Modesto, CA 95354
P.O. Box 3404, Modesto, CA 95353-3404

Phone: 209.525.6333 Fax: 209.525.4033

January 16, 2008

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

SUBJECT: Transmittal of Stanislaus County's TCIF Nomination
for the San Joaquin Valley Short Haul Rail/ Inland Port Project

Dear Mr. Barna:

Stanislaus County is most pleased to submit our Trade Corridor Infrastructure Fund Application (TCIF) for the San Joaquin Valley Short Haul Rail/ Inland Port Project.

This project represents a public/private collaborative effort between Stanislaus Council of Governments (StanCOG) and the implementing entities; the County of Stanislaus, San Joaquin Regional Rail Commission, and West Park, LLC. This project is also the culmination of several years of active project development work and collaboration between transportation planning agencies from both the San Francisco Bay Area and California's great Central Valley. Accordingly, included in this application package is a letter signed by executive directors of the Northern California councils of government and regional transportation agencies describing in more detail the relationship of our project to the other nominated projects that form a coordinated strategy for Northern California regarding the trade corridors identified by your Commission.

We believe, the proposed project is well suited for TCIF bond funds and meets the rigorous criteria outlined in the approved TCIF Guidelines adopted by the California Transportation Commission on November 27, 2007. We have worked hard to provide the Commission with a complete application, fully complying with these guidelines and the State's legislative intent for this new program. Because of the special nature of this innovative project, we have also included additional information as appendices. We also reference several in-depth technical reports and documents that are available to the Commission upon request.

The value of our project is estimated at $57.48 million. Of this amount, our TCIF bond request is $26 million, with $31.48 million being provided in local in-kind contributions and cash payments. The project has been scoped so that it can be constructed and operational by the first quarter of 2012, well within the required C.T.C. period for implementation.

As we have worked on this project over the last few years, the County, STANCOG, San Joaquin Regional Transportation planning agencies, the business and agricultural community in the San Joaquin Valley, and the San Joaquin Regional Rail Commission agree that a C.T.C. allocation to this project as requested:

- Enables the growth of international trade and supports the full potential for development of the Port of Oakland, supporting Northern California's growing economy and population

- Supports agricultural and other exporters by increasing our economic productivity through consolidation of shipments, warehousing, equipment storage, food processing, and logistical support functions

- Reduces overall truck miles traveled by providing distribution of import goods to the growing number of Northern California consumers through Port of Oakland, instead of almost exclusively through Southern California ports only to then be trucked to the Bay Area and Central Valley

- Improves economic stability in the Central Valley through creation of sustainable, "family wage"
  local jobs in a higher than average unemployment area of our state

- Improves air quality, reduces green house gases, reduces overall energy consumption by reducing vehicle traffic and utilizing on-site green operations and renewable energy policies

- Reduces overall congestion on the state highway system by reducing reliance on commuting to Bay Area for quality jobs, by providing a rail alternative to trucking for containers moving between the Port and the San Joaquin Valley reducing truck traffic on I-880, Rt. 238, I-580, I-205, I-5 and Rt. 99, and allowing for improved commuter rail service. In conjunction with existing and expanded Altamont Commuter Express rail passenger services, Short Haul Rail will support and compliment increased passenger rail services through joint planning use, and maintenance of the Altamont rail rights-of-way.

As always, our bond application team stands ready to meet with the Commission and answer any questions you may have. Please contact me if you require additional information or wish to meet, and I will facilitate the necessary communication at your earliest convenience.

Finally, we are very appreciative of the opportunity to have this important project seriously considered by the Commission and look forward to your review and decision process. We truly believe this project begins a critically important change in the transportation paradigm for Northern California. By putting to work the currently underutilized transportation capacity of our existing railroad corridors we can ease state highway congestion, improve air quality and green house gas emissions, conserve energy and all the while better serve our state's economy as related to international trade through the Port of Oakland.

Sincerely,

Richard W. Robinson, Chief Executive Officer
Stanislaus County

cc: All CTC Commissioners
Honorable Alan Lowenthal, Senator and Ex Officio, California Transportation Commission
Honorable Pedro Nava, Assembly Member and Ex-Officio, California Transportation Commission
Honorable Dave Cogdill, Senator
Honorable Jeff Denham, Senator
Honorable Greg Aghazarian, Assembly Member
Honorable Tom Berryhill, Assembly Member
Honorable Cathleen Galgiani, Assembly Member
Dale Bonner, Secretary, Business, Transportation and Housing Agency
Will Kempton, Director, Department of Transportation
John Fantazia, Chair, Stanislaus Council of Governments
Anthony Cannella, Vice-Chair, Stanislaus Council of Governments
Vince Harris, Executive Director, Stanislaus Council of Governments
Bill Bassitt, Chief Executive Officer, Stanislaus Economic Development & Workforce Alliance
Joy Madison, Chief Executive Officer, Modesto Chamber of Commerce

San Joaquin Valley Short Haul Rail/Inland Port Project

Project Summary

Stanislaus County (County) and its private development partner, PCCP West Park, LLC (West Park) are developing an Inland Port facility and a Short-Haul Rail service as a major feature of the redevelopment of the former Naval Air Facility at Crows Landing located southwest of Modesto between Interstate 5 and State Route 33. The Inland Port complex will provide logistics, distribution, material processing and cargo support services to San Joaquin Valley importers and exporters of goods through the Port of Oakland. The Short-Haul Rail service will ensure that the growth of cargo generated between the Port and Crows Landing can be handled with a minimum impact on the regions highways and on the environment as the development of the short-haul rail service, using existing railroad right-of-ways, will offer a new alternative to trucking containers between the San Joaquin Valley and the Port of Oakland that does not exist today. This new transportation paradigm will economically benefit all of Northern California, while defining the fundamental tenants of so-called "smart growth" by improving the quality life of thousands of daily commuters who must also breathe some of the most polluted air in the United States.

Background:

The concept of using underutilized portions of Northern California's privately-owned rail system to provide an alternative to moving all containerized goods by truck between the Port of Oakland and the San Joaquin Valley has been of great interest to planners for several years. In 2003, the Port of Oakland, in partnership with San Joaquin Council of Governments and the Alameda County Congestion Management Agency had the Tioga Group undertake a study to determine the feasibility of a short-haul container rail service. The study found that the service was feasible and that it could have positive impacts as a mitigation measure for traffic and air quality impacts of the growing trade between the regions. In 2006, theTioga Group prepared an Implementation Plan for an "Inter-Regional Intermodal System" for the San Joaquin Council of Governments. The concept has been carried forward in all of the Bay Area's regional transportation plans and is included in both the CALMTSIC and GMAP plans for California goods movement infrastructure development.

In October 1999, the President of the United States signed legislation authorizing the federal government to convey approximately 1,528 acres of property known as the Crows Landing Air Facility to Stanislaus County (County) as set forth in Public Law 106-82 (HR 356).

In February, 2007, after a comprehensive selection process, the County approved an exclusive negotiation agreement with PCCP West Park LLC (West Park) for the development of the former military base. PCCP West Park, LLC is a Delaware Limited Liability Company formed between PCCP West Park LB, LLC and West Park Holdings, LLC. PCCP West Park LB, LLC is an entity owned by Lehman Brothers

and Pacific Coast Capital Partners. Lehman Brothers is an international investment firm based in New York, NY and is one of the largest firms of its type in the world. Pacific Coast Capital Partners, LLC is an investment banking firm who manages a real estate portfolio of assets mostly located in the Western United States valued in excess of $6 billion and is based in San Francisco.

West Park Holdings, LLC is owned by Gerry N. and Karen L. Kamilos Family Trust and is the Developer Sponsor of PCCP West Park, LLC. Gerry Kamilos owns Gerry N. Kamilos, LLC; a California Central Valley land development company operating for the past 17 years with offices located in Gold River (just east of Sacramento), Stockton, and Modesto. Mr. Kamilos has been lead developer, as both a principal and manager, over the past 17 years and have secured development entitlements for over 15,000 acres resulting in over 30,000 houses and 6,000 acres of employment uses located mostly within California's Central Valley.

A major and differentiating component of the West Park development plan is to make the Inland Port and the creation of a San Joaquin Valley Short Haul Rail service the centerpiece of their development. The Inland Port will provide a regional freight transportation hub and distribution, reassembly and storage center at Crows Landing that will be connected directly by rail with terminals at the Port of Oakland.

On December 18, 2007, the Stanislaus County Board of Supervisors passed a resolution, which identified plans for designating 170 acres of the former Crows Landing Air Facility (or adjacent property) for a future intermodal transportation facility. In that same resolution, the Board of Supervisors reaffirmed support for the short haul rail and intermodal development on a portion of the former military air facility.

The Stanislaus Council of Governments, as the Metropolitan Planning Organization for Stanislaus County, has passed a resolution approving support for the development of a new rail transportation link between Crows Landing and the San Francisco Bay Area. The resolution requests an application be prepared for State Trade Corridor Infrastructure Funding for the short-haul/commuter rail link, in cooperation with the Northern California Regional Planning Agencies that includes the San Joaquin Council of Governments, Sacramento Area Council of Governments, Altamont Commuter Express (ACE), the Metropolitan Transportation Commission, and the Ports of Stockton and Sacramento., The resolution further calls for an application for air quality mitigation funding requests to the California Air Resources Board through the San Joaquin Valley Air Pollution Control District.

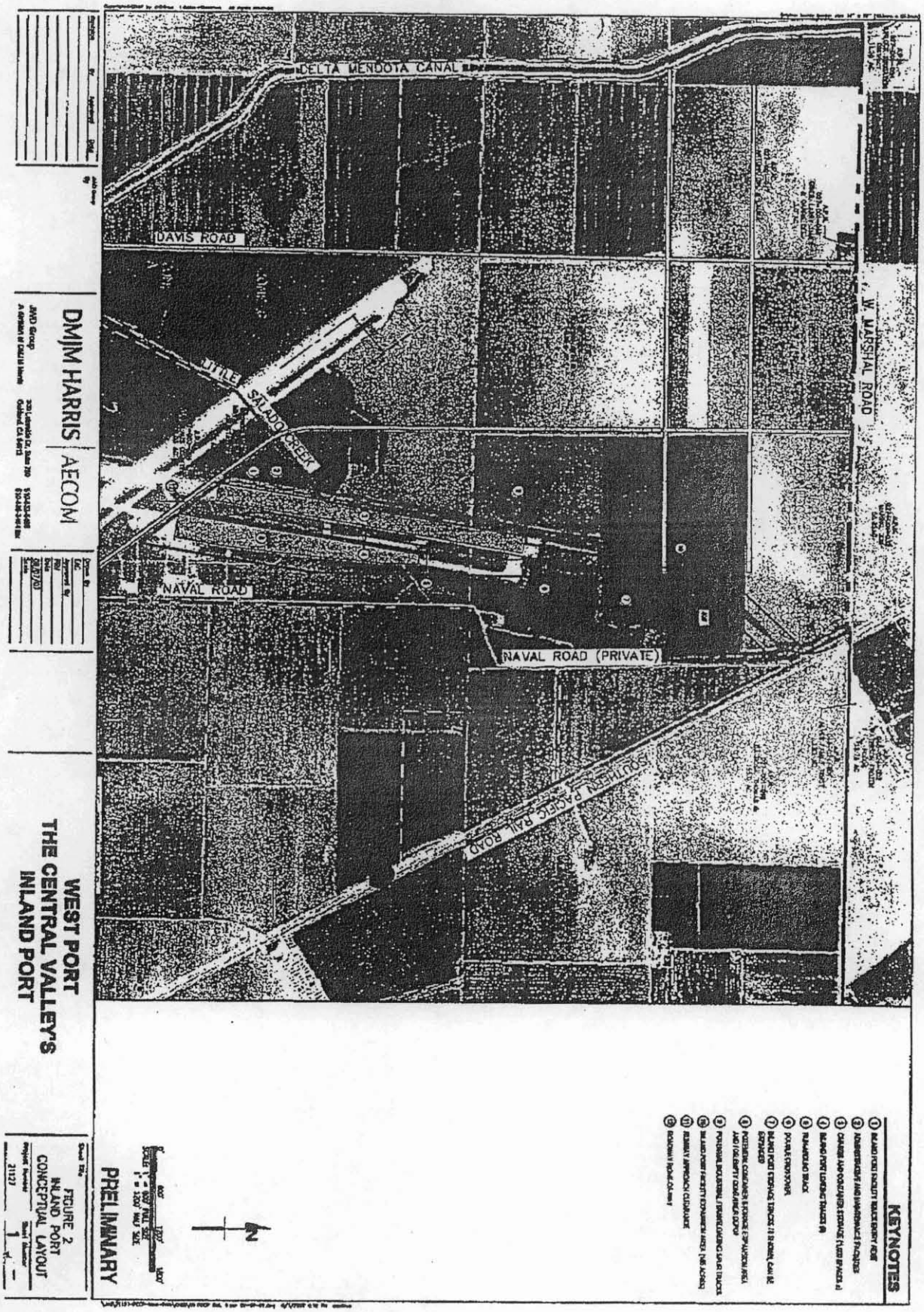
The County and West Park are now undertaking a major development at the site. Altogether, some 4800 acres of County and private lands will be developed into distribution centers, industrial facilities, business parks and public service facilities such as medical facilities, water treatment plants and public safety operations. Significant areas will also be retained for agricultural processing purposes. The County's land use policy position is that there will be no residential development on the site, making it ideal for inland port and industrial land uses for the long term.

Purpose and Need for the Project:

In Northern California, the existing population of 14.9 million is expected to grow by 5 to 10 million people in the next 20 years, with much of this growth in the San Joaquin Valley. Stanislaus County is located in the heart of the San Joaquin Valley. Much of the County is rural and economically dependent on agricultural activities. However, because of the proximity of Interstate 5 and access to the Altamont Corridor, many cities, including Modesto, Patterson and Newman have experienced significant growth in recent years. As the price of housing has increased dramatically in the San Francisco Bay Area, many commuters have moved to these areas in Stanislaus County for more affordable housing. Commute times have increased drastically in the past 10 years as County residents join the legions of workers traveling over the highway system to jobs in the Bay Area. While portions of Stanislaus County have grown as "bedroom communities, County leaders and state policy makers have sought to improve the "jobs-housing" imbalance in this region.

International trade has become an increasingly important component of the region's economy. Agricultural exports have always been a mainstay of the County and regional economy. The importation

FIGURE I


DELTA MENDOTA CANAL
DAVIS ROAD
W. MARSHAL ROAD
LITTLE SALADO CREEK
NAVAL ROAD
NAVAL ROAD (PRIVATE)
SOUTHERN PACIFIC RAILROAD
KEYNOTES
PRELIMINARY
WEST PORT
THE CENTRAL VALLEY'S
INLAND PORT
DMJM HARRIS | AECOM
FIGURE 2
INLAND PORT
CONCEPTUAL LAYOUT

Appraised

(4)

operations necessary to receive and deliver containers at both Oakland and Crows Landing, train transportation between the two points and all necessary documentation and administrative services. Please see Figure II for a full description of the rail route.

All of the operations of both the short-haul rail system and the inland port will utilize equipment and operating practices that will ensure minimum environmental impacts whether or not currently required by state or federal law. The inland port will use all electric cranes and all yard trucks and other equipment will operate with natural gas, hybrid or the cleanest engines available for superior emission profiles. The locomotives used to move the containers between the Port of Oakland and Crows Landing will utilize the cleanest emission technology available.

Initially there will be one train in each direction between Oakland and the Crows Landing facility. Later phases of the project will increase the number of trains up to six in each direction as business grows. The trains will operate over the existing Union Pacific Railroad Oakland Subdivision between Oakland and Lyoth Junction, near Tracy and from there over the California Northern Railroad Westside branch line that serves Crows Landing. The new Lyoth Junction Connection is described in Figure III.

SIX trains

As additional trains are added to the service in the future, appropriate safety measures will be added at rail highway crossings and the project will seek to work to establish a Quiet Zone operation in coordination with the City of Patterson that will minimize noise issues. Other measures such as grade separations will be investigated and implemented as rail traffic warrants over time.

A. Screening Criteria

1. Eligibility

The Short-Haul Rail project was in the California Goods Movement Action Plan as both a short term action plan and as a project recommended for TCIF bond funding in the Bay Area/Central Valley Access Improvement Corridor. The project has also been listed as a priority project in the California MITSAC list of projects and is included in the Metropolitan Transportation Commission 2035 Regional Transportation Plan as a Bay Area Region/Multi-County System Efficiency Project. The Inland Port and Short-Haul Rail project has been adopted through Resolution of the Stanislaus Council of Governments (STANCOG) and is included in the San Joaquin Valley Goods Movement Plan prepared by the San Joaquin Valley Policy Committee and endorsed by both STANCOG and the San Joaquin Council of Governments.

The project will exceed the State funding requirements of a 1:1 local State match in value as follows:

Total Project Cost:	$57,480,000
1B Bond Allocation:	$26,000,000
Stanislaus Co. Allocation:	$31.48 million ($12, 500,000 land and runway in kind contribution and $18,980,000 cash contribution from PCCP West Park LLC)

Stanislaus County will provide 170 acres of County owned land for the development of the intermodal terminal at Crows Landing at a value of $12,500,000 as an in kind contribution toward implementation of the project or about ½ the appraised value of the land and improvements. The preliminary appraisal of the land is $11 million and the value of the existing concrete runways, which will be "recycled" for project use as truck, container storage and operational spaces for cargo is $14 million. A full appraisal of the property and improvements was completed for Stanislaus County in December of 2007 by Associated Right of Way Services, Inc. and is available for C.T.C. review upon request. In the interest of being conservative regarding the issue of the in kind match; the County has decided to value this contribution toward the project at ½ appraised value as determined by its appraiser.

Appraised

Finally, PCCP West Park LLC has agreed to pay for any increases in project costs due to inflation and cover normal contingency costs for this project.

