

ITEM 3A.

SAN JOAQUIN REGIONAL RAIL COMMISSION

MINUTES

For the meeting of December 15, 2006

The regular meeting for December 15, 2006 of the San Joaquin Regional Rail Commission was held at the Robert J. Cabral Station, South Hall Meeting Room, 949 E. Channel St., Stockton, CA. 95202.

1. Call to Order/Pledge of Allegiance/Roll Call:

Chairman Ives called the meeting to order at 8:00 a.m. and proceeded to lead the audience in the Pledge of Allegiance.

Executive Director Mortensen administered the Oath of Office to incoming Commissioner Kristy Sayles.

Commission Members Present: Giovanetti, Harris, Sayles, Haggerty, Blalock
Vice-Chair Restuccia, Chairman Ives

Ex-Officio Members Present: Chesley, Perez for Ajise

2. Public Presentations and Recognitions

None

3. Consent Calendar:

All items listed immediately below will be acted upon under one vote unless specifically requested to be removed from the Consent Calendar by a member of the Commission, a member of staff, or a member of the public.

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| A. Minutes of November 2, 2006 | ACTION |
| B. Rail Commission/ACE Monthly Expenditure Report | INFORMATION |
| C. Monthly ACE Fare Revenue | INFORMATION |
| D. State and Federal Legislative Updates | INFORMATION |
| E. ACE Ridership and On-Time Performance | INFORMATION |

M/S/C (Haggerty/ Restuccia) to approve the Consent Calendar. Passed and Adopted by the San Joaquin Regional Rail Commission on the 15th day of December, 2006, by the following vote to wit:

Ayes: 7 Harris, Haggerty, Giovanetti, Blalock, Sayles, Vice-Chair Restuccia, Chairman Ives
Noes: 0

4. Approve Resolution Adopting the San Joaquin Regional Rail Commission 2007/2008 Federal Legislative Priorities

Ms. Mortensen briefed the Commissioners on past year federal project submittals and the discussion at the November Rail Commission meeting. Ms. Mortensen summarized the Commissioners comments as continuing the independent ACE Corridor project as the highest priority, regardless of the timing within the federal funding cycle. One of the projects will be a \$25M request for the acquisition and upgrade of an independent rail line between Stockton and Lathrop.

Ms. Mortensen proposed the second project as a pilot program for testing the feasibility of Bio Diesel locomotives for the ACE Corridor. This project is much smaller in scale to fit the current appropriations cycle and also is eligible in a less competitive funding category than the new starts or the multimodal and bus program categories.

Mr. Schmidt described the various alternative fuel explorations for locomotives and noted that staff has been working with CalStart and EPA on the best strategy for the Rail Commission to test on the ACE Corridor. Given the potential for BioMass raw materials from the agricultural products of the Central Valley and the BioMass facility under design for the Port of Stockton, a pilot program testing the viability of a Bio Diesel locomotive for the ACE should be explored. The project request totals \$200,000.

Vice-Chair Restuccia inquired about the source for the cost figures for the Corridor acquisition. Ms. Mortensen noted that these figures came from the Phase I ACE Corridor Alternative studies, and recent ROW purchases in the Bay Area.

M/S/C (Restuccia/Haggerty) to approve Resolution Adopting the San Joaquin Regional Rail Commission 2007/2008 Federal Legislative Priorities. Passed and Adopted by the San Joaquin Regional Rail Commission on the 15th day of December, 2006, by the following vote to wit:

Ayes: 7 Harris, Haggerty, Giovanetti, Blalock, Sayles, Vice-Chair Restuccia, Chairman Ives
Noes: 0

5. Approve Project Concepts for Potential Submittal in the State Infrastructure Bond Programs.

Ms. Mortensen reiterated SJCOG Executive Director Andy Chesley's statement, that potential state infrastructure bond projects be defined by local agencies and proposed to SJCOG for potential inclusion in the overall regional program as early as possible in the process.

