



Nueces River Rail Yard

FY 2011 USDOT TIGER Discretionary Grants Program



UP • BNSF • KCS • CCPN



Coal & Coke Exports



Grain Exports



Military Deployment



Wind Power Components



Texas
Department
of Transportation



PORT **CORPUS CHRISTI**

Transportation Investment Generating Economic Recovery III (TIGER III)
Grant Application

Nueces River Rail Yard

Primary Project Type: Freight Rail
Secondary Project Type: Port
Project Location: Corpus Christi, Nueces County, Texas
Urban/Rural: Urban Area
Congressional District: Texas 27th Congressional District

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TIGER Funds Requested: \$10 million
Texas DOT DUNS No: 80-678-2553
CAGE # for CCR: 3284K
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Table of Contents

PROJECT INFORMATION	COVER
▪ <i>Name of project</i>	Cover
▪ <i>Primary Project Type</i>	Cover
▪ <i>Secondary Project Type</i>	Cover
▪ <i>Project Location</i>	Cover
▪ <i>Urban/Rural</i>	Cover
▪ <i>Congressional District</i>	Cover
▪ <i>Grant Funds Requested</i>	Cover
▪ <i>Sponsoring Organization</i>	Cover
▪ <i>Point of Contact</i>	Cover
PROJECT SUMMARY	1
PROJECT DESCRIPTION	5
PROJECT PARTIES	7
▪ <i>Texas DOT</i>	7
▪ <i>POCCA</i>	7
▪ <i>Railroad Companies</i>	7
SOURCES AND USES OF PROJECT FUNDS	8
PRIMARY SELECTION CRITERIA.....	9
<i>Long-Term Outcomes:</i>	9
▪ <i>State of Good Repair</i>	9
▪ <i>Economic Competitiveness</i>	9
▪ <i>Livability</i>	10
▪ <i>Environmental Sustainability</i>	11
▪ <i>Safety</i>	12
▪ <i>Evaluation of Expected Project Costs and Benefits</i>	13
▪ <i>Evaluation of Project Performance</i>	13
JOB CREATION AND NEAR-TERM ECONOMIC ACTIVITY	14
▪ <i>EDA Designation</i>	14
▪ <i>Short-Term Job Creation</i>	14
▪ <i>Long-Term Job Creation</i>	14
PROJECT READINESS.....	16
▪ <i>Project Schedule</i>	16
▪ <i>Environmental Approvals</i>	16
▪ <i>Legislative Approvals</i>	16
▪ <i>State and Local Planning</i>	16
▪ <i>Technical Feasibility</i>	17
▪ <i>Financial Feasibility</i>	17
SECONDARY SELECTION CRITERIA	17
▪ <i>Innovation</i>	17
▪ <i>Partnership</i>	17
PROGRAM-SPECIFIC CRITERIA	18
▪ <i>Federal Wage Rate Certificate</i>	18
▪ <i>National Environmental Policy Act Requirement</i>	18
▪ <i>Environmentally Related Federal, State, and Local Actions</i> ..	18
▪ <i>Protection of Confidential Business Information</i>	18
SUMMARY OF MATERIAL CHANGES	19
APPENDICES	20
▪ <i>Appendix A: Economic Impact Analysis</i>	
▪ <i>Appendix B: Cargo Movement Map</i>	
▪ <i>Appendix C: Benefit Cost Analysis</i>	
▪ <i>Appendix D: Project Schedule</i>	
▪ <i>Appendix E: NEPA Categorical Exclusion Worksheet</i>	
▪ <i>Appendix F: Letters of Support</i>	
▪ <i>Appendix G: Site Layout Drawings</i>	
▪ <i>Appendix H: Memorandum of Understanding</i>	
▪ <i>Appendix I: Wage Rate Certification</i>	

Project Summary

The Texas Department of Transportation (TX DOT) is requesting a TIGER Grant of \$10 million to offset costs associated with the construction of a unit train siding and interchange yard at the Port of Corpus Christi (Port) in Nueces County, Texas. The proposed Nueces River Rail Yard (project) is a necessary component to improving the Port's rail infrastructure and transportation network.