2. Deliverability

Asso

FIGURE II

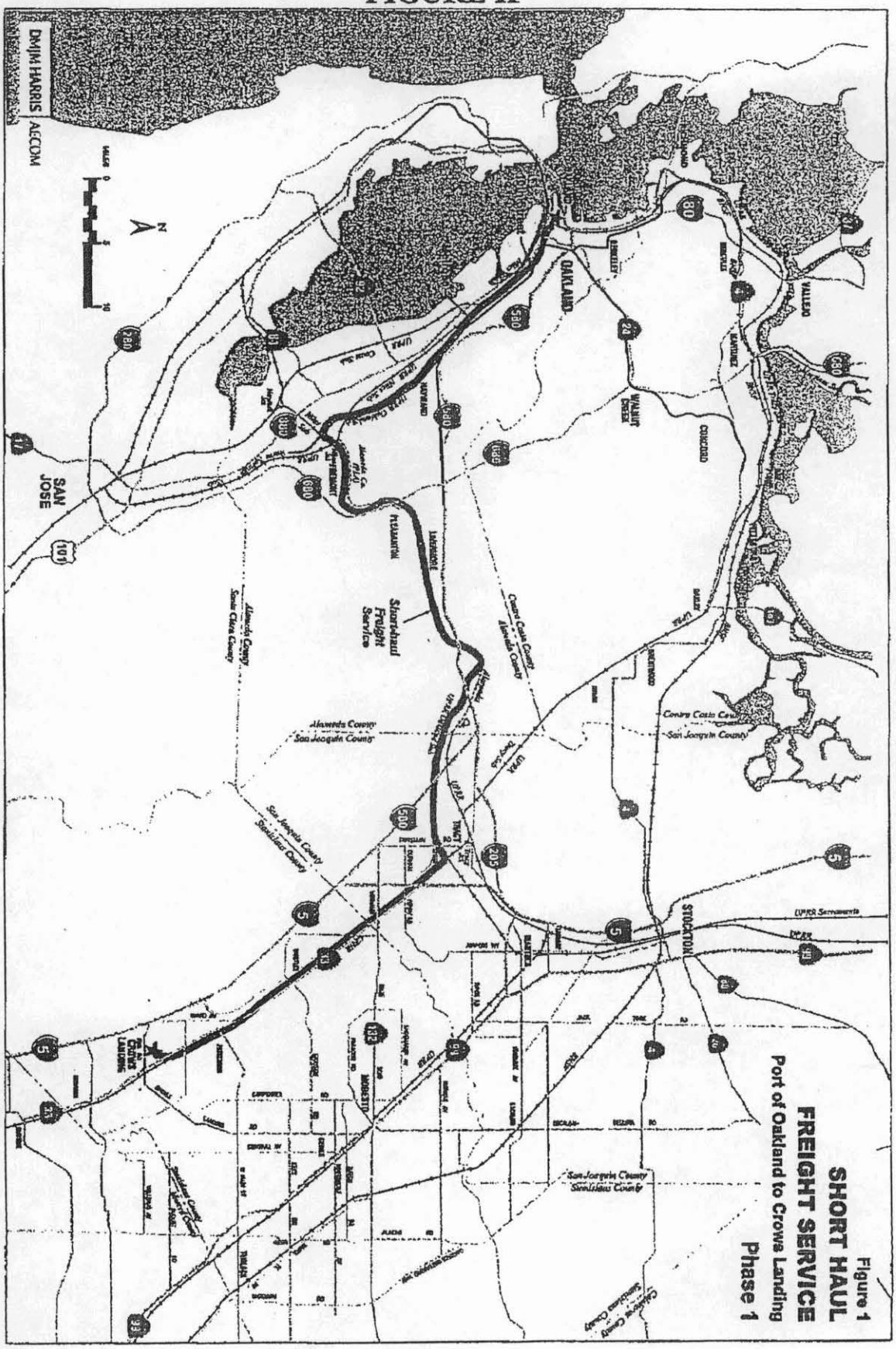

DMJM HARRIS
AECOM
OAKLAND
SAN JOSE
STOCKTON
Shorthaul Freight Service
Figure 1
SHORT HAUL
FREIGHT SERVICE
Port of Oakland to Crows Landing
Phase 1

FIGURE III

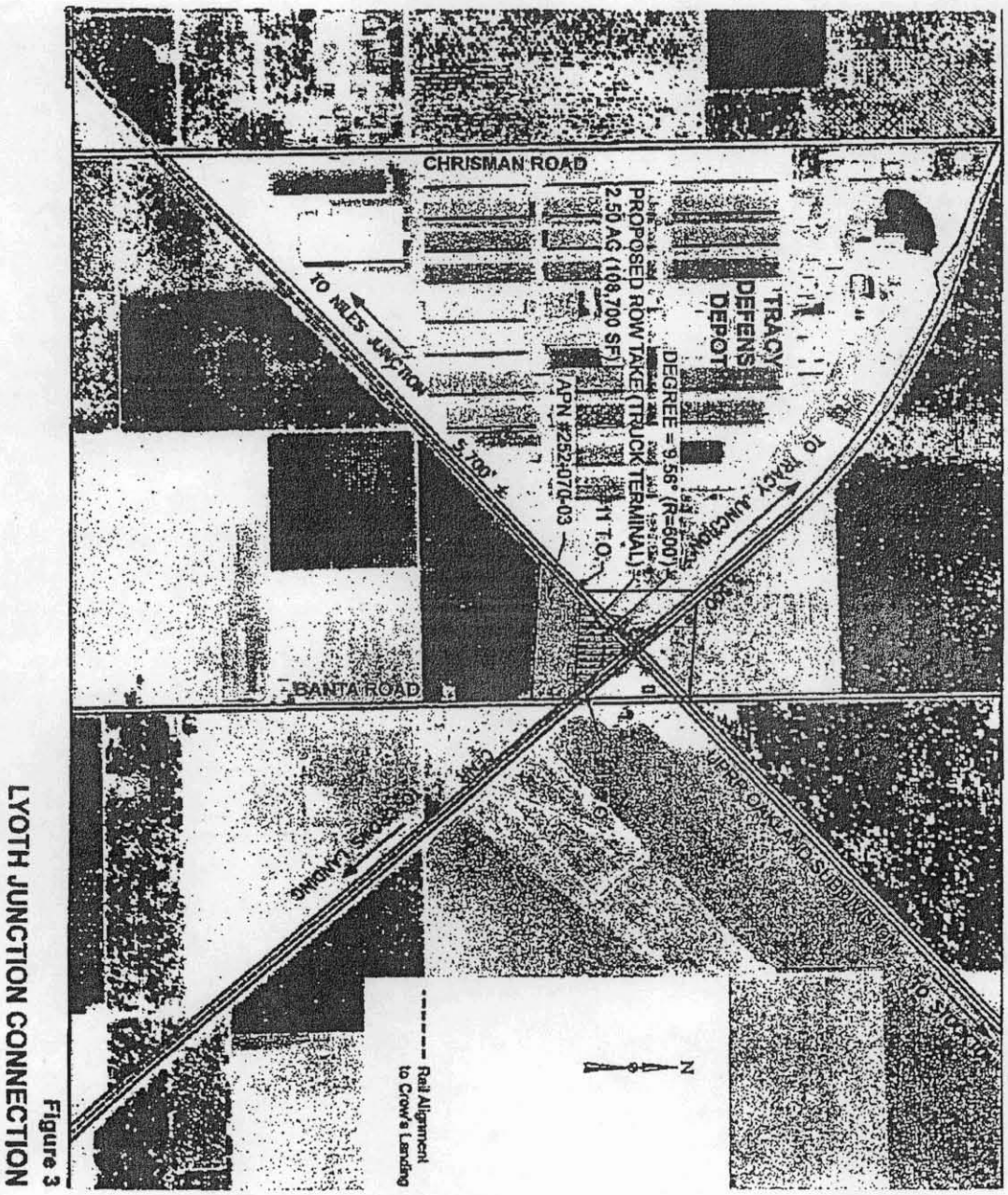


Figure 3
LYOTH JUNCTION CONNECTION

Preliminary engineered plans and cost estimates have been prepared. A preliminary operating/business plan for the short-haul rail and container terminal services along with an initial cash flow analysis for the first ten years of operation has been completed and is available for C.T.C. review upon request.

Currently, the San Joaquin Regional Rail Commission (operator of the Altamont Commuter Express known as ACE), are in negotiations with the UPRR to purchase much of this right-of-way for public use for commuter rail operations. If this occurs, West Park would negotiate for rights to operate with ACE for night and non-peak hour operations on the same line. This joint, public use of right-of-way offers significant long term benefits to the public as short haul freight and commuter operations are compatible and would provide economies of scale and reduce operating costs for both services. The San Joaquin Regional Rail Commission is submitting an application for Trade Corridor Bond funding for purchase of this right-of-way. Stanislaus County and ACE have an agreement in principle to work together to cooperate and support each other in pursuing these rights-of-way and in operating over the Corridor. A letter describing this agreement is available to the C.T.C. upon request.

Additional trackage rights that may be necessary to perfect access to UPRR or Port-owned intermodal terminals and agreements for terminal services at Oakland will also be negotiated with the UPRR.

West Park is prepared to negotiate directly with UPRR, should the rights-of way remain in the railroads ownership or not change hands in a timely manner to meet the project implementation schedule.

The attached Figure IV outlines the project delivery schedule, including environmental review, design, construction, and ordering necessary equipment. The figure also identifies all cost estimates and cash flows for project implementation, and the schedule for completion of improvements. Start-up of operations is 2011, well within the time frame envisioned by the State Legislature and the C.T.C. guidelines.

3. Economics/Job Growth

The creation of the Inland Port and the Short-Haul Rail system collectively, will create 37,000 new, sustainable; "Family Wage Jobs" for Stanislaus County and the region over the thirty year build out of the West Park Development. By creating jobs within the San Joaquin Valley, the projects will reduce the reliance on the Altamont Corridor and Pacheco Pass as a commute route for Valley citizens and reduce the future number of passenger trips required on the Corridor.

A consistent indicator of community economic viability or stability is the jobs to housing balance. A simple mathematical ratio that compares a community's number of housing units over the total number of jobs identified in that community. Of the several methods used for reviewing the jobs to housing effect, the method that compares total community housing and total employment (regardless of employment location) is the approach is most suitable to sub-urban and rural environments.

The standard job to housing "balance" considered ideal in either comparison scenario is a 1.5 ratio, meaning that for every housing unit in a community there is a relative balance of 1.5 jobs. In an economy that increasingly demands a two-wage household this ideal will most certainly continue to rise.

In Stanislaus County, and particularly in the Westside communities of Newman and Patterson, these ratios continue to weaken. In 2005, the ratio in Newman had dropped below 0.96 and in Patterson the jobs housing ratio was 1.05. The Inland Port Short Haul Rail project will provide the catalyst for a needed employment center and job creation that the Westside, Stanislaus County and the entire San Joaquin Valley region need to maintain strong, sustainable local economies.

San Joaquin Valley exporters, including California's high value added agricultural products, will benefit from both the Inland Port and the Short-Haul Rail service. By bringing containers to Crows Landing for delivery to the Port by rail, exporters will shorten the time and distance their truckers will require to deliver to the Port. This will allow truckers to make more truck turns per truck each day, increasing efficiency,

DMJM HARRIS | AECOM

FIGURE IV

Inland Port Development Schedule and Cost - by Quarter
(Costs in $1,000; basis is 2006 equipment and construction costs)

Task Nbr		Task Description	Year	2008		2009				2010				2011			Total Cost
			Quarter	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	
1		Develop EIR	Cost	$83	$83	$84	$83	$83	$84								$ 500
			Time														
2		Railroad Track Right-of-Way and Dispatch Negotiations	Cost														$ -
			Time														
3		Design and Construction Documents															
	a	Develop 30% Design	Cost	$325	$325												$ 650
			Time														
	b	Develop 70% Design	Cost					$500	$500								$ 1,000
			Time														
	c	Develop 100% Design and Construction Documents	Cost						$500	$ 500							$ 1,000
			Time														
	d	Bidding and Awards	Cost								$ 124						$ 124
			Time														
4		Develop Specifications and Order Equipment															
	a	Locomotives	Cost							$ 2,600						$ 2,600	$ 5,200
			Time														
	b	Railcars (see note 1)	Cost														
			Time														
	c	Rail Mounted Gantry Cranes	Cost								$ 1,600	$ -	$ -	$ -	$ -	$ 1,600	$ 3,200
			Time														
	d	Yard Tractors	Cost										$ 990			$ 990	$ 1,980
			Time														
5		Construct Lyoth Junction	Cost														
			Time														
	a	Land Acquisition	Cost								$ 500						$ 500
			Time														
	b	Mobilization	Cost										$ 114				$ 114
			Time														
	c	Grubbing, grading, underground utilities	Cost											$ 303			$ 303
			Time														
	d	Construct Tracks and Signalling	Cost												$ 737	$ 738	$ 1,475
			Time														
	e	Construction Management	Cost											$ 69	$ 69	$ 69	$ 207
			Time														
6		Construct Inland Port															
	a	Land Acquisition	Cost								$ 6,250						$ 6,250
			Time														
	b	Paved Storage and Distribution Platform	Cost								$ 6,250						$ 6,250
			Time														
	c	Mobilization	Cost								$ 1,220						$ 1,220
			Time														
	d	Grubbing, grading, underground utilities	Cost									$ 3,675	$ 3,675	$ 3,675			$ 11,025
			Time														
	e	Construct Tracks and Signalling	Cost											$ 3,425	$ 3,425	$ 3,425	$ 10,275
			Time														
	f	Construct buildings, pavement and truck gate facilities	Cost										$ 773	$ 773	$ 773	$ 773	$ 3,094
			Time														
	g	Construct LNG/CNG fueling station	Cost												$ 1,000	$ 1,000	$ 2,000
			Time														
	h	Construction Management	Cost								$ 183	$ 183	$ 183	$ 183	$ 183	$ 183	$ 1,100
			Time														
7		Total Outlay by Quarter		$ 408	$ 408	$ 84	$ 83	$ 583	$ 584	$ 3,100	$ 16,127	$ 3,858	$ 5,736	$ 8,429	$ 6,188	$ 11,379	$ 57,48

lowering costs and reducing vehicle emissions. Inland Port services such as food and material processing, warehousing, cargo consolidation services and container depots to store empty containers nearer to shippers will lower shipping costs and keep exports competitive.

Finally, the development of new import logistics/distribution centers at Crows Landing will concentrate import goods distribution activities in the region and support the Port of Oakland's strategy to create markets for first port-of-call services by ocean carriers. All of these efficiencies combine to increase the productivity of California exports and make them more competitive in the global market place.

4. Transportation and Air Quality Analysis Discussion and Assumptions

The positive benefits of the Crows Landing Inland Port and Short-Haul Rail service were determined through a series of carefully vetted assumptions that were then modeled using accepted air quality and traffic analysis methodologies to determine the effects of substituting the movement of containers by Short-Haul Rail rather than by truck.

The projected number of containers destined for, and originating at the Inland Port are derived from previous market and traffic studies of Central Valley import and export containers conducted by the Tioga Group and by Cambridge Systematics on behalf of the eight regional transportation planning agencies in the San Joaquin Valley, respectively. It was assumed that initially a small percentage of existing container traffic would divert to rail and that over time this percentage would increase. It was further assumed that existing container volumes would increase modestly over time as the population in the San Joaquin Valley continues to grow. The volume of import containers is expected to increase significantly as warehousing and distribution facilities are developed at the Inland Port. These increases are expected to start in 2012 at a modest level and at a much more aggressive level by 2016 when a significant number of distribution facilities are expected to come on-line.

Each loaded container that moves to or from the Inland Port by short-haul rail replaces a round-trip to the Port of Oakland by truck. Typically, a truck round-trip consists of delivering a loaded export container to the port and bringing back an empty container for loading with export cargo, or delivering an emptied import container to the port and bringing back another container loaded with import goods. However, there is no perfect balance between empty and loaded container pick-up and delivery and some additional round trips to the port to pick up or drop off an empty container are inevitable. Based on their knowledge of trucking and port operations, the study team assumed that 20% of loaded export container trips and 7.5% of loaded import container trips result in an additional round trip to pick-up or return an empty container. Based on these assumptions, it was estimated that diversion from truck to rail was 210 one-way trips in 2011, 1,930 one-way trips in 2020 and 2,400 one-way trips in 2030.

The San Joaquin Valley Truck model, developed by Cambridge Systematics for the eight regional transportation planning agencies in the San Joaquin Valley, was used to model the no-project and project alternatives and to calculate the reduction in Vehicle Miles Traveled (VMT) for the years 2000, 2011, 2020 and 2030. The travel demand model was used to assign new trip tables from the project alternatives to determine truck volumes and VMT. The reductions in VMT were then used to determine the reduction in truck emissions. These emission reductions were then reduced by the emissions caused by the train locomotives to arrive at total net air quality emission reduction levels.

The air quality impacts attributable to the Crows Landing project were calculated using methodologies developed by the California Air Resources Board (ARB) and US Environmental Protection Agency (EPA). Using Cambridge Systematics truck modeling mileage results and county by county Heavy Duty Diesel Truck emission factors from EMFAC 2007, a software model approved by the ARB, the total emissions per vehicle mile traveled was computed. Using the locomotive duty cycle modeled by Transit Safety Management Inc. and Tier 2 and 4 EPA regulated emission factors, the air pollutant emissions were modeled for 2 SD70 locomotives rated at 4000 maximum HP. Emissions attributable to the with and without Crows Landing scenarios were collected and compared in an EDAW developed table to achieve an accurate forecast of the overall impact of Crows Landing to the regional air quality status.

c 115 : 690

Summary of Short Hail Rail Truck to Train Air Quality Emissions Comparison

115

Implementation of the short- haul rail system between the Port of Oakland and the former Naval Base at Crow's Landing would replace heavy-duty truck travel associated with the movement of approximately 115 containers per 1 full train from the current interstate freight transportation system.

Using methodologies and emission factors developed by the California Air Resources Board (ARB) and the U.S. Environmental Protection Agency (EPA), the net change in emissions were modeled as summarized in Figure V based on a comparison of truck- and train-related activities without and with operation of the proposed project (Cambridge Systematics, Inc. 2008, Transit Safety Management [TSM] 2007). These reductions in air pollutant levels in the Bay Area and Central Valley trade corridors would play an important role in improving the control issues that currently exist in the Bay Area and San Joaquin Valley air basins.

The horsepower (HP) requirement for moving a train from Crows Landing to the Port of Oakland would be on average approximately 1,206 HP per hour for 3.3 hours based on the locomotive duty-cycle modeling performed for the proposed project (TSM 2007; pers. comm., Thomas 2007). Using locomotive emission factors from the EPA (e.g., 5.5 grams per brake horsepower hour [g/bhp-hr] for nitrogen oxide [NO_x] emissions, 0.2 g/bhp-hr for particulate matter with an aerodynamic resistance diameter of 10 microns or less (PM_{10}), and 22.2 pounds (lb) per gallon of diesel fuel for carbon dioxide equivalent [CO_2-e] emissions from the use of Tier 2 locomotives), train-related emissions were modeled associated with operation of the proposed project (e.g., one round trip train per day in 2011 and five round trip trains per day in 2020).

Another way of documenting the positive air quality impact is to display the per train air quality benefits of a loaded container train load annually as follows:

Annual Air Quality Impact Assessment

Year	No. of Trains per day	Reduction in Truck VMT	Reduction in Tons of NO_x	Reduction in Tons of PM_{10}	Reduction in Tons of CO2-e
2011	1	4,753	10.73	0.59	197.21
2013[a]	2	10,185	22.99	1.26	425.12
2015[b]	3	19,691	30.18	2.21	1,291.11
2016[c]	4	27,914	22.59	2.81	2,502.03
2017[c]	5	41,494	29.18	3.63	3,232.35
2020	5	43,751	30.76	3.83	3,408.67
2021[c]	6	49,046	34.49	4.29	3,820.66

Notes: Comparisons are extrapolated from DMJM Harris subsidy modeling, Cambridge Systematics truck diversion modeling, Transit Safety Management locomotive duty cycle modeling, and EDAW air quality modeling.
[a] based on a 2011 truck fleet and Tier 2 locomotive technology
[b] based on a combination of 2011 and 2020 truck fleet, and Tier 2 and 4 locomotive technology
[c] based on a 2020 truck fleet and Tier 4 locomotive technology

The drayage operations (e.g., container loading, unloading, and movement within the port) at the new Crows Landing intermodal facility would utilize Liquid Natural Gas (LNG)/Compressed Natural Gas (CNG)/electric and/or best available technology that meet or exceed emission standards associated with such operations. These requirements would be written into the Covenants, Conditions, and Restrictions (CC&R) tenant agreements to ensure compliance.