Ms. Mortensen noted, based upon the Commission's highest priority for an independent ACE Corridor, that the independent corridor be submitted in several of the state infrastructure bond categories. She also indicated that projected growth figures and demand for freight container movements between the Bay Area and the Central Valley, either by highway, or by rail over the next 5-10 years are unprecedented. Early indication from the Class I Railroads such as Union Pacific and Burlington Northern/Santa Fe, is that short-haul rail, such as the distances between the Bay Area and the Central Valley, are not part of their business plans, and that all future capacity on the Class I rail lines need to be preserved for long-distance freight movements.

Given limited capacity for additional trucks on the major I-205, I-580 and I-880 highways and the need of the Port of Oakland and the Port of Stockton (and perhaps Port of Sacramento in the future) to have access to rail lines for short-haul shipments. Ms. Mortensen suggested that the Commission consider potential uses of the independent ACE corridor and include planning to accommodate short-haul freight shipments.

Commissioner Haggerty reported that ACTIA and the Dumbarton Express Group are moving forward with a particular alternative for service between Union City and the SF Peninsula. He inquired about the ability of the ACE trains to access the Union City station. Ms. Mortensen responded that staff have been involved in the study effort and have been open to the concept of future trains serving the Union City station. Several studies underway will be able to provide more updated ridership demand information from points along the ACE Corridor to the major Union City hub of rail services.

Mr. Chesley concurred with Ms. Mortensen's proposal for forming new partnerships for rail service between and through various counties, and that these groups work together in submitting projects for consideration.

Chairman Ives asked about the objective for including short-haul freight and passenger service and how this could be accomplished if the Railroads are unwilling to devote any capacity to these future trains. He asked questions about how the separate corridor could be accomplished in the Tri-Valley area where all of the rail lines had been consolidated into one corridor.

Mike Locke, President/CEO of the San Joaquin Partnership noted that the short-haul freight issue has become more significant as it relates to the goods and commodities movement between the Bay Area and the Central Valley. The future I-205 expansion the I-580 auxiliary lanes and the truck climbing lanes are only band-aid solutions. He noted that it is absolutely essential that a more predictable and reliable means of getting containers out of the Port of Oakland to the Valley and returning logistical components back to major Bay Area assembly plants. Recent discussions with executives of Toyota for placing their component parts manufacturers in the Central Valley, hinge upon predictable delivery schedules to support the Nummi Plant in Alameda County. Toyota, along with other major companies considering the Central Valley for logistics and manufacturing plants are unconvinced that the highways will be able to accommodate their needs for just in time delivery and are seeking alternatives that will provide reliable capacity. Mr. Locke noted that most people don't appreciate the magnitude of the containers moving between the two regions. For instance, Home Depot alone requires 45,000 container movements per year. It appears that the Class I Railroads don't have the interest or the capacity to accommodate these containers and shipments and Mr. Locke strongly encouraged the Commission to pursue the independent corridor for ACE Service and short-haul freight.

M/S/C (Restuccia/Giovanetti) to approve Project Concepts for Potential Submittal in the State Infrastructure Bond Programs. Passed and Adopted by the San Joaquin Regional Rail Commission on the 15th day of December, 2006, by the following vote to wit:

Ayes: 7 Harris, Haggerty, Giovanetti, Blalock, Sayles, Vice-Chair Restuccia, Chairman Ives
Noes: 0

6. Approve Resolution of the Board of Commissioners of the San Joaquin Regional Rail Commission Authorizing and Directing the Executive Director to Sign the 2006/2007 Transportation Development Act Claim totaling \$940,340 and the State Transit Assistance Claim totaling \$248,498 for Rail Operations and Planning Projects.

Mr. Schmidt gave a brief report about additional funding available through the State Prop.42 repayments, and noted the TDA and STA claims are annually submitted through SJCOG.