The Port is advantageously located along the western Gulf of Mexico in southeastern Texas. The facility features a straight, 45' deep channel which provides users with a direct connection to numerous multimodal transportation systems including three Class I railroads, Interstate 37 (I-37), U.S. Highway 181 (U.S. 181), the Gulf, and the U.S. waterway system. These attributes have helped the Port to become the 6th largest in the United States in total tonnage and one of fourteen designated strategic U.S. military deployment ports in the country.

The Port of Corpus Christi is vital to the economic success of the local community, region, and nation. Numerous key industries rely on the Port to provide for the economical and efficient transportation of commodities, components, and finished goods. Further, several of the referenced industries help to support federal initiatives. These include the:

- Wind turbine equipment import industry which supports the country's energy independence goals;
- Grain export industry which supports American farmers and helps to offset the U.S. balance of trade;
- Dry and liquid bulk material trade industry which is vital to the region's petrochemical industry; and,
- United States military which is essential to our nation's defense on both U.S. soil and abroad.

Recent periods of growth have increased the Port's national significance. The amount of annual traffic¹ experienced by the facility reinforces this sentiment. Rail volume at the Port grew 310% from 2005 to 2008 (representing a 47% Compound Annual Growth Rate).

Although the 2009 and 2010 rail volumes decreased as a function of the poor national economy, the 2011 year-to-date figures² are on pace to surpass the previous two-year totals. The chart below details rail volumes handled by the Port over the past seven years.

Year	Loaded Rail Cars	Total Rail Cars	Annual Increase
2005	12,897	25,794	-
2006	15,871	31,742	23% ^
2007	26,787	53,574	68% ^
2008	39,949	79,898	49% ^
2009	31,348	62,696	-
2010	31,041	62,082	-
2011 (YTD)	26,660	71,093*	14.5% ^{^*}

*projected

The Port of Corpus Christi Authority (POCCA) has recently invested a substantial amount of resources into its facilities. This has allowed the entity to proactively position itself to continue its aggressive growth pattern. The process included continuing partnerships with agencies such as the U.S. Army Corps of Engineers (USACE), the Federal Highway Administration (FHWA), the Federal Emergency Management Agency (FEMA), and the Corpus Christi Metropolitan Planning Organization (MPO) in order to leverage additional funding to help complete the improvements. The referenced projects, which this application discusses further in later sections, include the La Quinta Channel extension, the Joe Fulton International Trade Corridor, and several security upgrades.

The Port is also a crucial driver of the local economy. Approximately 168 individuals work directly for POCCA at an average annual salary of \$55,935. This figure is more than two times higher than the community's per capita income of \$22,572³. What is more, an independent economic impact analysis projects that the planned improvements will result in the creation of 90 permanent jobs with a direct relationship to operations (See Appendix A for a detailed summary of these findings).

¹ As defined by loaded and emptied cars.

² Figures provided by POCCA and are current through September 2011.

³ According to the 2010 American Community Survey 1-Year Estimates.

Several of the major area employers are also located at the Port. These businesses include the following:

- Citgo
- Valero
- Flint Hills
- ADM
- Interstate Grain
- Gulf Stream Marine Stevedore
- PTC Stevedore
- NuStar
- Martin Operating Properties
- Kirby Marine
- Gulf Marine Fabricator
- Kiewit Offshore Services Ltd
- Sam Kane Beef Processors

Collectively, these businesses represent a significant portion of the local workforce.

The proposed rail capacity expansion project is paramount to sustaining continued growth in the region as it will greatly improve existing cargo movements. Shippers will benefit from lower transportation costs, improved service reliability, reduced transport times, and expanded access to rail services. The Port will benefit from increased throughput and an enhanced competitive position that results from additional transport options.

The Port is presently operating, and at times past has operated, near full capacity. This circumstance has forced the Port to occasionally utilize any available track for storage which causes congestion and reduces efficiency. What's worse, the Port has had to recently refuse cargo (primarily coal exports) as a consequence of its inability to handle the additional volumes. The Port is currently on "hold" for other exports until a final plan to extend rail capacity exists. Combined, this situation has the potential to escalate into a "rail embargo" initiated by the Class I railroads.