Additionally, it has been proposed that as a part of the intermodal facility a truck engine replacement or retrofit facility would be built on-site for the convenience of the trucks that call on Crows Landing. At this stage of

FIGURE V

Table AQ-1: Comparison of Locomotive and Truck Emissions			
Tier 2 Locomotive (SD70) to 2011 Truck Modeling	**NOX**	**PM10**	**CO2**
Without Crows Landing (Trucks only [tons/day])	185.6145	8.4586	22727.4401
With Crows Landing (Trucks only [tons/day])	185.5304	8.4549	22718.1508
With Crows Landing (Train only [tons/day])	0.0483	0.0018	8.6319
With Crows Landing (Trucks and Train [tons/day])	185.5787	8.4566	22726.7827
Net Change tons/day	**0.0358**	**0.0020**	**0.6574**
Tier 3 Locomotive (SD70) to 2011 Truck Modeling	**NOX**	**PM10**	**CO2**
Without Crows Landing (Trucks only [tons/day])	185.6145	8.4586	22727.4401
With Crows Landing (Trucks only [tons/day])	185.5304	8.4549	22718.1508
With Crows Landing (Train only [tons/day])	0.0483	0.0009	8.6280
With Crows Landing (Trucks and Train [tons/day])	185.5787	8.4558	22726.7788
Net Change tons/day	0.0358	0.0028	0.6613
Net Change tons/year	**10.7345**	**0.8548**	**198.3888**
Tier 4 Locomotive (SD70) to 2020 Truck Modeling	**NOX**	**PM10**	**CO2**
Without Crows Landing (Trucks only [tons/day])	73.0378	4.4669	29757.2307
With Crows Landing (Trucks only [tons/day])	72.8773	4.4525	29694.1590
With Crows Landing (Train only [tons/day])	0.0483	0.0013	43.0926
With Crows Landing (Trucks and Train [tons/day])	72.9256	4.4539	29737.2516
Net Change tons/day	0.1122	0.0130	19.9791
Net Change tons/year	**33.6648**	**3.9087**	**5993.7230**

development a quantifiable emission reduction based on this facility type of inland port is not feasible. It is mentioned wholly for disclosure purposes.

B. Evaluation Criteria:

1. Freight System Factors

The San Joaquin Valley Short Haul Rail/Inland Port will have a very positive impact on the state highway system. The 2,400 trucks per day in 2030 removed from the road system by the short haul rail system are concentrated on state highways linking the Port of Oakland with the central valley – I-880, I-238, I-580, I-205, SR 120 and SR 132. On these roadways, the trucks removed account for between 8.3 percent and 12.8 percent of all daily truck trips in 2030. In the Altamont corridor of I-580, 2,400 trucks per day are removed; they have an equivalence of 7,200 passenger cars. In the p.m. peak hour, this translates to 360 passenger vehicles (using a 10 percent peak hour factor and a 50:50 directional split).

The ACE trains, for which there is a Trade Corridor project nomination also submitted to the C.T.C., will utilize the same rail line and are expected to serve over 11,900 daily passengers in 2030. In the Altamont area, this accounts for the removal of approximately 9,200 vehicles per day (using a 1.3 persons/vehicle occupancy) and 2,295 peak hour trips (assuming 25 percent of the travel occurs in the p.m. peak and a 90:10 directional split).

The West Park project, which is the San Joaquin Valley terminus of the short haul rail system, is expected to employ 37,650 persons by 2039. They will generate 14,827 peak hour automobile trips. In the absence of the West Park development, many San Joaquin Valley residents would need to find employment in the greater Bay Area. If one-quarter of these San Joaquin Valley residents utilized the I-580 Altamont corridor to reach their workplace, this would result in 2,565 p.m. peak hour automobile trips (using vehicle occupancy of 1.3 persons/vehicle and a 90:10 directional split).

Please refer to Figure VI, which describes the impact on "Truck Travel-Port of Oakland to Inland Port at West Park" in a great deal more detail.

Throughput: The combined equivalent automobile trips removed from the I-580 portion of the Altamont corridor by the short haul rail, the ACE service and the creation of the West Park employment complex total 23,717 daily trips, or 9.9 percent of the 240,000 daily trips projected in 2030. In the p.m. peak hour, a combined total of 5,220 directional trips would be removed, which is equivalent of adding about 2 ½ lanes to the freeway in each direction. These directional trips represent 40 percent of the Caltrans forecast for the eastbound lanes of I-580 in 2030. Again, the sponsors believe this fundamental shift in the transportation paradigm for the Altamont Corridor is a solid example of smart growth that can be implemented in a relatively short period of time with a relatively modest investment by State government.

The ability to store containers at Crows Landing and to provide an off-dock equipment depot will also result in an increase of marine terminal capacity, and therefore the throughput of the Port of Oakland's marine terminals by freeing-up valuable land for loaded container operations. Additionally, by moving import containers soon after arrival for transfer to the rail yard, additional marine terminal capacity will be generated by decreasing the dwell time those containers occupy marine terminal yard space.

Velocity: The velocity of a transportation system is the result of many factors and can be influenced by an economic considerations as well as the capacity of the transportation. Velocity is usually expressed in the miles per hour that vehicles transiting the system can sustain. Among the factors that reduce velocity are delays that trucks encounter over the road due to traffic, weather and all manner of traffic incidents that stop or delay highway traffic. The traffic incident rate in the I-880, Route 238, and I-580 is one of the highest in the U.S. Rail transportation is subject to almost none of these delays, so that the actual containers that move by rail will experience a higher velocity over time. The reduction of truck traffic over I-880 and I-580 in particular will help reduce congestion and contribute to the overall velocity of the highway system. In addition the decreases in passenger traffic as a result of reducing the number of

FIGURE VI

Truck Travel – Port of Oakland to Inland Port at West Park

Route and Location	A. Existing Daily Volumes	B. Existing Daily Trucks (% of ADT)	C. 2030 Daily Volumes	D. 2030 Daily Trucks – No Short Haul Rail (% of ADT)	E. 2030 Daily Trucks -- With Short Haul Rail	F. Trucks Removed With Short Haul Rail (% Removed)	G. Existing Peak Hr. Speeds, MPH
1. I-880 @ 10th St, Oakland							
2. I-238 @ E. 14th San Leandro	133,000	14,278 (11.8)	190,000	21,850 (11.5)	19,450	2,400 (11.0)	35
3. I-580 @ I-680, Pleasanton							
4. I-580* Altamont Alameda Co.	159,000	9,000 (12.5)	240,000	31,142 (13.0)	28,744	2,398** (8.3)	35
5. I-205 @ 11th Street, Tracy							
6. SR 120 @ Union Rd, Manteca	77,000	13,984 (18.4)	120,000	22,783 (19.0)	20,755	2,028 (8.9)	35
7. SR 132 @ SR 33 Stanislaus Co.							

Notes: Columns A. and B. are from Caltrans (ADT = Average Daily Traffic). Column C. is based on traffic forecasting models of ACCMA, SJCOG, StanCOG and estimated growth rates. In columns D. and E., the truck forecasts for rows 1-3 are TJKM estimates based on Caltrans Project Study Reports in the area. Rows 4-7 are from Cambridge Systematics' 2030 model runs with and without West Park development. Column F is Column E subtracted from Column D. Percentage is Trucks Removed With Short Haul Rail divided by Column D. Column G is taken from Caltrans *2006 HICOMP (State Highway Congestion Monitoring Program), November 2007* (MPH = miles per hour).

**This chart deals only with truck removals due to Short Haul rail operation. The combined equivalent automobile trips removed from I-580 at Altamont by the combination of the Short Haul rail, the ACE service in 2030, and the creation of the West Park employment complex total 23,717 daily trips, or 9.9 percent of the 240,000 total 2030 daily trips. In the p.m. peak hour, a combined total of 5,220 directional trips would be removed, equivalent to about 2.5 freeway lanes. These directional trips represent 40 percent of the Caltrans forecast for the eastbound lanes of I-580 in 2030.

Compiled by TJKM January 12, 2008

\West Park\Truck and ADT Percentages\T011208 Truck Travel CTC Rail App.doc

commuter vehicles, because jobs are created in the Valley and the potential for a major expansion of passenger rail services in the rail corridor will further reduce highway congestion.

Reliability: Reliability in the logistical system is also largely influenced by traffic congestion levels. Truckers can tolerate delays and low velocity if they can be anticipated and accounted for in their service planning. However, 50% of all highway delays are the result of unanticipated events. The primary cause of these events is accidents. Rail transit, particularly in the relatively short distances between the Port of Oakland and Crows Landing, approximately 86 miles, is much less subject to delays. Weather, highway accidents and stalled vehicles have no effect on rail transit. Further, as in the other Freight System criteria; removing a substantial number of truck moves from the corridor will improve the overall performance of the highway system for remaining freight handled by trucks.

2. Transportation System Factors

Safety: Safety will be enhanced as movement of containers by rail reduces the number of miles that drivers will be exposed to highway hazards. Rail is a significantly safer mode of transportation. According to National Highway Safety Administration data, there was 1 vehicle accident for every 500 miles traveled in 2006. In the same period of time, the Federal Railroad Administration recorded 1 train accident for every 429,530 miles traveled. Removing the estimated 2,400 trucks per day of the roadways will not only reduce the risk of accident in moving those containers, but will contribute to the overall safety of the highways by removing trucks from the corridor.

Congestion Reduction: The removal of trucks from the highways will reduce congestion along both I-880 and I-580 corridors, which are key bottlenecks in the over-the-road system serving the Valley from the Port of Oakland. All of the containers that move by truck utilize this route. Highway access to Valley points from Crows Landing have several local and State routes that can be used for intra-Valley drayage. With existing roadway capacity in the region and with planned capacity improvements as part of the West Park development, there are no additional bottlenecks identified at this time due to this project's implementation.

Multi-Modal Strategy: The project clearly employs a multi-modal strategy, by substituting a substantial portion of truck miles for rail, over some of the most congested stretches of highway in California and the nation. By "off loading" slow truck and auto traffic that must climb the Altamont Pass on I-580 onto what is underutilized rail in the same corridor, this multi-modal strategy should provide significant and long term benefits to the corridor, which generate the among the highest levels of pollution, delay and safety issues in Northern California. The ability of both importers and exporters to reduce or avoid the well documented and negative daily logistic experiences of the Altamont Corridor will greatly increase their productivity and the economic viability of the Port of Oakland as a gateway to Northern California.

Interregional Benefits: The Inland Port and Short-Haul Rail service are a prime example of projects that link two regions and increase the economic and environmental benefits of both regions. This link is a key piece of the Northern California goods movement strategy, which is to provide long term, sustainable improvements in linking our State and regional economies with the global economy through the Port of Oakland. This project will accomplish these goals, while reducing the impacts of goods movement on the environment in both the San Joaquin Valley and the San Francisco Bay Area. The development of this short-haul rail system is good public policy because of the immediate positive impacts on air quality and congestion in the region.

The operation of the short-haul rail system also provides the Altamont Commuter Express service with synergies and economies of scale in maintaining and expanding much needed passenger services that today provide interregional access for commuters moving between the San Joaquin Valley and the South Bay. The Oakland subdivision right-of-way, between Niles Junction and Oakland, could provide the means to provide future express commuter rail services between the Valley and the East Bay and San Francisco. The short-haul freight services will provide economic support for passenger rail services, making both services more viable over the long term.

Finally, the Oakland to Crows Landing system could be the first link of a potential short-haul rail system that can be expanded to serve multiple points throughout the Central Valley, giving a broad range of importers and exporters a real alternative to trucking their goods between the Port and their locations.

3. Community Impact Factors

Air Quality Impacts: Please refer to air quality impact discussion and analysis on pages 6-8.

Community Impact Mitigation:

The County and West Park LLC project proponents have conducted an extensive public outreach effort through public presentations and meetings, email, a web site, mailers, newspaper ads, editorial board meetings with newspapers and numerous appearances before community groups and jurisdictions.

Specifically, presentations have been made to the Hispanic Leadership Council, the Crows Landing Road Business Association, the Stanislaus Economic Development and Workforce Alliance, business and community groups including numerous local chambers of commerce and Rotary and Lions clubs in Modesto, Newman, Turlock and Patterson, and the Stanislaus County League of Women voters. In addition, West Park has conducted publicly noticed and open community meetings in every city in Stanislaus County regarding the project. In each presentation, the basic elements of the 4800 acre industrial development project, inland port and short haul rail service has been presented, questions taken and responded to by County staff, West Park representatives and technical consultants.

Formal public presentations were also made before multiple local governmental jurisdictions and official committees, including the Crows Landing Steering Committee, school district boards in Patterson, Newman and Crows Landing, the County Board of Supervisors (on three occasions since award of exclusive negotiation), and all review procedures through the Stanislaus County Councils of governments (citizens advisory, technical advisory committee and the formal Policy Board) have been made.

It is the County's policy and West Park's commitment that the public outreach process be completely open, participatory and inclusive and will remain so throughout the development process. A more detailed listing of the entire public outreach program to date is available to the C.T.C. upon request, specifically listing each public meeting, date, and participants over the last 14 months.

Some issues raised in the public outreach program to date that will be addressed in the County's subsequent environmental, planning and entitlement process included;

1) Number and types of jobs to be created as well as specific industries that may be attracted to the inland port site.
2) Potential location of regional service needs at the project site such as job training, public safety training, state fire suppression personnel, and a regional medical center.
3) Availability of sewer and water facilities to serve the project, and the ability of the project to mitigate current sewer and water problems on the Westside.
4) More train traffic on the Westside of the County due to the new short haul service in addition to the existing freight train service now operated daily on the tracks.
5) Mitigation of additional local highway traffic caused by the project over the long term.
6) Air quality and green house gas issues and their associated environmental mitigation.
7) Agricultural land mitigation of development acreage.
8) Buffering of industrial and airport related land uses from prime agricultural, residential and other incompatible land uses.
9) Overall financing plan for infrastructure and other needed facilities and environmental mitigation for the overall development site, with no funding from the Stanislaus County General Fund.
10) Impact of project on job/housing imbalance.

Economic and Job Growth: Please refer to previous economics and job growth discussion on pages 5-6.

FIGURE VII

2008 Project Programming Request

(Project Information)

Caltrans

General Instructions

☑ New Project ☐ Amendment (Existing Project)				Date: 01/17/08
Caltrans District	EA	PPNO	MPO ID	TCRP No
10			STANCOG	

County	Route/Corridor	Project Sponsor/Lead Agency	MPO	Element
STA		Stanislaus County/PCCP West Park, LLC	STANCOG	

Project Title

San Joaquin Valley Short Haul Rail/Inland Port Project

RM Bk	RM And	Project Mgr/Contact	Phone	E-mail Address
		Deputy Executive Officer Sta	209 652-1514	boggsk@mail.co.stanislaus.ca.us

Location, Project Limits, Description, Scope of Work, Legislative Description

Project is the development of an inland port logistics and trasnportation center located in Stanislaus County at the former Crows Landing Air Facility and an associated short-haul rail service using existing railroad right-of-way between Crows Landing and the Port of Oakland. The scope of work includes railroad right-of-way acquisition, environmental review, design and construction of the facility

Component	Implementing Agency	AB 3090	Letter of No Prejudice
PA&ED	Stanislaus County/PCCP West Park, LLC	☐	☐
PS&E	Stanislaus County/PCCP West Park, LLC	☐	☐
Right of Way	Stanislaus County/PCCP West Park, LLC	☐	☐
Construction	Stanislaus County/PCCP West Park, LLC	☐	☐

Legislative Districts

Assembly:	25th	Senate:	14th
Congressional:	19th		

Purpose and Need

The Inland Port will create a logisitics and transportation center in the San Joaquin Valley that will support and disrtibute imports and exports moving through the Port of Oakland that will create local jobs in Stanislaus County and the San Joaquin Valley and enhance the overall economy of Northern California. The Short-haul Rail Service will reduce truck traffic between the Port of Oakland and the San Joaquin Valley by providing a rail alternative to trucking containers to and from the Port and reduce air pollution in the region.

Project Benefits

The project will support international trade and economic development in Northern California; create local sustainable jobs in Stanislaus County and the region; reduce congestion on the highway system serving the Bay Area and the San Joaquin Valley; and improve air quality both locally and in the region.

Project Milestone			Date
Project Study Report Approved			
Begin Environmental (PA&ED) Phase			06/08/08
Circulate Draft Environmental Document	Document Type:	N/A	09/09/08
Draft Project Report			
End Environmental Phase (PA&ED Milestone)			12/09/09
Begin Design (PS&E) Phase			06/01/08
End Design Phase (Ready to List for Advertisement Milestone)			03/10/10
Begin Right of Way Phase			06/08/08
End Right of Way Phase (Right of Way Certification Milestone)			04/01/09
Begin Construction Phase (Contract Award Milestone)			06/10/10
End Construction Phase (Construction Contract Acceptance Milestone)			09/11/11
Begin Closeout Phase			
End Closeout Phase (Closeout Report)			

Form Version Date: 10/1/07

2008 Project Programming Request
(Funding Information)

(dollars in thousands and escalated to the programmed year) Date: 01/17/08

County	CT District	PPNO	TCRP Project No.	FA
STA	10	0	0	0

Project Title: San Joaquin Valley Short Haul Rail/Inland Port Project

Existing Total Project Cost									
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Implementing Agency
E&P (PA&ED)	0	0	0	0	0	0	0	0	
PS&E	0	0	0	0	0	0	0	0	
R/W SUP (CT)	0	0	0	0	0	0	0	0	
CON SUP (CT)	0	0	0	0	0	0	0	0	
R/W	0	0	0	0	0	0	0	0	
CON	0	0	0	0	0	0	0	0	
TOTAL	0	0	0	0	0	0	0	0	
Proposed Total Project Cost									
E&P (PA&ED)	0	983,000	167,000	0	0	0	0	1,150,000	
PS&E	0	0	2,124,000	0	0	0	0	2,124,000	
R/W SUP (CT)	0	0	0	0	0	0	0	0	
CON SUP (CT)	0	0	0	0	0	0	0	0	
R/W	0	0	6,750,000	0	0	0	0	6,750,000	
CON	0	0	9,452,750	9,685,250	5,375,000	0	0	24,513,000	
TOTAL	0	983,000	18,493,750	9,685,250	5,375,000	0	0	34,537,000	

Fund No. 1:									Program Code
Existing Funding									
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Funding Agency
E&P (PA&ED)	0	0	0	0	0	0	0	0	
PS&E	0	0	0	0	0	0	0	0	
R/W SUP (CT)	0	0	0	0	0	0	0	0	
CON SUP (CT)	0	0	0	0	0	0	0	0	
R/W	0	0	0	0	0	0	0	0	
CON	0	0	0	0	0	0	0	0	
TOTAL	0	0	0	0	0	0	0	0	
Proposed Funding									Notes
E&P (PA&ED)								0	Stanislaus County Local Match
PS&E								0	
R/W SUP (CT)								0	
CON SUP (CT)								0	
R/W			6,750,000					6,750,000	
CON			5,750,000					5,750,000	
TOTAL	0	0	12,500,000	0	0	0	0	12,500,000	

Fund No. 2:									Program Code
Existing Funding									
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Funding Agency
E&P (PA&ED)	0	0	0	0	0	0	0	0	
PS&E	0	0	0	0	0	0	0	0	
R/W SUP (CT)	0	0	0	0	0	0	0	0	
CON SUP (CT)	0	0	0	0	0	0	0	0	
R/W	0	0	0	0	0	0	0	0	
CON	0	0	0	0	0	0	0	0	
TOTAL	0	0	0	0	0	0	0	0	
Proposed Funding									Notes
E&P (PA&ED)		983,000	167,000					1,150,000	PCCP West Park Local Match
PS&E			2,124,000					2,124,000	
R/W SUP (CT)								0	
CON SUP (CT)								0	
R/W								0	
CON			632,750	9,685,250	5,375,000	0	0	15,693,000	
TOTAL	0	983,000	2,923,750	9,685,250	5,375,000	0	0	18,967,000	

Form Version Date: 10/1/07

2008 Project Programming Request
(Funding Information)

(dollars in thousands and escalated to the programmed year) Date: 01/17/08

County	CT District	PPNO	TCRP Project No.	EA
STA	10	0	0	0
Project Title:	San Joaquin Valley Short Haul Rail/Inland Port Project			

Fund No. 3: Program Code:

Existing Funding

Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total
E&P (PA&ED)	0	0	0	0	0	0	0	0
PS&E	0	0	0	0	0	0	0	0
R/W SUP (CT)	0	0	0	0	0	0	0	0
CON SUP (CT)	0	0	0	0	0	0	0	0
R/W	0	0	0	0	0	0	0	0
CON	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0

Funding Agency:

Proposed Funding

E&P (PA&ED)								0
PS&E								0
R/W SUP (CT)								0
CON SUP (CT)								0
R/W								0
CON			3,070,000	12,104,000	10,826,000			26,000,000
TOTAL	0	0	3,070,000	12,104,000	10,826,000	0	0	26,000,000

Notes: TCIF Match

Fund No. 4: Program Code:

Existing Funding

Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total
E&P (PA&ED)	0	0	0	0	0	0	0	0
PS&E	0	0	0	0	0	0	0	0
R/W SUP (CT)	0	0	0	0	0	0	0	0
CON SUP (CT)	0	0	0	0	0	0	0	0
R/W	0	0	0	0	0	0	0	0
CON	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0

Funding Agency:

Proposed Funding

E&P (PA&ED)								0
PS&E								0
R/W SUP (CT)								0
CON SUP (CT)								0
R/W								0
CON								0
TOTAL	0	0	0	0	0	0	0	0

Notes:

Fund No. 5: Program Code:

Existing Funding

Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total
E&P (PA&ED)	0	0	0	0	0	0	0	0
PS&E	0	0	0	0	0	0	0	0
R/W SUP (CT)	0	0	0	0	0	0	0	0
CON SUP (CT)	0	0	0	0	0	0	0	0
R/W	0	0	0	0	0	0	0	0
CON	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0

Funding Agency:

Proposed Funding

E&P (PA&ED)								0
PS&E								0
R/W SUP (CT)								0
CON SUP (CT)								0
R/W								0
CON								0
TOTAL	0	0	0	0	0	0	0	0

Notes:

NORTHERN CALIFORNIA TRADE STRATEGY

OVERVIEW

Goods movement has become an increasingly important issue in Northern California. As international trade continues to grow, all of California's trade gateways are feeling the burden. High volumes of international cargo, as well as goods needed to serve the growing population and support the local and state economies are placing a strain on the overburdened and often outdated infrastructure. The impact can be seen not only in delays for cargo, but congestion on the region's highways, rail lines, and local roads. In addition, high levels of air pollution, safety concerns, local congestion and noise have disproportionately impacted those communities located near goods movement infrastructure.