M/S/C (Restuccia/Haggerty) to approve Resolution of the Board of Commissioners of the San Joaquin Regional Rail Commission Authorizing and Directing the Executive Director to Sign the 2006/2007 Transportation Development Act Claim totaling \$940,340 and the State Transit Assistance Claim totaling \$248,498 for Rail Operations and Planning Projects. Passed and Adopted by the San Joaquin Regional Rail Commission on the 15th day of December, 2006, by the following vote to wit:

Ayes: 7 Harris, Haggerty, Giovanetti, Blalock, Sayles, Vice-Chair Restuccia, Chairman Ives
Noes: 0

7. Resolution Approving SJRRC 2006/2007 Budget Amendment #1

Mr. Schmidt reported on the Capital Program increase to accommodate the pass-through of funds on behalf of the CAPITOL Corridor JPA for exercising and option on the SJRRC Security Camera Agreement. The remaining components of the Budget Amendment relate to the TDA and STA funding. STA funding projected from Alameda County is also included.

M/S/C (Haggerty/Restuccia) to approve Resolution Approving SJRRC 2006/2007 Budget Amendment #1. Passed and Adopted by the San Joaquin Regional Rail Commission on the 15th day of December, 2006, by the following vote to wit:

Ayes: 7 Harris, Haggerty, Giovanetti, Blalock, Sayles, Vice-Chair Restuccia, Chairman Ives
Noes: 0

8. Resolution Approving Special Trains for Calendar Year 2007

Gregg Baxter proposed the following special trains based upon previous years' experience and the Commission's mandate to operate special trains with partners that have the best chance to pay for themselves:

- San Jose Jazz Festival (Saturday only)
- Oakland A's Train
- Stockton Ports' Day at Great America

Additionally, staff are still exploring opportunities to serve a major regional event in Alameda County and in Sacramento. These potential special trains will be proposed before the Board for approval at later dates.

M/S/C (Haggerty/Restuccia) to approve Resolution approving Special Trains for Calendar Year 2007. Passed and Adopted by the San Joaquin Regional Rail Commission on the 15th day of December, 2006, by the following vote to wit:

Ayes: 7 Harris, Haggerty, Giovanetti, Blalock, Sayles, Vice-Chair Restuccia, Chairman Ives
Noes: 0

9. Report on meeting with Union Pacific to Improve ACE On-Time Train Performance

Mr. Baxter reported on a successful series of meetings in CA and Omaha with Union Pacific Management staff and since that time, the train performance has been slowly, but steadily increasing.

10. Commissioner's Comments

None

11. Ex-Officio's Comments

Mr. Chesley thanked the Board, staff and most importantly, the ACE passengers for being a key factor in the renewal of the Measure K program.

12. Executive Director Report

Ms. Mortensen noted that appointments for the remaining seats on the Rail Commission Board would be made at the January SJCOG Board meeting, and that the new members would be seated at the February Rail Commission meeting.

Based upon Commissioner comments, Ms. Mortensen noted that a potential new Rail Commission meeting date and time would be evaluated when the new Boardmembers are seated in February.

13. Closed Session

John Stovall, Counsel for the Commission announced a closed session regarding the following:

Real Property Negotiations – Government Code 54956.8

Conference with Real Property Negotiators: Brian Schmidt, Phil Pennino

Property: Parcel # 15114006 - 919 E. Channel Street, Stockton CA

Parcel # 15115005 - 922 E. Channel Street, Stockton, CA

Parcel # 15115006 - 924 E. Channel Street, Stockton, CA

Parcel # 15115007 - 928 E. Channel Street, Stockton, CA

Negotiating Parties: San Joaquin Regional Commission,

Ms. Angie Arroyo – 15114006

Mr. Jackie & Ms. Jill Hilliard - 15115005

- 15115006

- 15115007

Under Negotiations: Price and Terms of Payment

The Commission adjourned into closed session at 8:34 a.m. and returned to Open Session at 8:39 a.m.

Legal Counsel, Mr. Stovall, reported on the Closed Session and noted that direction was given to staff and there was nothing to report in Open Session.

14. Adjournment

The next regular meeting is scheduled for January 4, 2007, at 8:00 a.m.
Robert J. Cabral Station, 949 E. Channel St., Stockton, CA 95202