As is evident, the construction of the previously mentioned infrastructure has never been more important than now. While this application meets the threshold requirements of the TIGER III program, it also meets the purpose and intent of why TIGER was created – *transportation investments generating economic recovery*.

POCCA hired an independent information research company to detail the total economic impact of the project at both a regional and state level. The Economic Impact Analysis⁴ determined the initial construction and continued operation of the rail improvement will have significant benefits for the area in terms of jobs, output, labor income, and value added. Refer to the Job Creation & Near-Term Economic Activity section of this application for a complete summary of the report.

Much of the anticipated growth derives from the Port's ability to efficiently move additional goods both in- and-outside of the United States. Refer to Appendix B which represents the current cargo movements and markets served by the POCCA. The Port will continue to target several key industries including:

- **Grain Exports** – The Port's two grain elevators are expanding to meet current and future demand for export capabilities. Both facilities can currently handle the large 110-car shuttle trains that are delivered by the Class I railroads. As such, the growth opportunity lies in the ability to coordinate between the three delivering carriers and the two elevators.

The rail expansion will allow the Port to strategically stage inbound trains within thirty minutes of arrival at either elevator. With the expected increases of agricultural exports, the elevators need the ability to restock quickly for the next outbound ship. This is especially critical during the fall season when the country has an exceptionally large harvest. A more efficient rail, port, and elevator network will prevent the American farmer from having to stockpile grain on the ground.

- **Wind Generation Equipment Import** – The fastest growing component received by the Port is wind generation equipment. This industry is the leading provider of clean energy throughout the country. Wind generation equipment components move in large unit trains from the ports to wind farm staging locations. POCCA has recently invested \$16.5 million in facilities and staging

⁴ *The Economic Impact of Rail Improvements to the Port of Corpus Christi, Texas (2011).*

yards to unload wind equipment ships more quickly and efficiently.

The area of the Port requiring additional investment includes the inbound and outbound train assembling facilities. It is not uncommon to have multiple trains on the Port for the loading of wind components. POCCA is currently moving wind generation components for seven multinational manufacturers. Without the proposed improvements, POCCA cannot serve this growing alternative energy industry.

- **Military Cargos** – The Port is one of two designated strategic military deployment ports located in the Gulf of Mexico. As such, the Port annually ships thousands of pieces of military equipment by rail to-and-from U.S. bases for overseas deployment.

It is critical that the Port is able to continually meet any significant challenges associated with future deployments. This type of military action can involve up to ten unit trains per ship and the loading of two to three ships simultaneously. Rapid deployment requires trains to move efficiently off various bases to meet a port's loading schedule.

The military has invested heavily in their load-out capability on the various bases. Further, Class I railroads have invested in additional capacity including tracks, locomotives, and cars. The area needing the greatest additional capacity is on and near ports.

The U.S. Army Military Surface Deployment and Distribution Command (SDDC) indicated it will not endorse any specific projects for the TIGER III Discretionary Grant program. However, the rail capacity expansion will greatly benefit the entity by facilitating deployments more efficiently.

Currently, the Port is only able to handle one train at a time. The additional storage tracks will allow the Port to stage multiple trains and subsequently handle larger volumes.

The project is also located adjacent to the eleven-mile, high-priority Joe Fulton International Trade Corridor that extends from U.S. 181 along the north

side of the Inner Harbor to Carbon Plant Road, where it connects to I-37. In fact, the TX DOT held a ribbon cutting ceremony for the \$24 million "Direct Connect" between I-37 and the Joe Fulton International Trade Corridor on October 17, 2011.

The referenced area contains approximately 1,000 acres of land available for industrial development. Improved rail efficiencies, in combination with its close proximity to other available multi-modal transportation options, will make this land highly desirable for investment.

The Benefit Cost Analysis discussed on page 13 of this proposal also reflects the comparative benefits associated with this improvement.