The goods movement transportation system is a complex network including ports, rail facilities and rail lines, and highway and roadway infrastructure, and is closely tied to state, national and international transportation systems. As such, it is critical to think of goods movement in terms that extend beyond our typical geographic and political boundaries.

In Northern California, critical goods movement corridors connect the Bay Area, Sacramento and Central Valley regions. This was reflected in the State's Goods Movement Action Plan (GMAP), which showed the Bay Area and Central Valley Regions overlapping significantly. While the Bay Area, Sacramento and Central Valley all have very distinct characteristics, the regions are inextricably linked in terms of goods movement.

Trade primarily occurs along two major trade corridors in Northern California: the Central Corridor and the Altamont Corridor, which taken together connect the major regions with one another and with critical national and international trade routes. The locus of this trade activity is the Port of Oakland, the nation's fourth busiest container seaport and a critical export port for the state.

- **The Central Corridor** is a highway and rail corridor running from the Port of Oakland roughly along I-80 to Sacramento and across the Sierra Nevada Mountains on to Chicago, connecting the Bay Area and Sacramento regions with one another and the major transcontinental highway and rail routes heading out of Northern California.

- **The Altamont Corridor,** which runs from the Port of Oakland, along I-880/238/580 to the Central Valley, connects with I-5 and SR 99 at the northern end of San Joaquin Valley and eventually with the southern transcontinental rail route at the southern end of the Central Valley. This corridor connects the State's agriculture community and the Port of Oakland and also serves the growing population of the Central Valley.

Investment in these corridors together focuses on the dual goods movement concerns of: (1) the economic interconnections of the Sacramento and Central Valley regions with the Bay Area through interregional goods distribution corridors; and (2) ensuring the future viability and growth of the Port of Oakland as a trade gateway for both imports and exports. Recognizing the importance of these two factors, regional transportation agencies in Northern California have formed a partnership to develop a comprehensive program of rail and highway projects along these two trade corridors. This integrated program is designed to meet current and future requirements to move both people and goods throughout the state and the nation quickly, reliably and safely, with less highway congestion and pollution.

TCIF Program

The regional agencies have come to consensus around a list of priority goods movement investments in Northern California to be nominated for the Trade Corridors Improvement Fund (TCIF). The list is multimodal— addressing a network of rail, highway and maritime improvements— and multiregional, focusing on the Central and Altamont Corridors. The program

consists of targeted, strategic investments in rail and highway infrastructure providing access to the Port of Oakland, and networking with other ports serving Northern California trade corridors, to provide a balanced, multi-modal approach to goods movement. Because the long-term needs in Northern California, and throughout the state, far outweigh the current funding available, the regional agencies took a phased approach to developing the list of priority goods movement projects for Northern California (***See Attachment 1)***. The first Tier, totaling approximately $960 million, reflects the highest priority projects for each region. Tier 2, totaling $470 million, is made up of those projects that play an important role in goods movement in the corridors but that we do not believe should be recommended for the TCIF program. The more than $2 billion provided by the bond is simply the beginning of a long-term focus on goods movement. With federal reauthorization on the horizon, and a possible revenue stream for trade projects coming from the proposed container fee being considered by the Legislature and the major ports, those projects that do not receive funding from TCIF will continue to be developed and pursued. All projects listed in Tier 1 and submitted for the TCIF program can be in construction by December 31, 2013, and have the required match secured.

CORRIDORS

PORT OF OAKLAND

In Northern California, the Port of Oakland serves as a major anchor of goods movement activity, handling 99% of the waterborne goods moving through Northern California and supporting the regional population, Northern California businesses and the State's critical agricultural community. The Port of Oakland is the fourth largest container port in the country, handling almost 2.4 million twenty-foot equivalent units (TEU) in 2006. Unique among California ports, container volume at Oakland is split almost evenly between import and export movements. Oakland is the primary California gateway for Central Valley agricultural and Northern California wine country exports, and for both import and export goods coming into distribution centers and warehouses located in the northern San Joaquin Valley. Maritime activity at the Port's 20 deepwater berths and nearly 770 acres of marine terminals generates over 28,500 jobs, $3.7 billion annually for the regional economy, and over $200 million in local and state tax revenue.

International trade volumes continue to grow on the west coast. The demand that is driving the cargo growth in the Port comes from several sources: expanding urban markets reaching south toward Gilroy and east into the Central Valley; and development of inland transload warehouse centers as far away as Bakersfield that will rely on the Port as an international gateway. The Port anticipates continuing to grow at four to five percent annually, reaching between five and six million TEUs around 2020- 2025.

However, west coast port capacity and infrastructure development have not kept pace with demand. Increased congestion at the San Pedro Bay ports and along Southern California intermodal routes have led the railroads and shipping industry to evaluate multiple routing options. They are increasingly recognizing the Port of Oakland as a desirable strategic load center for U.S. intermodal cargo. Shippers can achieve logistics benefits by combining cargo destined for local consumers with intermodal cargo headed to and from the rest of the nation.

The Port has almost completed deepening its channels to accommodate newer, larger vessels, and has expanded its marine terminals in order to create more capacity within the Port. The Port is ready to accept more business and has room to grow as the volume of international trade increases over the next several years. To realize this growth potential, however, the Port needs to increase the capacity of the freight rail system that connects the Port to the rest of California and the nation.

Port of Oakland TCIF Anchor Projects

Both the Central and the Altamont Corridors are anchored at the Port of Oakland. In order to accommodate the forecast growth anticipated at the Port, key rail and road infrastructure improvements are needed to provide access to and from the Port of Oakland. The Port's highest

priority for ensuring its future economic health is to expand the capacity of the main rail lines serving the Port and points east. There are three major projects located at or near the Port of Oakland that are critical projects for both the Central and Altamont Corridors: expanded intermodal capacity at the Outer Harbor Intermodal Terminals (OHIT), the 7th Street Grade Separation, and Martinez Subdivision Improvements.

- OHIT: OHIT is the extension of two intermodal rail yards, which will be located on the former Oakland Army Base and provide significant goods movement capacity at the Port. The project will allow the railroads to load and unload containers more efficiently, and will support the Port of Oakland's intermodal throughput goal. OHIT will relieve congestion on rail main lines adjacent to the Port and will provide air quality benefits for the region and State by providing the capability to move more goods by rail rather than by trucks.

- 7th Street Grade Separation: The project will relieve a key highway and rail bottleneck at a major gateway into the Port of Oakland. The grade separation will separate truck traffic on 7th Street from increased rail movements between OHIT and the rail mainline to the north of 7th Street and the existing rail facilities to the south. This will eliminate conflicts between trucks and trains at a major intersection adjacent to OHIT and a major entrance to the Port.

- Martinez Subdivision Improvements: The Martinez Subdivision is the primary rail line serving the Port of Oakland. Running north from the Port and connecting with the major north-south and east-west rail routes in the State, Martinez is owned by Union Pacific (UP), and used by UP, Burlington Northern Santa Fe (BNSF) and the Capitol Corridor, San Joaquin and Amtrak services. Improvements here will add much needed capacity and operational flexibility to the mainline, improving the velocity, throughput and reliability of both freight and passenger service on this congested rail segment.

- The 7th Street and OHIT projects together create the capacity to move more trains with fewer delays into and out of Oakland, reducing the conflicts between trucks and trains and making rail service more efficient. The projects also create operational synergies with the Martinez Subdivision Improvements, which as proposed will take place directly north of the OHIT facility as goods exit the Port.

CENTRAL CORRIDOR

The Central Corridor is an integrated rail and highway corridor that stretches from Oakland to Chicago, providing a critical link between Northern California and the rest of the nation. It crosses through eight counties, including Alameda, Contra Costa, Solano, Sacramento, Yolo, Placer, Nevada, and Sierra Counties. The corridor is comprised of highway and rail facilities. I-80 is the primary east-west highway connector between the Bay Area and Sacramento. I-80 extends northeast from the Bay Area approximately 200 miles through Sacramento and over Donner Summit, where it crosses into the State of Nevada. This corridor is the only major freeway connection between Northern California and points east.

Rail service along the Central Corridor is provided primarily by UP. This rail line extends from the UP Railport and the Port of Oakland's Oakland International Gateway (OIG) intermodal yard, 100 miles east to the UP Yard in Roseville. The Roseville Yard is UP's major carload classification yard in Northern California, receiving daily trains from Los Angeles, Oakland, the Central Valley, Chicago, Kansas City and the Pacific Northwest. East-west movements continue along the UP line along I-80 over Donner Summit and points east, and north-south movements connect with UP's north-south line between Seattle and Los Angeles along I-5. BNSF also runs a limited number of trains along this same infrastructure under a trackage rights agreement.

In addition, the Central Corridor is a major passenger rail route, with a weekday average of 44 passenger trains traveling along the corridor. The Capitol Corridor service runs 32 trains per day between Sacramento and the Bay Area, and Amtrak and the San Joaquins run an additional 12 per day. Due to the capacity issues, Capitol Corridor trains are often delayed, sometimes in

excess of two hours, between Sacramento and Oakland. This leads to a fairly high degree of unreliability for rail passengers and reduces the attractiveness of the service to commuters.

- The rail system along this Corridor generally does not have excess capacity. There are several sections with heavier rail activity than is optimal, including the UP mainline north of Oakland, the Martinez Subdivision, used by both freight and passenger trains. There are three major rail choke points along the Central Corridor where capacity issues or operational constraints limit the free flow of freight. These choke points impede the amount of freight that can be brought through the Port of Oakland and result in congestion along the entire subdivision, which runs through multiple residential and commercial areas in the Bay Area and Sacramento. In addition, there is significant interest in extending passenger rail service east of Sacramento, which must be negotiated with UP and is a top priority for the Sacramento area. The primary rail choke points are:

    - **The Martinez Subdivision:** Currently, this mainline segment is used by Amtrak, UP, the Capitol Corridor, and BNSF. The conflict between passenger and freight trains is limiting the capacity to move freight trains away from the Port. In addition, there is very limited capacity to store trains prior to departure or after arrival.

    - **Donner Summit:** The ability to move freight from the Port of Oakland is limited by the tunnels over Donner Summit, which do not provide sufficient clearance for double-stacked container cars, as well as a critical section of the line where the track is reduced from two tracks to one. The Donner Summit is a key gateway for the state of California, providing access to the rest of the nation via the transcontinental rail line.

    - **Sacramento Rail Depot:** The current track configuration requires passenger trains to stop on the mainline, requiring freight trains to wait for loading and unloading of passengers. This situation also creates a safety problem with passengers having to cross live tracks and results in a speed limit of 20 mph on this section.

The forecasts for the Central Corridor call for a considerable increase in the tonnage and value of commodities carried by truck and by rail. By 2016, the total of the regional, intrastate, and interstate (including Mexico and Canada) goods movement along the corridor is projected to grow to 90 million tons annually, and be valued at $101 billion. By 2026, the total goods movement along the corridor is projected to grow to 112 million tons annually, with a total value of $126 billion. The cumulative growth in tonnage for the Corridor is shown for trucks in Figure 1A and for rail in Figure 1B, which also clearly show how trucks provide the majority of the intrastate moves, while rail provides primarily interstate freight movements.

Figure 1A Central Corridor Truck Tonnage Growth, 2006 to 2025

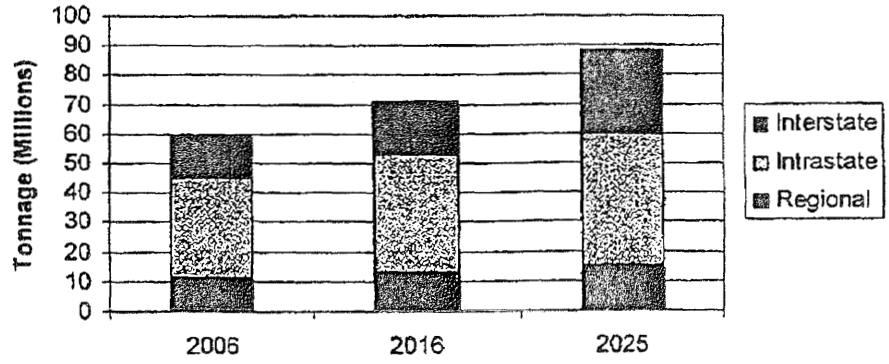
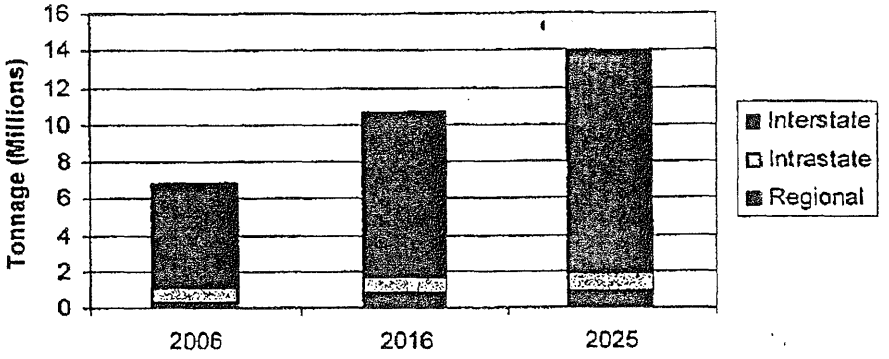


Figure 1B Central Corridor Rail Tonnage Growth 2006-2025



This growth can be estimated in terms of increased truck and rail flow along the corridor. For the Central Corridor, a rough calculation of tonnage per truck yields a measurement of 28,000 pounds per truck (roughly 14 tons per truck). By 2016, the total truck tonnage is projected to grow to 71 million tons. This will add an estimated 5 million additional trucks to the road yearly, or an average of 15,315 each day. By 2026, the truck tonnage is projected to grow to 88 million tons, or an additional 6.3 million trucks per year or 19,062 trucks per day. Rail freight is projected to grow at a slightly slower rate. Nevertheless, the tonnage carried by rail is expected to grow to 11 million tons by 2016, and 14 million tons by 2026. Strategic investments in the rail network may encourage more goods to move by rail rather than by truck in the future.

Highway Bottlenecks

I-80 is a notorious highway bottleneck in the Bay Area, with two of the most congested segments in the region. This is also the case in the Sacramento metropolitan area, where it serves as the major commute route as well as a major goods movement corridor for both regional and interregional freight. Bottlenecks occur at the I-80/680/Hwy 12 interchange, as well as along I-80 in Alameda County. In the Sacramento area, major congestion occurs during commute hours, as well as on weekends and holidays with recreational travel to the Sierra. While significant work is underway to improve I-80, there are limited opportunities along the geographically constrained corridor. Investing in the rail network in the corridor, as well as strategic investments in the highway corridor, can potentially reduce the volume of trucks on the highway network.

Central Corridor TCIF Projects

Projects recommended for TCIF funding on the multi-modal Central Corridor include a mix of highway and rail projects, as well as one dredging project. Together, the projects expand capacity in the corridor and remove key highway and rail bottlenecks.

- Donner Summit Improvements: Targeted investments over the Donner Summit will allow for double-stacked, longer trains to traverse Donner Summit, rather than having to travel the circuitous route over Feather River Canyon which double-stacked trains originating at the Port of Oakland use today. These improvements will improve the capacity, velocity and throughput of the Central Corridor, cutting nearly a day off the travel time for a train heading to or from the Bay Area from points east.

- Sacramento Rail Depot Realignment: Realignment of the mainlines through the Sacramento Valley station will allow for a 50 percent increase in velocity of freight trains through the station. Current track configurations create congestion and safety issues. The realignment will provide for the separation of all passenger tracks/platforms from freight train operation as well as grade-separated access to the passenger platforms without crossing any live tracks. Realignment of the main tracks will include replacement of the existing passenger boarding platforms, platform access, and other related facilities.

- Reconstruction of the Cordelia Truck Scales. The truck scales were constructed in 1958 and are seriously undersized and unable to process existing truck volumes, much less projected volumes. Inefficiencies at the current facility frequently result in trucks queuing on to the interstate, creating dangerous weaving conditions and forcing the scales to periodically close. New, relocated truck scales will improve throughput and safety in the area for both trucks and passenger vehicles.
- Port of Sacramento Dredging: Dredging the remaining 35 miles of the Sacramento Ship Channel from 30 to 35 feet will result in a 40 percent increase in the potential berthing capacity for the Port of Sacramento. This will allow larger and more modern vessels to serve the Port, and thus would probably lead to a reduction in truck trips between the Bay Area and the Sacramento region.

When considering the long-term future of the Central Corridor, additional improvements to the rail, highway and waterway network will be needed. Sustained infrastructure investment will be needed along the rail mainline from the Bay Area to Sacramento. Ranging from track upgrades to providing additional sidings and ties to upgrading drainage and replacing worn track, ongoing investment in the corridor will improve the operational efficiency of the rail corridor. However, these improvements are not as high a priority as those recommended for TCIF funding.