This \$21.5 million project clearly exceeds the TIGER III 20% funding match requirement. In fact, POCCA participation (\$5.5 million) totals nearly 26% of the total project cost. Moreover, Burlington Northern Santa Fe (BNSF), Kansas City Southern (KCS), Union Pacific (UP), and Corpus Christi Terminal Railroad, LLC (a subsidiary of Genesee & Wyoming), are combining efforts to commit another \$6 million or 28% of the total project cost.

Overall, this request for TIGER III support represents approximately 47% of the overall project funding needed to complete the construction of a new 8,000 foot unit train siding and an interchange yard at a site along the north and west side of the Port of Corpus Christi's Inner Harbor.

Projected benefits resulting from this investment and the \$11.5 million match will result in:

- Increased efficiencies in future cargo movement between the Port and inland distribution facilities;
- Enhanced export opportunities which improves the USA balance of trade;
- Improved opportunities for intermodal transportation connections within the Port;

Facilitating improvements that strengthen the competitiveness of southern Texas and the United States with regards to local markets, imports, and exports;

- Reducing congestion from Houston and other major cities by moving cargo shipments to southern Texas (see Figure 1 below);
- Enhanced employment growth for the region and state, including increased wages and salaries;
- Further diversified local industrial base;
- Increased tax base;
- Improved motorist safety and convenience and reduced energy usage through a reduction in heavy truck traffic; and,
- Reduced air emissions (CO₂, CO, VOC, NO_x, etc.) resulting from heavy truck traffic trips being converted to the railroad.

Figure 1: Area rail network map



Project Description

The proposed improvements to the Port of Corpus Christi focus on expanding switching capacity for the Port's customers. The upgrades include the construction of an 8,000-foot unit train siding and an interchange yard along the north and far west side of the Port of Corpus Christi's Inner Harbor.

Specifically, POCCA will site the referenced facilities along the Joe Fulton International Trade Corridor between mile posts 1 and 2 and just east of the Viola Turning Basin (see Figure 1).

The proposed unit train siding will have the capacity to store a full 110-car unit train. This is significant as it represents the only siding between the Port and the City of Odem which covers a distance of approximately 12 miles. The facility will be adjacent to the north side of the Fulton Lead and the proposed interchange yard. Refer to Appendix G for a site layout drawing.

The interchange yard will consist of five parallel ladder tracks ranging in from 3,380 feet (52 cars) to 4,370 feet (67 cars). This represents a total yard capacity of 18,800 feet and 290 total rail cars.

The design of the interchange yard includes widened lanes between every other track and a 16 foot-wide service road running the full length of the yard. These features allow for better access to conduct car inspections and air tests. Also, the interchange yard includes a 750 foot service track on the south side of the service road for locomotives awaiting outbound trains.

The interchange yard is best suited to serve the Port's north side rail customers; however, the improvement can also easily serve the south side facilities as it is located less than ¼ mile from Viola loop.

Several recent issues have prompted the need for the Nueces River Rail Yard project including:

- *The need to meet existing capacity demands.* The Port has experienced exceptional growth as of late. This is especially true with regards to the unit train business. The Port handles an average of 4½ unit trains per day which consists of 75 – 120 individual cars and up to a total of 7,800 feet

in length. However, this number fluctuates daily, ranging from 1-3 per day to 4-8. This situation can cause serious capacity constraints for the facility. The Port also continues to add individual carload business such as drilling media, edible beans, and scrap material, all of which require rail capacity to support the customers and railroads.

As earlier addressed, this growth has forced POCCA to turn down an estimated 1 million tons of cargo within the last year due to its inability to handle the extra loads. Further, the current capacity issues are causing inefficiencies in cargo movement which ultimately results in increased shipping costs.

- *The need to meet future capacity demands.* POCCA has received permits to deepen the channel to 52 feet which allows the facility to become the deepest port in the Gulf. This, in combination with direct access to three Class I railroads, will allow the Port to load the largest ships calling on the Gulf Coast.

POCCA is also currently in the process of extending the La Quinta Channel in order to serve a new terminal. The \$74 million dredging project will open 1,100 acres of POCCA-owned land for additional docks. The Port intends to target containers and mixed commodities at the new facilities. The new docks will use the Port's tracks for transload products. This extra cargo movement will add another constraint to the facility's already taxed rail transportation system.

Finally, the Panama Canal is currently expanding which has the potential to substantially impact the Port. Future coal exports will be able to utilize the larger post-Panamax ships which allow up to 110,000 tons per vessel instead of the former 70,000 tons per vessel. This will result in the Port requiring additional capacity to process the additional coal.

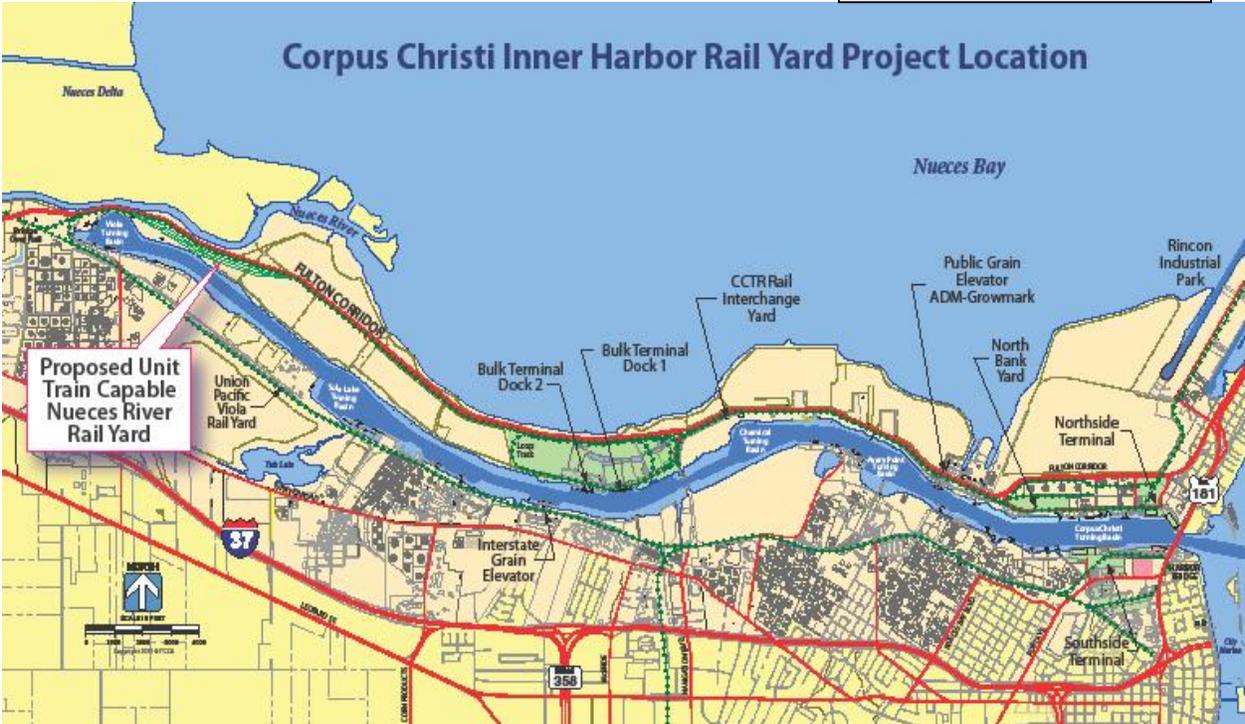
- *A desire to expand into new growth markets.* The Nueces River Rail Yard will allow the Port to pursue the export of metallurgical and thermal coals and the import of Eagle Ford Shale crude shipments. Increased rail capacity will allow the

Port to interchange multiple trains per day for all unit trains.

The proposed project will increase the Port's rail storage capacity by more than 50%. Further, it minimizes the 12-mile "one-way" bottleneck between Odem and the Port. This helps improve efficiency by allowing railroads to deliver and receive multiple trains simultaneously. With the utilization of rail service and the movement of goods such as agricultural products, wind generation equipment, military deployments, and petrochemical products, it is imperative that the Port have the capability to manage the increasing growth of rail business which provides long term benefits to our nation.