There are also a number of highway projects in development along the corridor, including a new interchange at I-80/680/12, which is a high priority for Solano County and will complement the Cordelia Truck scales project. In addition, improvements to I-80 in the Sacramento region include extending the existing HOV lanes from Watt Avenue west to I-5 and from the Sacramento/Placer County line west to SR 65.

Barge service is also being contemplated between the Port of Oakland and the Port of Sacramento (as well as the Port of Stockton). However, given the current projected cost structure of the service and the infrastructure investment needed upfront, barge service is considered a long-term strategy for the corridor.

ALTAMONT CORRIDOR

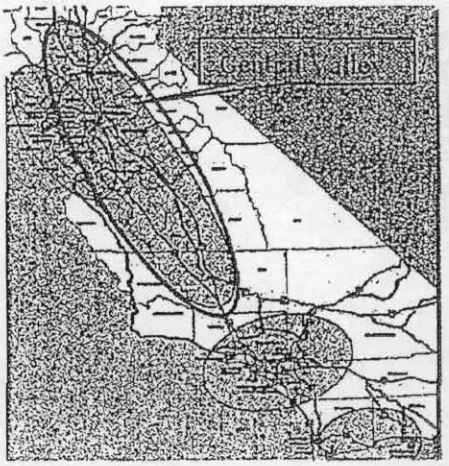
The Altamont Corridor is an interregional corridor serviced by highway and rail infrastructure. Originating in the Bay Area along I-880, SR 238 and I-580, the Altamont Corridor traverses east through Alameda and San Joaquin Counties on I-205 before reaching I-5 approximately 65 miles east of Oakland. This is a very high volume truck traffic corridor linking the Central Valley distribution centers and the Bay Area. It is the primary link for agriculture products traveling throughout the Central Valley and from the Central Valley to the Port of Oakland for export to the rest of the world. The Altamont Corridor continues south through the Central Valley along I-5 and SR 99, providing a critical north-south link through the heart of California. According to the Federal Highway Administration, the Altamont Corridor highway system will more than double in truck volume activity between 1998 and 2020.

The Central Valley

The Central Valley of California and its relationship with the Altamont Corridor connecting the Central Valley to the Bay Area is logistically one of the most important trade corridor combinations supporting the movement of goods on a local, state, national, and international level. The Central Valley includes both the Sacramento region and the San Joaquin Valley, and was itself a major region identified in the State's Goods Movement Action Plan (GMAP). The San Joaquin Valley portion of the Central Valley includes the eight counties of Kern, Kings, Tulare, Fresno, Madera, Merced, Stanislaus, and San Joaquin.[1] Geographically, it connects the two

[1] See *San Joaquin Valley Goods Movement Action Plan*, November 30, 2007

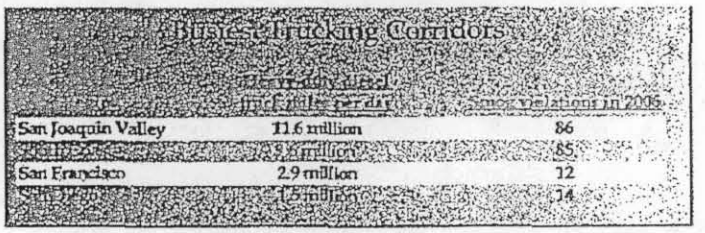
largest metropolitan areas in California, San Francisco and Los Angeles, as well as the Greater Sacramento region.



Eight of the ten fastest growing counties in California are located in the Central Valley. The counties of Merced, Stanislaus, and to a large part San Joaquin, are bedroom communities for the Bay Area, with over 20 percent of residents from San Joaquin County commuting daily over the Altamont Trade Corridor.

As an air basin, the San Joaquin Valley is designated by the Environmental Protection Agency as a non-attainment area. Residents rank among the highest 5% in the nation for pollution-related health risks. Significantly contributing to the air quality condition is the amount of pollution emitted from diesel trucks. In fact, according to the California Air Resource Board, the San Joaquin Valley has the highest *heavy-duty* diesel truck miles per day in the state.

The major goods movement routes are I-5 (primary north-south route for freight movement along the west coast from Canada to Mexico), SR 99 (primary inland route through California connecting major cities in the San Joaquin Valley) and the Class I railroad lines owned by UP and BNSF. East to west transportation facilities are less numerous but critical to the interregional transportation network of the west coast and the western United States. The Port of Stockton in San Joaquin County is located on the deepwater ship channel 75 nautical miles due east of the Golden Gate Bridge. It is the largest inland port on the west coast, the largest tier II port in California and trades with over 50 nations specializing in bulk commodities. The Port's maritime volume is expected to double in the next ten years.



The southernmost Central Valley county of Kern is the gateway to the Altamont Trade Corridor. This corridor provides north/south rail access between the Bay Area, the Central Valley, and Southern California and is a primary access route to the southern transcontinental rail network. In the north, San Joaquin County is considered an interregional goods movement hinge point for California due to its close relationship with the Bay Area and the Greater Sacramento Area. The majority of interregional goods movement from the Central Valley heads west over the Altamont Pass on I-580 into the Bay Area on I-580, I-238 and I-880, or continues north through Sacramento or to the east over the Donner Pass/I-80.

Two different rail lines provide rail service along the Altamont Corridor. The primary line is the BNSF mainline, which begins at the Port of Oakland's BNSF OIG terminal, travels north along the UP owned Martinez Subdivision, before traveling roughly 65 miles east, where it connects to the BNSF Stockton Intermodal Facility. BNSF trains then head south through the Central Valley and over the Tehachapi Mountains, where they connect with the southern transcontinental rail lines. The second rail line is the UP-owned Niles Rail Corridor, which starts at the Port of Oakland traveling south, and heads east over Altamont Pass. At Niles, the line joins the UP line from San Jose, and continues to Stockton. The portion between Stockton and San Jose is used by the Altamont Commuter Express (ACE).

The forecasts for the Altamont Corridor call for a considerable increase in commodity flows. By 2016, the total of the regional, intrastate, and interstate (including Mexico and Canada) goods movement along the Altamont Corridor is projected to grow to 250 million tons annually, and be valued at $183 billion. By 2026, the total goods movement along the Altamont Corridor is projected to grow to 292 million tons annually, with a total value of $214 billion. The cumulative growth in tonnage for the Corridor is shown for trucks in Figure 2A and for rail in Figure 2B. These graphs also clearly show how trucks provide the majority of the intrastate moves, while rail provides primarily interstate freight movements.

Figure 2A Altamont Corridor Truck Tonnage Growth, 2006 to 2025

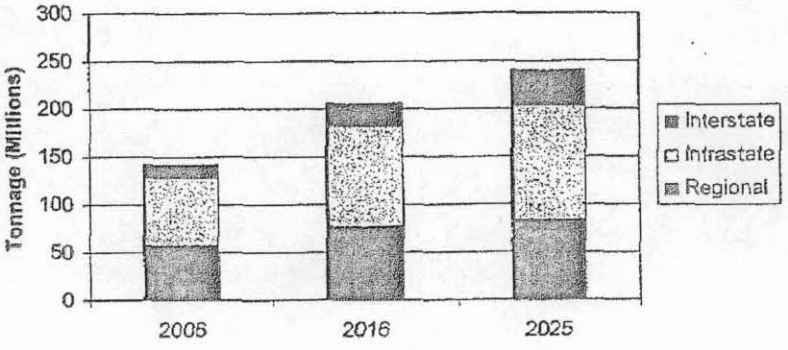
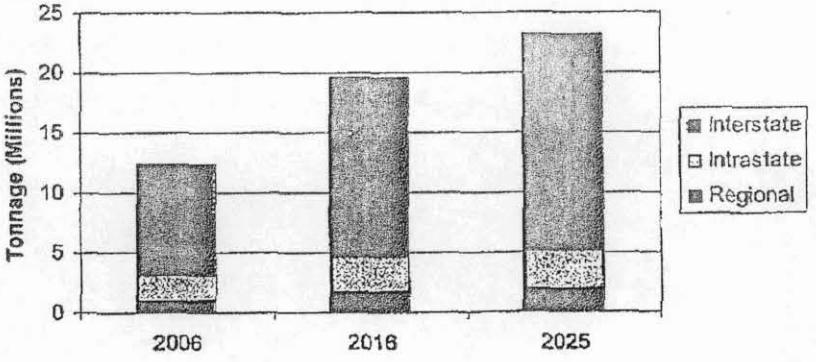


Figure 2B Altamont Corridor Rail Tonnage Growth, 2006 to 2025



This growth can be estimated in terms of increased truck and rail traffic along the corridor. For the Altamont Corridor, a rough calculation of tonnage per truck yields a measurement of 14 tons per truck. By 2016, the truck tonnage is projected to grow to 204 million tons. This will add an estimated 14.5 million additional trucks to the road yearly, or an average of nearly 44,000 trucks each day. By 2026, the truck tonnage is projected to grow to 239 million tons, or an additional 17 million trucks per year or 52,000 trucks per day.

Rail Bottlenecks

There are several choke points along the Altamont Corridor where the free flow of freight is limited by capacity issues and operational constraints. These choke points are of high interest to the Port of Oakland, because they impede the connection between the Port and the rest of

California, specifically the Central Valley distribution centers and agricultural exporters. There is not adequate rail connectivity between the Port and the inland Central Valley. Therefore, most of this freight is carried by truck on the Altamont Corridor, adding to congestion and air quality concerns along the corridor. A major rail bottleneck is located at the Niles Junction near Fremont due to conflicts between the eight daily ACE trains with the UP freight traffic. Another major rail bottleneck exists at the Tehachapi Mountains, where difficult terrain and high volumes result in slow moving trains, frequent mechanical problems and operational inefficiencies. This is a key state gateway providing goods movement connections within California as well as to the major national markets. Without investment over the Tehachapi Mountains, the rail network will reach capacity by 2009.

Highway Bottlenecks

Critical highway bottlenecks occur in multiple locations along the Altamont Corridor. In 2005, the I-580 corridor daily traffic volume was 211,000 vehicles per day with trucks accounting for 12 percent of the total traffic. This I-880/238/580 route has the highest truck volumes of any location in the Bay Area and serves as the major interregional corridor between the Port of Oakland and I-5 in the Central Valley. It also serves the Tri-Valley area including the cities of Pleasanton, Dublin, and Livermore. Two segments along the corridor have been in the top five most congested freeway locations in the Bay Area since 2002, experiencing three-hour long weekday and morning peak period congestion in the westbound direction and four-hour long weekday afternoon peak period congestion in the eastbound direction. In particular, the geographically challenging Altamont Pass is a major chokepoint for both passenger vehicles and freight as trucks struggle to climb the grade.

Immediately to the east, I-205 experiences chronic congestion with peak periods lasting three plus hours and regularly recurring congestion on weekends. In addition, SR 120 and SR 99 also operate above their peak period capacity. The primary highway access linking I-5 and SR 99 to the Port of Stockton is the Crosstown Freeway (SR 4). This facility stub ends as it approaches the Port, forcing trucks onto the Boggs Track residential community surface streets in order to access the Port.

Altamont Corridor TCIF Projects

Projects recommended for TCIF funding on the multi-modal Altamont Corridor include a mix of highway and rail projects, as well as one dredging project. The multi-modal approach involves shifting truck freight to rail and to water, improving rail service from the Central Valley to the Port of Oakland, improving truck access to critical facilities, and improving goods movement capacity on the rail and water networks.

- SR 4 (Crosstown Freeway) Extension into the Port of Stockton: The project will expedite truck movement to-and-from the Port of Stockton by addressing the inadequate connectivity between the Port and I-5 and SR-4. The project will improve regional east-west circulation in central Stockton and reduce traffic and environmental impacts to the adjacent Boggs Tract neighborhood by providing improved accessibility to the Port to divert truck traffic away from local streets.

- I-580 East Bound Truck Climbing Lane: A new truck climbing lane over the Altamont Pass will provide congestion relief at a major bottleneck for goods traveling between the Bay Area and the Central Valley. The addition of the truck-climbing lane will improve freeway safety and operations and relieve traffic congestion and delay by separating slow-moving traffic from existing mixed-flow lanes and reducing weaving. The project will also reduce vehicular emissions by allowing traffic speeds to increase and remain stable.

- I-880 Improvements at 23rd and 29th Avenues: I-880 is the major truck route in the Bay Area, serving as the primary truck route to and from the Port of Oakland and providing access to numerous other intermodal facilities including the Oakland International Airport and U.S. Mail and UPS distribution centers. I-880 has the highest volume of trucks in the Bay Area, and also suffers from major congestion and an accident rate five times the

State average. This project proposes to improve a daily recurring congestion point by constructing operational and safety improvements on I-880 at 23rd and 29th Avenues.

- San Francisco Bay to Port of Stockton Channel Dredging: Dredging the channel to 40 feet will significantly improve the goods movement capacity throughout the channel. The Port of Stockton and Contra Costa County are local sponsors of this federally-authorized deepening project. Sections of the channel from San Francisco Bay to the Port will be deepened, increasing capacity of the channel to accommodate a greater variety of vessel traffic and increased goods movement, benefiting 5 oil refineries and the Ports of Stockton and Sacramento, and providing relief for the congested highways.

- Tehachapi Pass Improvements: The Tehachapi Mountain area is a critical bottleneck on the Altamont's rail corridor. Targeted improvements to the line can provide much-needed capacity, improve corridor efficiency and reliability and reduce idling. The improvements include extended sidings, limited double tracking, and removal of tunnels for a very treacherous mountain area. These improvements will have a significant ripple effect throughout the entire BNSF and UP system, with direct benefits to the greater Bay Area-Central Valley.

- Altamont Pass Short Haul Rail Corridor Development: This project entails the purchase and improved alignment of the UP rail corridor from the City of Stockton in San Joaquin County, over the Altamont Pass, and to Niles Junction in the Bay Area to establish a short haul rail service. Ownership by the San Joaquin Regional Rail Commission (SJRRC) is pivotal to the start-up and development of short haul rail services in order to provide throughput and reliability to handle increased volumes of trade movement and lessen impacts to an already saturated highway network.

- Short Haul Rail—Crows Landing: This "inland Port" complex will provide logistics, distribution and cargo support services to Central Valley importers and exporters of goods through the Port of Oakland. The project will provide goods movement jobs to the Central Valley and provide inland port access, reducing truck trips over the heavily congested Altamont Pass. It will also improve air quality and reduce greenhouse gas emissions.

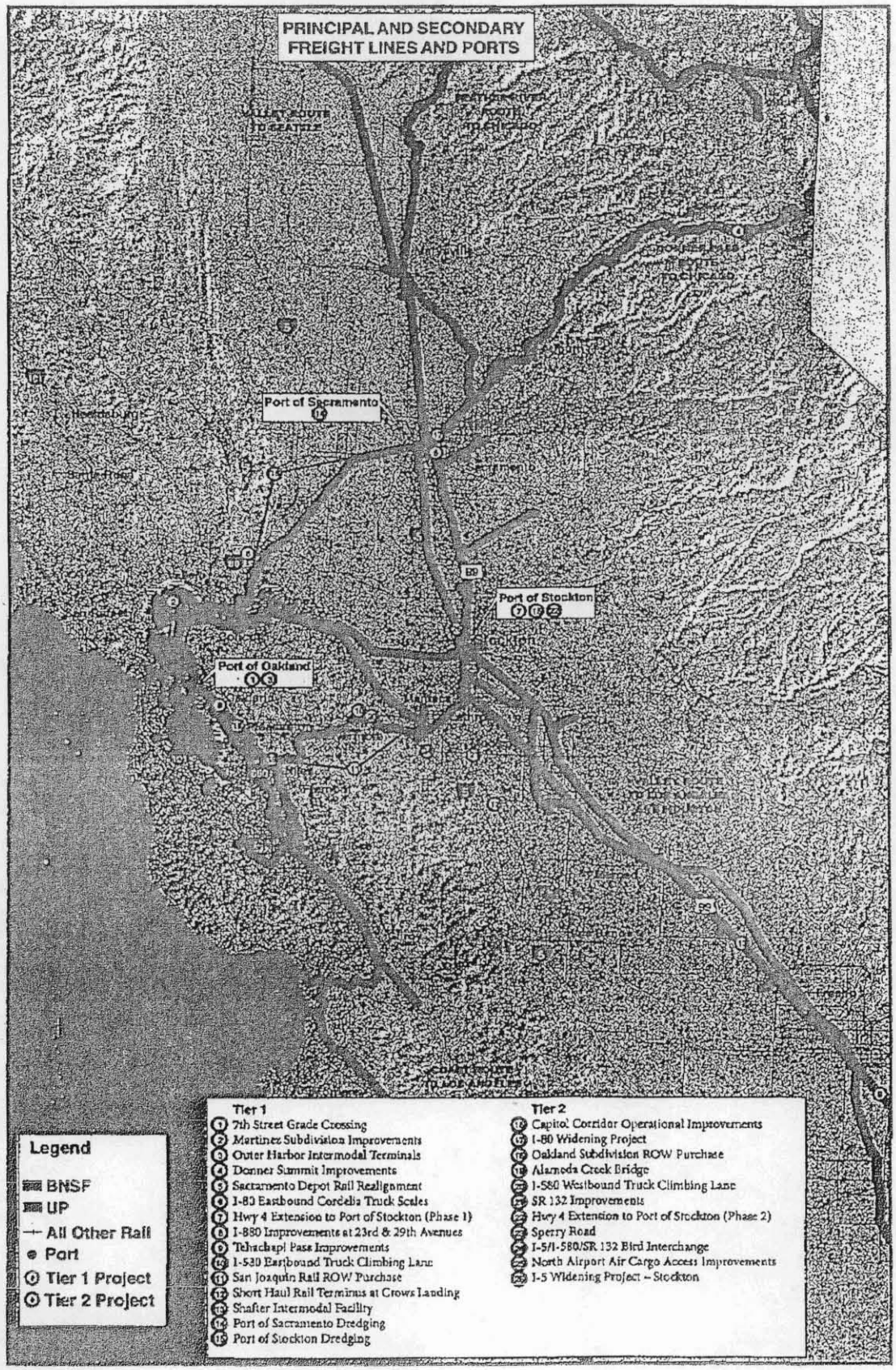
- Short Haul Rail—Shafter: This project will establish a dedicated, reliable rail shuttle connecting the Port of Oakland with the City of Shafter at the southern end of the Central Valley. It will improve goods movement access and flow to Southern California and through the Central Valley by better utilizing existing goods movement infrastructure. The new service will reduce the movement of empty containers, remove trucks from congested highways, improve air quality and establish an import/export center that will enhance trade.

When considering the long-term future of the Altamont Corridor, additional improvements to the rail, highway and waterway network will be needed. Additional investments to support the new short haul rail service will be needed, especially if that service is to extend to additional locations in the Central Valley. The ongoing operating structure of that service is something that will evolve as the project moves forward.

There are also a number of highway projects in development along the corridor, including improvements to SR 132 and 152, which are important goods movement corridors within the region. Strategic interchange improvements and access improvements, such as Sperry Road which will provide a new connection between I-5 and SR 99 in San Joaquin County will be pursued in the future.

Barge service is also being contemplated between the Port of Oakland and the Port of Stockton (as well as the Port of Sacramento). However, given the current projected cost structure of the service and the infrastructure investment needed upfront, barge service is considered a long-term strategy for the corridor.