Ultimately, the requested TIGER III funds will be coupled with \$11.5 million in secured, non-federal matching funds from POCCA and Railroads to accommodate growth in the transport of materials as well as enhance the efficiency of cargo movements at the Port. The scope of this project clearly meets the threshold requirement of having independent utility and will be fully operational when completed.

Figure 2: Project location



Project Parties

The Texas Department of Transportation, the Port of Corpus Christi Authority, and four railroad companies are the project parties.

Each party supports project funding for similar, but unique reasons respective of each agency's mission.

The **Texas DOT** supports the proposed Port improvements as the project sponsor. The TX DOT is charged with providing for the safe and efficient movement of people and goods, enhancing economic viability and improving the quality of life for the people that travel in the state of Texas by maintaining existing roadways and collaborating with private and local entities to plan, design, build and maintain expanded transportation infrastructure.

The proposed project satisfies the agency's mission by contributing to economic growth via improved efficiencies in the rail car transportation network. Moreover, the proposed Port infrastructure will simultaneously convert heavy truck traffic from Texas roadways which lowers congestion and increases driver safety.

The TX DOT's needs far outweigh its resources to pay for all of the needed statewide improvement projects, including the Port in Corpus Christi. Securing the TIGER funds for the project will ensure the much-needed improvements are completed in a timely manner.

The **Port of Corpus Christi Authority (POCCA)** supports the project as the proposed grant recipient charged with facilitating the development of the rail expansion project. POCCA is a navigation district and political subdivision of the state of Texas. POCCA has a stated mission of serving as a regional economic development catalyst while protecting and enhancing its existing industrial base and simultaneously working to diversify its international maritime cargo business. The construction of the proposed rail infrastructure projects will help the entity achieve these goals by improving its cargo movement efficiencies and helping to spur additional private investment in its facility.

The **Burlington Northern Santa Fe (BNSF), Corpus Christi Terminal Railroad, LLC (a subsidiary of Genesee & Wyoming), Kansas City Southern (KCS), and the Union Pacific (UP)** railroad companies support the project as the primary rail users of the Port. Further, the group has combined to financially support the project by collectively investing \$6 million towards its completion. The proposed improvements will allow the railroad companies to more efficiently move their respective cargo shipments which results in the following: improved service reliability, reduced transport times, transportation cost savings, and expanded access to rail services.

Sources and Uses of Project Funds

The TX DOT is seeking \$10 million to complete the proposed Nueces River Rail Yard. The Benefit Cost Analysis discussed on page 13 of this proposal also reflects the comparative benefits associated with this improvement.

This project far exceeds TIGER III 20% funding match requirement. In fact, POCCA's contribution (\$5.5 million) combined with the funding provided by the four railroad companies (\$6 million) equals

approximately 53% of the total project cost. This situation has allowed the Texas DOT to put forth a match ratio exceeding 1:1 as part of this funding request. This situation clearly demonstrates the project party's dedication to the successful completion of the railroad infrastructure improvements.

Overall, this request for TIGER III support represents approximately 47 % of the overall project funding needed to complete the unit train siding and rail storage tracks project.

Sources and Uses of Project Funds

Improvement	Estimated Cost	TIGER	POCCA	Railroads
Interchange Yard	\$9,980,672	\$4,605,174	\$2,580,203	\$2,795,295
8,000' Unit Train Siding Track	\$8,287,329	\$3,861,419	\$2,125,290	\$2,300,620
Service Road	\$1,199,375	\$558,125	\$308,750	\$332,500
Utilities, bulkhead tieback, safety, mitigation, etc.	\$2,066,250	\$985,750	\$495,500	\$585,000
TOTALS	\$21,533,626	\$10,010,468	\$5,509,743	\$6,013,415

Primary Selection Criteria – Long-Term Outcomes

STATE OF GOOD REPAIR:

POCCA is capable of managing the construction, operation, and long-term maintenance of the proposed railroad project. Most importantly, the improvements will not require any additional public funds to maintain the infrastructure improvements as the project will be capitalized up front. The sustainable source of funding from POCCA uniquely positions the project as a solid investment. The one-time commitment of requested public funds will continue to accrue benefits for years to come.

The project will improve existing rail conditions that currently hinder the efficient flow of freight traffic. By converting truck traffic to rail, and thus reduce congestion on America's roadways, the project will also alleviate roadway maintenance costs for state authorities. The reduced maintenance costs will allow the agencies to use public monies for other needed transportation projects that my otherwise not have the available funding.

The Benefit Cost Analysis quantified the savings realized in reduced roadway congestion and lowered pavement maintenance costs over the next thirty years. This includes:

- Public roadway congestion cost savings of \$2.5 million (7% discount) and \$4.4 million (3% discount); and,
- Public roadway pavement cost savings of \$6.1 million (7% discount) and \$11.1 million (3% discount).

The congestion cost savings is a direct result of diverting cargo movement from highways to the rail. This situation allows traffic flow to move more efficiently. The public roadway pavement cost savings result from a decreased amount of stress placed annually on our roadways.

ECONOMIC COMPETITIVENESS:

Corpus Christi is the eighth largest city in the State of Texas. Further, the Corpus Christi Metropolitan Statistical Area (MSA) includes a population of

approximately 428,185⁵. This figure represents a 6.18% increase since 2000. The growing population base helps the area surrounding the Port serve as the regional trade and industrial center of south Texas (see Appendix B for the Port's regional cargo movement map).

The Port has several amenities that have helped it become the 6th largest port in the United States.

These features include the following:

- Located 150 miles from U.S. and Mexican border.
- 45' channel depth.
- 24,019-acre Foreign Trade Zone (FTZ) that represents the largest FTZ in the United States.
- 125+ acres of open storage and fabrication sites.
- More than 295,500 square feet of covered dockside storage.
- Heavy-lift capabilities.
- Oil docks.
- Bulk terminal.
- Grain elevator.
- Cold Storage.
- Former Naval Station Ingleside.
- Dockside rail from multiple carriers including three Class I railroads.
- Excellent highway access.
- One of two designated strategic U.S. military deployment ports in the Gulf of Mexico and one of fourteen in the nation.

POCCA has also received permits to deepen the channel to 52 feet which will allow the facility to become the deepest port in the Gulf. This initiative will make the combination of the Class I railroads, the Port, and the grain elevators extremely efficient by being able to load the largest ships on the Gulf Coast.

Collectively, these improvements position the Port well for attracting private industrial investment and increased cargo movements. However, the lack of rail capacity threatens to limit the cumulative benefit of these prior investments. As mentioned earlier, the Port has had to turn away cargo do to the facilities inability to accommodate additional volumes.

The Nueces River Rail Yard project will enhance the economic competitiveness of the nation by expanding terminal rail capacity and increasing the competitive

⁵ According to 2010 U.S. Census information.

rail-served market access. This ultimately facilitates rail shippers enjoying a lower generalized shipping cost. Moreover, the Port will improve manufacturers' and agricultural producers' ability to compete internationally by providing greater opportunities for shipment to any global export market through lower costs and greater reliability. As a result, the project will:

- Provide more than \$3.9 million/ \$6.9 million in shipper savings associated with existing rail traffic according to the Benefit Cost Analysis. These figures increase to \$12.8 million/ \$23.2 million when considering anticipated truck diversions.
- Enhance nationwide transportation flows to enhance efficiency, add capacity, and open flows between south Texas and the rest of the United States and speed flows to-and-from the U.S. markets and the rest of the world.

A primary objective of the project is to improve and maintain the economic competitiveness of the United States. The Federal Highway Administration (FHWA) estimates the South Texas region will experience significant growth in freight movement by 2020. A number of factors indicate the region's economic competitiveness (both nationally and internationally) depend on a rail and port network that can effectively handle growing volumes of freight and seamlessly link all modes of transportation, including highway, rail, and marine. By linking all modes of transportation the project will:

- Help trade and manufacturing market sectors remain competitive in both the global and domestic markets;
- Promote the development of regional distribution hubs for major retailers or shippers in the region, with potential economics of scale and improved productivity; and,
- Improve transit time reliability which allows firms to reduce inventories and associated costs. This is a key aspect of just-in-time delivery systems.