Northern California Trade Projects



Attachment 1

TCIF January 17th Northern California Trade Projects: Projects and costs were reviewed and approved by regional policy boards. Revenue numbers were updated to reflect preliminary SHOPP assignments based on CTC/Caltrans discussions.

TIER 1

costs in thousands

1	Port	7th Street Grade Separation	$ 427,000	$ 175,000	$ 252,000	Y	Port	X		Match to come from the Port. Key grade crossing and overpass work at primary gateway to the Port.
2	Port	Martinez Subdivision Improvements	$ 215,000	$ 107,500	$ 107,500	Y	Private	X		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	Port	Construct Outer Harbor Intermodal Terminal	$ 325,000	$ 162,500	$ 162,500	Y	Port	X		Intermodal rail terminals 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.
		Anchor Total	$ 967,000	$ 445,000	$ 522,000					
4	State	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	I-80 Eastbound Cordelia Truck Scales Relocation	$ 99,600	$ 49,800	$ 49,800	Y	Local	X	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					
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 from Measure K. Enterprise zone.
8	ALA	I-880 Improvements @ 29th & 23rd Avenues	$ 95,000	$ 73,000	$ 22,000	Y	Local	X	X	Key truck access route to the Port with clearance issues and difficult on and off ramps. Safety and operational improvements.
9	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 route from Port. Would open up rail capacity in the San Joaquin Valley.
10	ALA/CI	I-580 Eastbound Truck Climbing Lane	$ 64,300	$ 64,300	$ -	NA	NA	X	X	Critical truck route connecting Bay Area and Central Valley. Strong support from ag community.
Short haul rail projects										
11	SJ	San Joaquin Rail Commission ROW purchase for future short haul service - Stockton to Fremont	$ 150,000	$ 75,000	$ 75,000	Y	ACE/ RWK	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. 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.
12	Stan.	Short haul terminus at Crows Landing development	$ 52,000	$ 26,000	$ 26,000	Y	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 (#18&19) connecting to the Port of Oakland, as well as access to Intermodal facility at Port. Timing and feasibility of which are unclear. Requires #11 above for mainline rail connection. Operating subsidy required.
13	Kern	Shafter Intermodal facility	$ 30,000	$ 15,000	$ 15,000	Y	Local			Short haul rail terminus option. New intermodal facility in Shafter to serve future short haul rail operation.
		Altamont Corridor Total	$ 653,300	$ 384,200	$ 268,000					
14	Port Sacr	Port of Sacramento Dredging	$ 70,503	$ 10,000	$ 60,503	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 $800,000, and $600,000 has been proposed for the FFY 2009 budget.
15	Port Stock	Port of Stockton dredging- SF Bay to Port of Stockton	$ 140,000	$ 17,500	$ 122,500	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	$ 210,503	$ 27,500	$ 183,003					
		TOTAL TIER 1	$ 2,055,402	$ 964,100	$ 1,091,302					

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

TIER 2

16	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.
17	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					
		Short haul rail: Bay Area - Central Valley								
18	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.
19	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								
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.
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 $1[illegible] federal available for [illegible] portion, and possible TCRP funds. Phasing and scope being determined.
22	SJ	Hwy 4 Extension to Port of Stockton (Phase 2)	$ 100,000	$ 50,000	$ 50,000	N	TBD	X		Phase 2 of key Port of Stockton connection (#7). 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 b/t 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 32/3rd Interchange	$ 41,000	$ 20,500	$ 20,500	Y	Local/ private			Construction of new interchange on SR132 and widening of SR132 b/t I-5/580. Would help serve aggregate businesses in the area. Match may come from private sector but is not committed.
25	Port	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	$260,000	$180,000	$190,000	Y	Local			Widens a key segment of Interstate 5 in Central and North Stockton which carries up to 18 % trucks and is a key connector to the Port of Stockton. Matching funds through Measure K and local sources.
		Altamont Corridor Total	$ 718,000	$ 359,000	$ 368,000					
		TIER 2 TOTAL	$ 978,000	$ 469,000	$ 509,000					
		TOTAL TIER 1 AND 2	$ 3,033,402	$ 1,433,100	$ 1,600,302					

1/16/2008

EXHIBIT B

Stanislaus County
Striving to be the Best

CHIEF EXECUTIVE OFFICE

Richard W. Robinson
Chief Executive Officer

Patricia Hill Thomas
Chief Operations Officer/
Assistant Executive Officer

Monica Nino-Reid
Assistant Executive Officer

Stan Risen
Assistant Executive Officer

1010 10th Street, Suite 6800, Modesto, CA 95354
P.O. Box 3404, Modesto, CA 95353-3404
Phone: 209.525.6333 Fax: 209.544.6226

March 31, 2008

Mr. John Barna
Executive Director
California Transportation Commission
1120 N. Street, Room 2221
Sacramento, CA 95814

Dear John,

It was a pleasure talking with you and Andre Boutrous of your staff on the phone last week regarding our Trade Corridor bond application. We listened carefully to your questions and concerns, and have developed the attached responses for your consideration as the California Transportation Commission begins final deliberations on allocation of these bond funds. Some of our response reference information was sent to you earlier, while most of our responses provide additional information regarding the more pointed issues we discussed together on the conference call.

Stanislaus County's Commitment

The County fully understands that we are the public entity applying for the funds and that we will be fully responsible and accountable to see that any state bond funds are spend in accordance with all terms and conditions required by the C.T.C. While the redevelopment of the former Crows Landing Naval Air Facility is the County's highest economic development priority, it is important to understand that this redevelopment project is a true public/private partnership. We are committed to the project and our partnership, and are convinced, as you will see that the state's investment in bond funds will reap substantial, long term and sustainable public benefits. These benefits are to the regional economy of the San Joaquin Valley as well as providing new employment and tax base to a County with a chronic unemployment problem.

Finally, it is important for you to understand that the County has long viewed the site of the former air facility as our most significant opportunity to turn around a stagnant economy with a new economic base. This project allows us to move from simply a "bedroom community" for the Bay Area to a self-contained economy with a healthier jobs/housing balance. While we understand your reluctance to count our "donation" of the 170 acres for the new inland port as "matching funds", for our County to commit this critically important site to the short haul rail/inland port project represents a huge local, public commitment to this project. It is our experience that we will simply not have multiple chances for this kind of economic development, with the added prospect of leveraging significant state and private investment focused on this site in the short term.

Local Air Quality Impacts

Per our discussion on air quality, we are attaching a letter (under Tab A) from the San Joaquin Valley Air Pollution Control District, which specifically addresses their clear intent to deal with the "local air quality impacts" expected to be mitigated by the project. Given the serious health issues for our entire Valley posed by air pollution, I can state categorically that the County is also committed, working with the District, to requiring in the CEQA and land entitlement processes real teeth in terms of mandated mitigation and port-development monitoring on all identified air quality impacts. Other than listing potential mitigations for local impacts, which we submitted to the C.T.C in your last request, we must leave very specific mitigation and the scale of mitigations to the more rigorous air quality analysis required by CEQA, and by local, state and federal air regulating agencies.

Having made that commitment, we are also quite confident that the net air quality benefit of this project will significantly reduce truck pollution in both the East Bay and San Joaquin Valley. We have already provided you in earlier C.T.C requests, the results of the truck diversion to rail and air modeling which documents the positive air quality benefits when shifting from truck to rail to and from the Port of Oakland to the San Joaquin Valley.

Business Plan

I believe a very specific question posed of us in our conference by C.T.C staff was the question, "Why we think Crows Landing makes a good case for an inland port?" We would respond to that question in several ways, pointing out that all Trade Corridor projects are "expecting" or "projecting" a certain level of utility to justify their projects. We believe this project's potential success is very strong because:

1. Crows Landing is about 90 miles from the Port of Oakland by rail, on a relatively underutilized, but heavy (130 lb) rail route that can handle, with little new construction upgrade, double stacked international ocean shipping containers. Unlike the UPRR and BNSF mainlines on the east side of the San Joaquin Valley and north out of the Port of Oakland, which are at capacity, operation on the track needed by short haul, while operational today, has a great deal of unused capacity. The current speeds allowed by the CPUC will allow for overnight train service in both directions for the number of trains per day we are projecting would operate in the first ten years of operation.
2. The Crows Landing site has relatively good regional transportation access. It is directly on existing State Route 33 and about 2 miles east of Interstate 5. There are existing interchanges providing east/west access at Fink Road/I-5 and Sperry Road/I-5 that will provide for highway access in the early stages. A new interchange planned on I-5 that will be directly adjacent to the new inland port for more direct access is part of the master plan to be constructed in the first 5-10 years. The existing UPRR rail line is about 800 yards across State Route 33 from the inland port site requiring rebuild of the old track alignment used in World War II. Finally, the site will retain a runway for General Aviation access while "reusing" an old, but very heavy runway pavement for the inland port. This

runway reuse saves the project millions of dollars, as it is an excellent site for the storage of containers, chassis and trucks as required for inland port efficiency.

3. Crows Landing is within both the "Foreign Trade Zone" of the Port of Oakland and the County of Merced, and after the site is re-designated by the County as a redevelopment site it is planned to be a registered "Enterprise Zone" under California State law. These designations provide important state tax and import trade advantages to this site that are somewhat unique in the region.
4. In summer of 2007, the Tioga Group completed an extensive survey of export shippers based on their interest in using the new inland port under Tab B we have included the results of the survey for your information, which makes clear a very positive indication of commercial interest in moving from truck to rail if a new shipping service is established at Crows Landing. We believe this is because of the myriad problems now facing the trucking industry such as rapidly increasing fuel costs, pollutions control regulations, availability of truck drivers, and availability of ocean containers when needed for export.
5. Very much on your point, we are attaching as Tab C the just released report commissioned by the County on the feasibility of the short haul rail and inland port concept as applied to the Crow's Landing site, accomplished by the respected firm Global Insight. As you may be aware, Global Insight is a world-class expert on port, trade and associated transport infrastructure issues. They have been studying this issue independently for the County for over six months, with many of the same issues/concerns raised by the C.T.C staff. Global Insight's conclusions are indicative of the significant regional potential that his project presents. We believe you will find their report illuminating not only on our inland port site, but on the whole concept of inland ports as it is being considered elsewhere in the United States and abroad. We believe this report validates our commitment to this project and should help to justify state investment of bond funding.
6. We also attached two specific letters of endorsement of our project from major Valley agricultural associations for your information, also under the Operational Business Plan Tab D.
7. Finally, our confidence in the "business plan" is strongly supported by the fact that West Park has agreed to not only raise all of the $22.5 million match for this project, but to "subsidize" the initial start-up service by underwriting operational costs. As evidenced by our market survey, we need to insure that a high quality and price competitive shipping service is maintained to attract import and export shippers over time.
8. As part of our earlier C.T.C response, delivered to you on March 6, 2008 regarding our bond application, we have given you a detailed "Operations/Business Plan" on pages 9 through 23 of our response. This plan is based on the work of our logistical team as refined by the market study and actual international import/export experience. Again, the validity of this overall plan was reviewed as a part of the County's "independent" Global Insight analysis of the project.

<u>UPRR Track Rights Strategy</u>

Also included, under Tab E is a preliminary assessment of the short haul rail landscape including physical logistics, public and private participants, and the County's commitment to enter into negotiations with the Union Pacific Railroad and the Port of Oakland. We

are also attaching a copy of our letter to UPRR formally requesting to open a dialogue on this important track rights issue.

Public/Private Benefit

Under Tab F, we have responded to your questions regarding public and private benefit derived from this project. In this white paper we share briefly what is a long-standing commitment to developing the former military air facility. I have taken the liberty to include an I-5 Corridor Study commissioned by Stanislaus County in 1997 and published in 1999 that speaks directly to our long standing commitment to economic development at this location. In addition, I share the public sector significance of the inland port revenue opportunities as well as the economic impact that we anticipate from both project construction and job creation over time.

Programming Request Form

Under Tab G, I have included a revised Programming Request Form that reflects the current status of our TCIF request as discussed with you on the conference call. This form does still reflect the County's commitment to the port with land and runway reuse contribution to the project; however, it has been removed as match in the application request equation and replaced with an additional cash contribution. Thus, to summarize, the total project cost remains the same, but the state bond request is reduced from $26 million to $22.5 million and the cash matching funds are increased from $18.98 million to $22.5 million.

Financial Security for Matching Funds

The County as applicant is responsible to secure matching funds for the project, and as the applicant, the County has already made assurances that matching funding would be available. Both the Short Haul Rail analysis and the project's overall fiscal analysis demonstrate the project's positive economic and operational viability.

The Master Developer candidate has committed a project contribution to address the match requirement necessary to implement the project and the County has committed tax increment generated in the redevelopment area to fund infrastructure requirements of the project. Based on the positive fiscal analyses completed for the project, funding support is anticipated from the County's private developer partner as well as the redevelopment tax increment.

In addition the County's private developer shall be required and has agreed to fund all design engineering and preparation of construction drawings prior to final approvals with non-State dollars such that the project is shovel ready immediately upon the completion of the CEQA and project approval process. State grant dollars will be used for the construction phase only.

In closing, Stanislaus County views the California Transportation Commission as a funding partner and looks forward to a mutually productive relationship in improving our states transportation system for future generations. To that end, we take our responsibility to the State of California regarding this project very seriously, and sincerely hope that the above responses and associated attachments are as responsive to the issues raised in our call as possible.

As always, please contact me directly with any additional questions, concerns or information you my need.

Sincerely,

Richard W. Robinson, Chief Executive Officer
Stanislaus County

cc: CTC Commissioners
Stanislaus County Supervisors
Dale Bonner, Secretary BT&H Agency
Will Kempton, Director, Caltrans

EXHIBIT C

George W. Nickelson, P.E.

Traffic Engineering – Transportation Planning

March 31, 2008

Mr. Bryan Whitemyer
Assistant City Manager
City of Patterson
P.O. Box 667
Patterson, CA 95363

Subject: Review of the Document "Preliminary Traffic Circulation Master Plan for West Park, The Central Valley's Inland Port"

Dear Mr. Whitemyer:

This letter summarizes my review of the subject West Park traffic analysis document. Although the analysis is generally consistent with standard traffic planning practices, it is appropriate to discuss the overall focus of the analysis. I also have several specific comments regarding the report's assumptions and findings.

Overall Focus of the Analysis:

The West Park document is categorized as a "Preliminary Traffic Circulation Master Plan", and as such, uses daily traffic projections as the bases for analyses. This method would not be expected to allow a detailed evaluation of specific traffic impacts and needed mitigation. Because traffic impacts are a function of peak hour flows, the use of daily traffic volume projections can only provide approximate indications of impacts and improvement needs. In this type of analysis, the daily volume thresholds for roadway Level of Service (LOS) essentially reflect an assumed peak hour proportion of the daily traffic. These assumptions are then applied against approximate daily traffic thresholds for roadway LOS.

In particular, urban intersection operations are wholly dependent upon detailed peak hour calculations of LOS. The West Park document acknowledges this by indicating "It should be noted that an accurate interchange analysis requires the use of a peak hour model, while in this study only a daily model was available. During the environmental stages of this report, more detailed peak hour analyses will be conducted to ascertain exact interchange requirements". In fact, all of the City street intersections (along Sperry Avenue, etc.) will require detailed peak hour LOS analyses.

Finally, in addition to the analysis providing approximations of roadway improvement needs (essentially roadway widening from 2 to 4 lanes, 4 to 6 lanes etc.), it does not assess the relative contribution that the West Park development will need to make toward the various

1901 Olympic Blvd., Suite 120 Walnut Creek, CA 94596 (925) 935-5014 Fax (925) 935-2247

improvements. A number of the roadway widenings identified in the report are substantial and their feasibility would depend on "fair share" financing of the improvement costs.

Specific Technical Comments:

Again, the West Park analysis generally follows accepted traffic planning methodologies. However, there are fundamental assumptions and findings that should have additional clarification.

Tables V and VII; The report's calculation of project trips employs standard Institute of Transportation Engineers (ITE) trip rates per employee. This is an accepted practice. However, the estimates of the West Park project's employment are critical to the trip generation. In this regard, the report's assumed employee densities are lower than typical (based on ITE and other sources) for industrial uses. The report should clearly indicate how the employee densities were derived for the trip generation calculations.

Pages 23 and 34 The West Park report indicates that "...traffic generated...is expected to have a noticeable influence on local roadway operations, with comparatively less regional traffic impacts".

Based on a review of the projected daily traffic volumes (figures 7 and 9 of the report), it appears that the project traffic on regional roadway links would be far less than the total project trip generation outlined in tables V and VII. Because the project is apparently designed to "intercept" many of the truck trips now occurring to/from the Port of Oakland, it is reasonable that the traffic model would show a net traffic increase on regional roads that would be less than the total project trip generation. However, the net traffic increases appear to be far less than the total trip generation, and the report should explain how the project would redistribute truck trips and how this relates to the lower than expected increases on regional routes.

The report should also clarify why a project of this type would "have a noticeable influence on local roadway operations". As indicated above in this review letter, there could be substantial impacts on local streets that cannot be fully realized on the basis of daily traffic model projections.

In summary, the document *Preliminary Traffic Circulation Master Plan for West Park, The Central Valley's Inland Port* provides a reasonable assessment of the approximate roadway

impacts and resulting roadway widening needs associated with the project. However, impacts on City of Patterson streets cannot be accurately determined by this type of analysis. A much

more detailed analysis of the AM and PM peak commute hour conditions will be necessary for the City to determine project impacts. Related to this issue, the report does not assess the relative contribution that the West Park development will need to make toward the various roadway improvements. The basic feasibility of some of the more extensive improvements will depend upon a detailed funding/cost sharing plan.

I trust that this letter responds to your needs. Please call me with any questions or comments on my review.

Sincerely,

George Nickelson

George W. Nickelson, P.E.

EXHIBIT D

Autumn Wind Associates
Air Quality Planning, Engineering, & Strategic Services

7546 Autumn Wind Court • P. O. Box 1030 • Newcastle, CA 95658
tel 916.663.6353 • cel 916.719.5472 • ggilbert@calis.com

February 21, 2008

Mr. George Logan, Esq.
City of Patterson Attorney
2669 Alabama Ave.
Atwater, CA 95301

Re: Results of Basic Screening for Potential Air Emission and Health Risk Impacts from the Proposed West Park LLC Project - Crow's Landing

Dear Mr. Logan:

At your request I am responding with information regarding estimated potential air quality impacts I have prepared for the proposed Crow's Landing project. Estimates have been prepared using limited information regarding the project made available by you, including the Developer's California Transportation Commission (CTC) TCIF funding application information, with general project- and traffic-related information from the WS-PACE (www.ws-pace.org) web site. Results were only very recently developed for this report, and are in condensed form based on the City's need for a rapid assessment of emissions issues prior to meeting with CTC representatives.

Emissions and health risk estimates presented in this report were rapidly developed and must not be considered representative or inclusive of the project's full spate of potential emissions or related impacts—based on constraints affecting time, project information, and budget available for the performance of this analysis. Nonetheless, results of our analysis should help you in your discussion with CTC since our review indicates that emissions, particularly toxic diesel particulate matter (DPM) from increased heavy-duty truck and train emissions, are likely to be very significant for Patterson citizens and residents (as "sensitive receptors" under California Air Resources Board guidance) when compared to routinely applied thresholds of significance.

The primary objective of this basic assessment has been to model and estimate certain relevant portions of Crow's Landing project-related mobile source emissions, focusing on increased mobile source emissions that can be expected to occur from the 141,000 new trips/day, and on DPM-related health risks from Crow's Landing train and truck traffic as it moves through Patterson. Mobile source emissions of criteria pollutants governed under federal and state laws will result from the Crow's Landing project's

implementation, and diesel particulate matter (DPM) from project-related trucks is a CARB-declared Toxic Air Contaminant (TAC).

The URBEMIS2007 model was used to estimate mobile source emissions from the land uses identified for the project area for the year 2016. CARB's EMFAC2007 was used to provide a PM emission factor for evaluating the increased heavy duty truck traffic at the Highway 33 and UP Railroad corridor running through the City of Patterson for year 2016. AERMOD was used for dispersion modeling and health risk assessment for six train trips per day (three inbound to Crow's Landing, three outbound to the Port of Oakland), each train utilizing two large locomotives, set for year 2016. Dispersion modeling and health risk modeling used combined DPM emissions from the increased heavy duty truck traffic and the increased train trips. While truck traffic and trains per day are expected to increase beyond 2016, analysis-related budget and time constraints caused the selection of year 2016 for modeling.

I. Significance Thresholds and Health Risk Exposure

Thresholds of significance are used in evaluating a project's potential air emission impacts, particularly in CEQA-mandated environmental reviews. CEQA thresholds of significance have been developed by the San Joaquin Valley Air Pollution Control District (SJVAPCD) for the evaluation and mitigation of significant emissions estimated to occur in new development. While a CEQA review of the Crow's Landing project has not yet been undertaken, such a review will involve the comparison of project-related emission estimates to the SJVAPCD's thresholds in order to determine the level of environmental significance of each emission estimate. The Crow's Landing project is contained within the San Joaquin Air Basin; the SJVAPCD is the regulatory authority at the local level with jurisdiction.

A new project would be considered to have significant air impacts under the air district's thresholds if it would:

- Cause a net increase in pollutant emissions of reactive organic gases (ROG) or NOx exceeding 10 tons per year

- Result in the potential to expose the public to toxic air contaminants in excess of the following:

    - Probability of contracting cancer for the Maximally Exposed Individual[1] (MEI)exceeds 10 in one million
    - Ground-level concentrations of non-carcinogenic toxic air contaminants would result in a Hazard Index greater than 1 for the MEI.

[1] MEI represents the worst-case risk estimate based on a theoretical person continuously exposed for 70 years at the point of highest compound concentration in air.

The SJVAQMD has a significance threshold for health risk exposure to diesel emissions of ten cases of cancer per million populations for seventy-year exposure duration. CEQA Guidelines indicate the primary concern from diesel engine exhaust emissions is a potential long-term health risk to sensitive receptors---children, the elderly, athletes, residences, medically compromised, etc. DPM cancer risk is the probability of an individual developing cancer as a result of exposure to DPM—and heavy duty vehicles and trains moving through Patterson on their way to or from Crow's Landing will emit considerable DPM over the thirty to fifty year project life of the project. The cancer risks from DPM occur exclusively through the inhalation pathway. The cancer risk based on a one-year exposure can be estimated by multiplying: [the annual average DPM concentration in microgram/m3] x [the unit risk factor for DPM] x [the lifetime exposure adjustment (LEA) for limited exposure over a one-year interval]. The inhalation unit risk factor for diesel particulate was established by CARB as 300 in one million per continuous exposure of one microgram/m3 of DPM over a 70-year period. In order to protect public health, and in accordance with the recommendations of the State of California Office of Environmental Health Hazard Assessment (OEHHA), a 70-year lifetime exposure is assumed for receptor locations (a generally conservative assumption). The LEA for most residential or sensitive receptors is 1.0.

II. Air Emission Models; Assumptions and Inputs

The URBEMIS model was developed by the California Air Resources Board for the estimation of mobile source emissions of new land use development, providing analysis of project-related area source emissions (such as those that would occur from hot water heaters, use of consumer products, architectural coatings, etc.), construction emissions resulting from temporary construction processes and equipment necessary to build the project, and from the long-term operations of mobile sources that are used at or attracted to the development.

URBEMIS2007 was used by Autumn Wind Associates, Inc. to model construction and operational emissions of the Crow's project for year 2016. Modeling input assumptions were based on land use types (commercial, industrial, etc.) and units of size (thousands of square feet, or acres) were developed from West Park's CTC application materials, but with construction estimated to occur in 2007-2008.

EMFAC2007, a CARB model, was used to derive a diesel particulate emission factor for heavy-duty diesel trucks assumed to move through Patterson in 2016.

AERMOD, a model developed by US EPA, was employed for dispersion modeling and health risk characterization for diesel particulate (a TAC) emitted in or near Patterson as a result of project-caused increases in daily train traffic and heavy-duty truck traffic. Dispersion modeling evaluated for impacts roughly centered at the intersection of Hwy 33, the Union Pacific Railroad tracks, and Las Palmas. Hwy 33 and UP's rail line are relatively close to one another and run essentially parallel in the area modeled. Discussion was undertaken between Autumn Wind Associates and representatives of the

SJVAPCD prior to modeling to confirm certain modeling parameters and to confirm acceptance of the use of AERMOD for the exercise.

III. URBEMIS Emission Estimates and Significance

Table V at page 23 of the Developer's "2016 impacts.pdf" was used to characterize the various land use types and their square footages or acreages identified for the Crow's Landing project; these land use types and their respective sizes were placed in the most appropriate land use categories within the URBEMIS2007 program. Construction emissions were calculated for 2007 – 2008. Operational emissions were calculated for 2016. SJVAPCD Significance Threshold for ROG is 10 ton/yr. Significance Threshold for NOx is 10 ton/yr. ROG and NOx emissions are formative of ozone and secondary particulate formation. The San Joaquin Air Basin is out of attainment for state and federal ozone and/or particulate standards, and has among the worst air quality in the United States. As noted below, unmitigated ROG and NOx emissions are estimated to exceed District Thresholds of Significance for construction, area sources, and operational vehicle emissions, often by a wide margin.

Construction Emissions	ROG	NOx	PM10
2007 Totals (Ton/yr Unmitigated)	.31	2.48	51.80
2008 Totals (Ton/yr Unmitigated)	224.09	139.17	27.83
Exceeds SJVAPCD Significance Level	Yes	Yes	N/A
Area Source Emissions (2016)			
Ton/yr Unmitigated	21.18	2.86	.01
Exceeds SJVAPCD Significance Threshold	Yes	No	N/A
Operational Vehicle Emissions (2016)			
Totals (Ton/Yr Unmitigated)	45.47	52.47	41.41
Exceeds SJVAPCD Significance Threshold	Yes	Yes	N/A

IV. Health Risks

Air quality modeling analysis was performed to evaluate the potential cancer risk from increased rail and truck traffic in Patterson projected to result from the proposed intermodal facility in Crow's Landing. This analysis accounts only for diesel emissions from increased truck traffic along Hwy 33, and increased railroad emissions. The analysis does not account for emission increases that can be expected to occur from secondary idling or other vehicle operation activities with such things as increased queues while

vehicles wait for the increased number of daily trains to clear important intersections (e.g. at Las Palmas Avenue near Hwy 33, nor does it reflect existing DPM emissions that will add incrementally to the total risk already affecting residents and citizens of the area. Limited time and budget constraints did not permit review or characterization of the broader number of emission inputs, and thus information provided in this review is likely conservative.

The dispersion modeling and health risk analysis associated with DPM emissions were centered at the intersection of the railway and Las Palmas Avenue; this "hot spot" was chosen for the potential of long vehicular idling times when the traffic was stopped due to passing trains (even though no residual emissions were considered for this analysis), and because of its proximity to nearby residences and the City park. The analysis considered only the increased locomotive and Hwy 33 truck emissions traveling through the city.

EPA's AERMOD model was used to calculate annual average concentrations over a dense receptor grid centered at the intersection of the railroad and Los Palmas. Diesel emissions from trucks and rail traffic were modeled as a series of volume sources at 20-meter increments along both Hwy 33 and the railroad. A release height of 13 feet was assumed for all sources.

Truck diesel emission estimates were based on Caltrans AADT rates, with an estimated 9.5% of all traffic at Crow's Landing – Fink Road comprised of 2-5 axle trucks. Of this, 54% were estimated to be 3-5 axle trucks. Therefore, 9.5% of the 9786 ADT (average daily traffic) would result in 930 truck trips/day, with 502 truck/day having 3-5 axles. Three to five axle trucks are virtually all diesel powered. Truck speed was modeled for 20 miles per hour on Hwy 33 in the vicinity of the hot spot analysis. The 2016 HHD PM emission factor at 20 mph for Patterson/Stanislaus County was calculated with EMFAC2007 as 0.081 g/mile per truck. One mile of truck emissions, centered on the intersection of Hwy 33 and Los Palmas Avenue, were modeled. This results in 41 grams PM/mile on a daily basis, and 14,965 grams per year. These emissions were evenly distributed among the Hwy 33 truck sources.

Railway PM emissions were calculated based on two SD70 locomotives per 115-car train, as noted in the Developer's application for CTC funding. Using ARB guidance, (CARB, 2006a), one locomotive running at Notch 4 through the hot spot area, would operate at 1514 horsepower. 0.2 g PM/bhp-hour results in 298.3 g/hr from each locomotive. The two locomotives necessary for this project produce 597 g PM/hr. While NOx emissions from the locomotives will be significant, their estimation was beyond the scope of this analysis.

To compute the emissions along the one-mile stretch of the railway, the train was assumed to be traveling at 10 miles per hour. At 10 mph, the total travel time to cover one mile would be 359 seconds. Six trips a day would result in a total travel time of 2155 seconds, about 60% of an hour. At 597 g/hr, the locomotives would emit 357 grams/day, or 125086 grams/year. These emissions were evenly distributed among the railway sources.

All sources were modeled as urban sources. The population figure of 15,500 was used following San Joaquin Valley Air Pollution Control District guidance (SJVAPCD, 2006).

One year of meteorological data was input to AERMOD. Surface observations from Modesto, CA with concurrent Oakland, CA air sounding data for 2004 were input to the model, as recommended by SJVAPCD staff (SJVAPCD, 2008). This data was obtained from the agency's website (www.valleyair.org) preprocessed and ready for model input.

A rectangular grid was centered on the Los Palmas Avenue/railway intersection. Receptors were placed at 50-meter intervals, extending 500 meters from the intersection. The maximum terrain elevation and hill height was assigned for each receptor through the application of AERMAP. Digital Elevation Model (DEM) data for the Patterson and Crow's Landing USGS quadrangles were input to AERMAP.

AERMOD was applied to calculate annual average PM concentrations at the receptor grid locations. The residential inhalation cancer risk can be calculated following California Air Resources Board guidance (CARB, 2006b) by applying a factor of 318.5 to the modeled concentrations. The resulting residential cancer risks are shown in Figure 1. The risk levels of 10, 25, 50 and 100 in a million are shown plotted on a USGS map/aerial photograph.

Isopleths are only plotted for the area covered in the modeling domain. As shown in the figure, the isopleths generally run parallel to the railroad and Hwy 33, as expected since only impacts from railway emissions and truck emission along Hwy 33 were considered. A more detailed analysis could be performed, extending the emissions along Hwy 33 and the railroad throughout Patterson. However, without the inclusion of other sources or a change in the emissions profile, the same isopleth pattern would be expected.

Based on information in the two figures below, an increase in cancer risk can extend out 500 feet from the railroad and Hwy 33:

150 feet for 50 in a million risk,
500 feet for 25 in a million risk, and
1200 feet for 10 in a million risk.

Figure 1 is an aerial map photograph received from the City of Patterson, with isopleths superimposed. Figure 2 is a USGS map with isopleths. The modeling grid extended 500 meters (1640 feet) from the Los Palmas/Railroad intersection. The grid was not sufficient to capture the 1 in a million risk increase.

Figure 1 - Health Risk Isopleths Centered At Las Palmas Ave; City Aerial Map

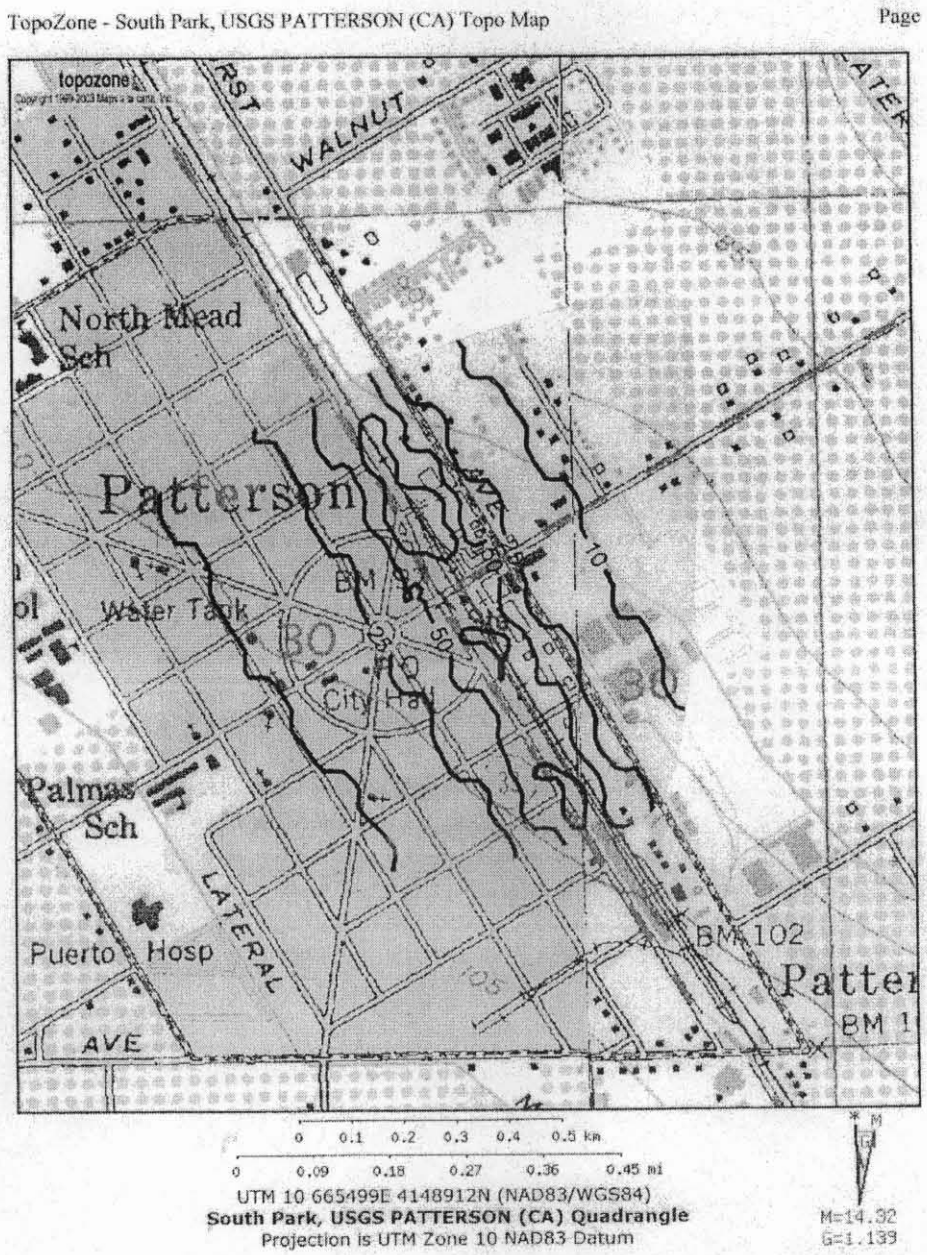


Figure 2 - Health Risk Isopleths Centered At Las Palmas Ave; USGS Map

Interpretation of the isopleths reflects substantially increased health risks based on the assumed increase in diesel particulate matter (DPM) emissions from new (Crow's Landing-related) heavy-duty diesel truck traffic in the area of at Hwy 33 and Las Palmas Avenue, and combined with the DPM from increased locomotive operation moving to and from the Crow's Landing intermodal facility and through the City of Patterson at the

rate of six one-way trips (two locomotives each) per day in 2016. A small area of the City Park reflects an increased risk of 100 in a million. An increased risk of 50 in a million, roughly five times the significance threshold, is expected to include residences nearest the track and within 150 feet. Sensitive receptors at a distance of about 1200 feet would approach the ten-in-a-million threshold. Because the train tracks and Hwy 33 parallel one another beyond the modeled area, increased risk values are likely to remain relatively similar north and south of Las Palmas (along the train and hwy corridor) and within the city limits. There appears to be a residence within 150 feet of the tracks on the east side, and slightly south of Marshall Road; based on the nearness of this residence to the tracks and Hwy 33, it is likely that health risks there will be at or greater than fifty in a million.

V. Conclusion

Emission increases from construction and operational activities at the Crow's Landing facility are virtually certain to exceed by a large margin SJVAPCD thresholds of significance, without mitigation. A conservative health risk assessment, focused on estimating the impacts of DPM from increased truck traffic at Hwy 33 and increased rail locomotive traffic running adjacent to the Hwy, in the vicinity of Las Palmas Avenue, indicates that SJVAPCD's related threshold of significance of ten in a million should be exceeded by a considerable amount. Finally, a comprehensive, refined analysis will take into account factors not evaluated within this time-and budget-constrained review—such as emissions increases from vehicles caught in queues waiting for the several trains/day to clear intersections in or near Patterson—and resulting modeling could show even greater emission estimates and increased risk values.

Please do not hesitate to call me at 916.663.2222 should you have questions or comments regarding this report.

Sincerely,

Greg Gilbert,
Autumn Wind Associates, Inc.

References

CARB, 2006a. ARB Health Risk Assessment Rail Yard Emissions Methodology. California Air Resources Board. Table 1. Page 4 of 11. July.

CARB, 2006b. ARB Health Risk Assessment Guidance for Rail Yard and Intermodal Facilities. California Air Resources Board, September.

SJVAPCD, 2006. Guidance for Air Dispersion Modeling. Draft. San Joaquin Valley Air Pollution Control District. Revision 1.2, August.

SJVAPCD, 2008. Telephone conversation between Glenn Reed and Leland Villalvozo (SJVAPCD), and Greg Gilbert, Joe Irvin, and John Purdum (AWA, Inc.). February 11.

EXHIBIT E

Assessment of
West Park Water System Master Plan

Summary Statement: Limited supplies and marginal quality make water supply one of the most challenging issues for existing and proposed Westside communities in Stanislaus County, and these problems will worsen over time. There are no guarantees that a reliable water supply will be available for new growth, regardless of a community's ability or willingness to pay for water. The West Park Water System Master Plan ("Plan") developed for Crows Landing Redevelopment project does not address the complex issues of water availability and reliability. The Plan identifies potential sources of water but fails to identify or resolve any of the constraints associated with these sources.

Discussion: The purpose of the Plan developed by Stantec Consulting Inc. for the proposed West Park Project is to addresses three primary items: (1) water demand projections, (2) discussion of possible water sources for the project, and (3) identify water supply infrastructure. [1] In our opinion, the report provides an adequate level of detail and analysis to:

- Estimate project water demands for planning purposes;
- Describe the size and extent of the project's major facilities, including water mains, water treatment capacity, and storage; and
- Estimate the approximate cost of major facilities.

In our opinion, the report *does not* provide an adequate level of detail or analysis to:

- Identify feasible water supply sources for the project, or how multiple sources would be combined under various shortage scenarios;
- Address water quality constraints associated with potential water sources;
- Address reliability weaknesses associated with potential water sources;
- Quantify availability of the sources (i.e. groundwater yield or specific surface water entitlements) identified in the report.

The Plan is a coarse review of the project water demands and associated water storage and distribution infrastructure based on gross planning level land uses and densities. This level of study is appropriate for developing "orders of magnitude" facility size and cost estimates.

Missing from the report is pertinent discussion and analysis regarding source supplies for the project. The primary challenge for communities on the County's Westside is water source supplies. Water is limited, relatively unreliable compared to communities on the Eastside, and quality is a concern with all feasible sources. The Plan identifies surface water delivered via the Delta Mendota Canal and California Aqueduct, and local

[1] Section 1.0, Study Background and Purposes, Page 1.

groundwater, but does not address the challenges and limitations associated with these supplies. It also describes potential use of a groundwater recharge program without any detail. Groundwater recharge is complicated and not necessarily feasible for Westside communities.

The Plan "piggybacks" the City of Patterson Water Supply Planning Study (2006) by suggesting a conjunctive use program using surface and groundwater, but fails to address surface or groundwater quality or quantity limitations. The City of Patterson's 2006 study specifically addressed groundwater quality and yield by conducting pumping tests and performing water quality analysis. None of this work has been performed by West Park, according to the Plan.

In general, critical information lacking in the Plan include:

- **Groundwater Yield** – Questions regarding the capacity of the local groundwater and how use of the groundwater may impact other current users of groundwater in the area (e.g. City of Patterson) should be addressed. This will require that aquifer testing and analysis be performed by a qualified groundwater hydrologist. The Plan states *"Additional studies are required to determine the sustainability of the groundwater source, both qualitatively and quantitatively, and to determine the safe-yield ... ".* [2] This statement admits they have no real basis for estimating groundwater capacity at this time. Of note, the County was informed in 2006 *("Crows Landing Air Facility Redevelopment Water Supply Planning Study")* that additional groundwater analysis was needed (including pump tests), and that groundwater treatment was probable.

- **Groundwater Quality** – The Plan provides no data or information regarding groundwater quality, the ability to use groundwater for potable use, or any discussion of treatment of groundwater that may be necessary. ***Note: According to NASA Crows Landing Groundwater Monitoring Data (2005), several wells at the Crows Landing facility exceed allowable limits for salinity (> 1,000 mg/l). The West Park Plan makes no mention of this or the groundwater treatment that may be required to address this issue.***

- **Surface Water Availability** – The Plan does not provide any specific information regarding the reliability of surface water supplies, and how alternative sources would be used to make up shortages. The Plan fails to discuss water markets and availability of water entitlements, and infers that a reliable and affordable water supply is readily available.

- **Surface Water Quality** - The Plan states that the Delta Mendota Canal is the preferred option for surface water. However, the State Public Health Department has stated that the DMC is not a viable option for potable use.

[2] Section 4.1, Water Supply and Entitlements, Page 7.

EXHIBIT F

CITY OF PATTERSON
STAFF MEMO

April 15, 2008

To: City Attorney George Logan

From: Chief Tyrone Spencer

Subject: City Law Enforcement Issues With West Park

The proposed PCCP West Park development at the former Crowslanding Navel Air Station may create law enforcement related impacts specific to the City of Patterson. Methods to mitigate the identified impacts are yet to be determined, and based upon a limited and preliminary review of project plans the following issues may need to be addressed when and if the project moves forward:

Traffic Circulation & Roadway Safety

According to the TJKM Preliminary Traffic Circulation Master Plan, the development of the West Park Plan will create thousands of daily trips to the facility, many through the City of Patterson, by employees of the facility and by truck traffic servicing the facility. The additional commuter and truck traffic originating from, or passing through the City of Patterson will have an impact upon the level of safety of Patterson's roadways. It can be anticipated that the increased use of Patterson's roadways by thousands of daily trips to the West Park facility will result in an increase of congestion and collisions taking place on Patterson roadways.

In some states, to include California, collision rankings are used as a component to determine automobile insurance rates by the insurance industry. This is accomplished by compiling risk data in geographical regions segregated by zip code. A change in Patterson's risk assessment by the insurance industry could result in higher premiums being paid by Patterson residents, even if those residents were not involved in the collisions being considered.

Response Times

Highway 33 and the railroad tracks running parallel to the highway have long been considered to be the boundary between the East and West sides of the city. Two crossings, E. Las Palmas and M St. at Hwy. 33 service the majority of motor vehicle traffic to and from the East side of Patterson. Train traffic blocking those crossings could

have a negative impact upon response times for emergency services. Coupled with additional motor vehicle traffic created by West Park, traffic back-ups and congestion could also contribute to extended response times when trains are blocking the crossings in Patterson. The East side of Patterson would be more vulnerable to delays in response times since all of Patterson's emergency services are currently deployed from the West side of Hwy. 33.

Because the population base on the East side of Hwy. 33 is significantly less than on the West side of Hwy. 33, there are times when there is not a patrol car on the East side of the tracks. With minimal train traffic the city now experiences, response times have not been impacted, however with an increase in train traffic the city may need to have a permanent deployment of staff on the East side of the city to address this issue.

Train Vs. Motor Vehicle and Pedestrian Collisions

With an increase in the amount of train traffic traversing the City of Patterson, there will be a corresponding increase in the potential for train vs. motor vehicle and pedestrian collisions. While the actual numbers that occur may be low, these types of collisions very often result in fatalities. Currently train traffic in Patterson is relatively low and these types of collisions are rare under the current volume. Improvements to warning and crossing equipment at all crossings would need to be considered.

School Traffic

Even though a new elementary school is being built on the East side, middle school and high school students will have to contend with the increase in train and motor vehicle traffic on Hwy. 33. The exposure to this increase in traffic could impact the level of safety to students who will have to routinely make the crossing over the tracks and Hwy. 33.

Staffing Increases

An assumption can be made that market driven growth will occur in the City of Patterson to accommodate some of the housing needs of the anticipated 34,000 employees of the project. The anticipated population increase attributed to West Park will result in the need for additional law enforcement services and staff on an incremental basis.

As the PCCP West Park development plans become more complete, I anticipate that additional law enforcement impacts will be identified and the need for a public safety mitigation plan for the City of Patterson developed.

EXHIBIT G

Crawford
Multari &
Clark
ASSOCIATES

April 3, 2008

MEMORANDUM

TO: George Logan, City Attorney
City of Patterson

FROM: David Moran,
Crawford Multari & Clark

SUBJECT: Analysis of West Park Project Materials

The following is our analysis of materials provided by the County and the project proponent on the web sites: crowsbizpark.biz and jobsforstanislaus.com. The issues discussed below raise serious questions about whether the Board has fulfilled its responsibility for due diligence.

Market Analysis/Feasibility of Project

Neither web site provides any factual data demonstrating that the project is financially viable. It would seem that, at a minimum, a market feasibility analysis and preliminary pro-forma should be provided that demonstrates there is sufficient demand for the thousands of acres proposed for industrial development, along with the other land uses proposed. The County acknowledges as much in their so-called *Redevelopment White Paper* which lists as potential constraints to development of the project, the following:

> *Unpredictable Market Forces: Existing business park inventory is more readily available. Timing of demand for the Crows Landing Air Facility is difficult to determine.*
>
> *Unknown Demand: The demand for additional building space has not been determined.*

In addition, the peer review analysis prepared at the County's request by Global Insight (November, 2007) regarding the West Park Inland Port Short-Haul Rail Analysis states the following on page 13:

"The fundamental issue for the West Park Facility is the availability of sufficient demand for the inland port concept. The current analysis work has only begun to quantify this opportunity. Additional work in this facet of the analysis, along with the other suggested improvements will help improve the quality of the evidentiary data, and provide a more detailed and accurate picture of the feasibility of the West Park short-haul rail plan."

We concur.

The December 18, 2007 staff report to the Board of Supervisors states that "*...fiscal data and analysis will be shared in quarter four and incorporated into final project description/final BOS presentation.*" If so, a market analysis may have already been done, but certainly not with sufficient time for the County (or the public) to confirm its conclusions independently. A decision to go forward in the absence of this key information appears to violate the Board's responsibility for due diligence. At the very least, the BOS should delay a decision to go forward until this information has been fully vetted.

Among the unanswered questions that should be addressed by this analysis are:

- What is the likely absorption of industrial land per year within the project? What is the timeframe for buildout?

- What are the contractual arrangements (if any) with the Port of Oakland to relocate to Crows Landing? Is this a certainty? How long will they be obligated to stay? Is the project viable without the Port? What happens if the Port decides to relocate in the future?

- Will the jobs likely to be created in the Park match the skill set of the workforce in the County? The region? Or will they simply provide commuter jobs for persons living out of the County? In other words, will the project actually provide "jobsforstanislaus"?

- Is the project viable without grant monies from the PUC?

Much of the information presented in the West Park development "factbook" is based on assumptions which have the potential to mislead decision makers and the public. With regard to the demand for industrial land, we have conducted a cursory review which raises serious doubts about the viability of the project and its ability to generate the number of estimated jobs, as discussed below.

Job Generation. Our experience in Patterson over the past six years suggests that industrial/business park land generates about eight (8) jobs per acre. The proponents claim the West Park project will generate 37,000 jobs through buildout. However, at 8 jobs per acre, the entire 4,800 acres of the West Park development would need to be developed, including the air strip. If just the 2,600 acres designated for industrial/business park development is considered, it would have to generate 14.2 jobs per acre to achieve 37,000 total jobs. No factual information is provided to substantiate this higher job generation rate.

The Demand for Industrial Land. Job generation is also entirely dependent on the demand for industrial and business park land in the region. The West Park plan proposes 2,600 acres of additional industrial/business park land. A brief survey of the supply of industrial land in the cities nearest Crows Landing reveals the following:

- The City of Tracy currently has 4,120 acres of land designated for industrial and business park development in their general plan, of which at least 1,402 acres remain vacant.

- The City of Manteca has designated 2,775 acres for industrial/business park development, of which at least 2,354 acres remain vacant.

- The City of Modesto has designated 2,842 acres for industrial/business park development, of which 1,963 acres remain vacant. According to the City, the absorption rate for industrial land has been about 48 acres per year. Thus, they have designated a nearly 60-year supply.

- The City of Turlock has about 1,309 acres of developable industrial/business park land within their city limits and sphere of influence.

- The City of Newman has an existing 145 acres of industrial land, and proposes 472 additional acres of industrial/business park land.

- The City of Patterson has 870 acres designated for industrial/business park development, of which about 600 remain vacant.

In sum, there are currently at least 7,500 acres of vacant industrial/business park land in the immediate vicinity. Moreover, all of these vacant acres are either already served with the full range of urban services, and/or the cities have put in place programs for providing these services. The West Park project has put in place none of this infrastructure, nor has it provided a program for funding such facilities.

With respect to the demand for industrial land, the City of Modesto has experienced an absorption rate of about 48 acres per year, and the City of Patterson an average of about 25 acres per year. If we assume an average absorption rate of 30 acres per year for all six jurisdictions listed above, there currently exists a 40 year supply of industrial land in just these six jurisdictions, without the West Park project.

Preliminary Environmental Constraint Assessment

The "preliminary constraint assessment" provides a description of the environmental setting of the project. Rather than identifying constraints which could be used to inform the design of the project, the discussion appears to identify issues that need to be further analyzed. The problem with this approach is that there are a number of constraints that have not been fully analyzed which could render the project infeasible. At the very least, a decision whether to go forward with the project should be in full light of the potentially fatal flaws that such analysis would reveal. For example:

Endangered Species. The Ecological Assessment concludes that the project site "*...lies within the San Joaquin Kit Fox historic range*" and recommends that a "habitat assessment" should be completed "*...in advance of other permitting...*". Our experience working with both the federal and State endangered species acts suggests that compliance is a lengthy, complicated and expensive proposition that can take years to resolve, especially for a project of this size. A meaningful assessment of the financial feasibility cannot be assessed by the public or decision-makers in the absence of at least some knowledge or assumptions about the cost of mitigation, such as the acquisition of conservation easements.

Impacts to the Agricultural Economy and The Loss Of Prime Agricultural Land. Conspicuously absent from the analysis of constraints is a discussion of the impact to the local and regional agricultural economy of converting 4,500 acres of prime agricultural land to an urban use. Since agriculture is by far the largest sector of the County's economy, this would seem to be an important consideration to decision makers in deciding whether or not to go forward with the project.

Water Supply. This project will be subject to the water supply assessment requirements of Senate Bill 610 (Section 21151.9 of the Public Resources Code). However, in the mean time the decision makers have no factual information before them to support the notion that the project is feasible from a water supply standpoint. Page 16 of the Water System Master Plan simply states that *"Numerous water supply alternatives for the project are being considered, including: surface water, groundwater, a supply and maintenance agreement with existing water districts, a new community services/water district for the project, and imported water from other areas of the State."* However, no analysis of the feasibility or availability of a sufficient water supply to serve the project is provided. This, too, would seem to be an important consideration for decision-makers in deciding the feasibility of the project.

Our experience in Patterson suggests that water supply is very limited, especially to the extent it depends on groundwater. Moreover, if groundwater is to be one of the water supply components (likely), then the proponents should demonstrate an absence of impacts to the water supplies of existing groundwater users.

Environmental Benefits Claimed By The Project Proponents. The San Joaquin Valley has some of the worse air pollution in the nation. Project proponents claim that one of the benefits of the project is that a certain number of truck trips "*...will be eliminated...*" because of the use of short haul rail between the Port and Crows Landing. In fact, these trips will not be "eliminated" they will simply be re-directed from Oakland to Crows Landing. Moreover, if the project turns out to be successful, many more tuck trips will be originating and terminating in the San Joaquin Valley than would otherwise be the case if the Port were to remain in Oakland.

In addition, the proponents are conspicuously silent regarding the significant increase in air pollution, traffic, noise, etc., associated with home-to-work trips generated by employees of the business park. Unlike industrial business parks in cities where housing, food service, and other complimentary and supporting land uses are provided in proximity (such as the one in Patterson) the West Park project is essentially an island of industrial development in the unincorporated county. Assuming the park is successful, all of the employees will be arriving by motor vehicle. Moreover, the isolation of the site precludes employees from walking, riding a bicycle or other modes that would help improve air quality.

Traffic. We have refrained from discussing potential traffic impacts. It is our understanding that the City has contracted separately for that analysis.

Regulatory Constraints. There is no discussion in any of the available materials regarding the project's consistency (or lack thereof) with adopted plans and policies, other than to say compliance with the endangered species act will be required. Since the project proposes to create essentially a new center of urban development in the County, at the very least a discussion of consistency with County General Plan policies would be in order. More import, however, is an analysis of consistency with relevant policies and standards of the Local Agency Formation Commission (LAFCo) regarding the provision of urban services. In our opinion, the project raises

significant questions regarding consistency with LAFCo policies, including (but not limited to) the following (highlighted in yellow):

POLICY 1 - PURPOSE.
The purposes of the Local Agency Formation Commission are provided by the Cortese- Knox-Hertzberg Local Government Reorganization Act of 2000, and include the following:

- Discourage urban sprawl;
- Encourage orderly formation and development of local governmental agencies, based on local conditions and circumstances;
- Initiate and make studies of governmental agencies;
- Adopt spheres of influence for each local governmental agency.

The following Goals will guide the Commission in implementing the purposes of LAFCO (amended April 23, 2003):

- To encourage planned, well-ordered, efficient development patterns.
- To encourage efficient and effective delivery of Governmental Services by the agencies who provide those services.
- To encourage urban land use patterns which balance urban growth with the conservation of open space and prime agricultural lands.
- To encourage the cities and the County to plan urban land use patterns, which include a harmony between housing for residents and jobs provided by commercial and industrial development.

POLICY 4 - PRIORITIES FOR ANNEXATION AND FORMATION.
The Commission will consider the following priorities or guidelines for annexation and formation with the provision that overriding circumstances must be stated in exceptions (Government Code Section 56001):

A. Annexation to an existing city or district instead of formation of a new agency.
B. Annexation to a city rather than a district if both can provide comparable services.
C. Annexation to a multi-purpose district in preference to annexation to a single purpose district.
D. Formation of a new political entity as the last and least desirable alternative.

POLICY 21 – DEVELOPMENT OF VACANT OR UNDERUTILIZED LAND PRIOR TO ANNEXATION OF ADDITIONAL TERRITORY
The following shall be considered with regards to development of vacant or underutilized land prior to annexation of additional territory:

A. Development of existing vacant non-open space, and non-prime agricultural land within an agency's boundaries is encouraged prior to further annexation and development.
B. Annexation proposals to cities or districts providing urban services of undeveloped or agricultural parcels shall show: that urban development is imminent for all or a substantial portion of the proposal area; that urban development will be contiguous with existing or proposed development; and that a planned, orderly, and compact urban development pattern will result. Proposals resulting in leapfrog, non-contiguous urban development patterns shall not be approved.

In addition, the project appears to be inconsistent with the following County General Plan policies:

Policy 10. New areas for urban development (as opposed to expansion of existing areas) shall be limited to less productive agricultural areas.

Policy 16. Agriculture, as the primary industry of the County, shall be promoted and protected.

Policy 2.3 To reduce development pressures on agricultural lands, higher density development and in-filling shall be encouraged in urban and built-up areas of the County.

Policy 2.4 To the greatest extent possible, development shall be directed away from the County's most productive agricultural areas.

Policy 2.7 Proposed amendments to the General Plan Diagram (map) that would allow the conversion of agricultural land to non-agricultural uses shall be approved only if they are consistent with the County's conversion criteria.

Policy 2.11 The County shall discourage the expansion of spheres of influence of cities or community services districts and sanitary districts serving unincorporated communities into its most productive agricultural areas.

Since the vast majority of lands within the project area are considered prime, it remains to be seen how the project can be consistent with the County's own policies.

Approval Without CEQA

According to CEQA Guidelines S. 15352(b), approval of a private development project (which a large portion of the West Park project is) occurs "*...upon the earliest commitment to issue or the issuance by the public agency of a discretionary contract, grant, subsidy, loan or other form of financial assistance, lease, permit, license, certificate, or other entitlement for use of the project.*" My understanding is that no financial assistance or other discretionary entitlement for the project will occur on April 8th, but that the Board may accept the project for further processing (environmental review and general plan amendments, other discretionary entitlements etc.). However, if it can be shown that the Board's action will violate one or more of these definitions of "approval" it may be a violation of CEQA.

Impacts to the City of Patterson

The project will have obvious and significant impacts to the City of Patterson, especially as they relate to traffic, noise, water supply, air quality, and public safety, among others. More importantly, since Patterson is the closest city where the full range of municipal services are provided, employees and visitors to the West Park project will significantly increase the demand for these services provided by the City. The City's current General Plan and infrastructure plans do not accommodate this increased population. Since the West Park project provides no housing or other complimentary land uses to serve the day to day needs of its employees, they will seek these amenities in Patterson. The cost of mitigating these impacts should be included in the analysis of the project's feasibility.

Conclusion
The following points should be made:

- According to the County's own consultants, there is inadequate evidence to support the notion that the project is feasible;
- The environmental benefits and job-generating aspects of the project have been grossly overstated by the proponents;
- There is no evidence to suggest there is demand for an additional 2,600 acres of industrial land in the vicinity;
- Compliance with the federal and state endangered species acts could render the project infeasible;
- An adequate supply of water to serve the level of development has not been identified;
- The project appears to be in conflict with the County's own General Plan policies and LAFCo policies regarding the provision of services;
- The actions taken by the County next week have the potential to violate CEQA;
- The project will have significant impacts to the City of Patterson

If you have any questions, feel free to give me a call.