One of the major economic competitiveness benefits of the project will be derived from the Port's ability to continue to expand trade at competitive economics. POCCA grew at a 47% Compound Annual Growth Rate (CAGR) from 2005 to 2008. Although POCCA does not anticipate maintaining that level of growth again long-term, adding the rail capacity will position the

facility for continued growth as the U.S. economy continues to recover.

LIVABILITY:

The U.S. Department of Transportation, U.S. Department of Housing and Urban Development, and the U.S. Environmental Protection Agency recently collaborated to identify several livability principles as part of their Partnership for Sustainable Communities initiative. The proposed Nueces River Rail Yard improvements readily align and satisfy the principles as listed below.

Provide more transportation choices: The railroad capacity improvements will equip the Port to handle additional rail traffic volumes more efficiently. In fact, the Port will increase its total storage capacity by more than 50%. In turn, this will help convert a significant amount of heavy truck traffic trips from the road to the rails as a result of reduced rail shipping costs.

The Benefit Cost Analysis (see page 12) estimates the storage provided by the unit train siding and the interchange yard will remove 290,000 trucks from the highways over the course of the planning horizon. This equates to 68 million less miles driven and a reduction of 6 million gallons of fuel consumed. More importantly, having fewer trucks on the roads will help improve our nation's air quality.

Utilizing our nation's railroad system will reduce greenhouse gasses by emitted by commercial truck carriers including: carbon dioxide, carbon monoxide, volatile organic compounds, nitrogen oxides, and particulate matters. Removing these pollutants from the environment will result in an emissions savings of \$3.0 million/ \$5.6 million over a thirty-year period.

Additionally, the improvements will further enhance the multimodal transportation options available at the Port. The Port has direct access to three Class I railroads, numerous docks, multiple highways, etc.

Promote equitable, affordable housing: Single-family homes in Corpus Christi have a median household value of \$117,600 according to the 2010 American Community Survey One-Year Estimates. This figure is 8.2% and 34.7% less when compared to the State

of Texas (\$128,100) and the United States (\$179,900), respectively.

The availability of affordable housing options is critical as the metropolitan area continues to grow. This is especially true as the Port attracts higher rail traffic volumes and new industries which will spur additional job opportunities.

Corpus Christi has a well-established public transit system to serve its citizenry. The Corpus Christi Regional Transportation Authority (RTA) jurisdiction includes 830 square miles and serves over 5 million passengers annually.

The RTA provides transportation services to rural communities, assists citizens in creating vanpools and rideshare programs, and provides demand-response origin-to-destination service for qualified individuals with a disability. These efforts significantly enhance worker mobility.

The RTA service area covers Nueces and San Patricio Counties. This vicinity includes the major metropolitan cities such as: Agua Dulce, Bishop, Corpus Christi, Driscoll, Gregory, Port Aransas, and Robstown. The RTA's wide-reaching coverage area allows the majority of Port workers to utilize public transit.

Easy access to public transportation services, in combination with affordable housing choices available within the community, will clearly contribute to reducing the cost of user mobility within the area.

Enhance economic competitiveness: As indicated earlier, the construction of the Nueces River Rail Yard will enhance the economic competitiveness of the nation by expanding terminal rail capacity and increasing the competitive rail-served market access. The additional rail capacity will position the facility for continued growth as the U.S. economy continues to recover.

Support existing communities:

Targeting federal funds to an urbanized portion of the community prevents urban sprawl issues related to greenfield development. As indicated earlier, the City of Corpus Christi is continually growing which incites heavy pressure to develop within the urban

fringe. Reinvestment in the existing Port facilities facilitates smart growth techniques such as clustering growth and increasing development density. This practice will ultimately help POCCA minimize the environmental impact of future development.

Value communities and neighborhoods: The ship channel serves as both a visual and physical barrier that separates the Port from the commercial and residential portions of the city. This prevents negative externalities associated with the Port, including noise, traffic, lighting, etc., from affecting the livability of nearby mixed-use neighborhoods.

Furthermore, POCCA controls the development of the land within the Port. POCCA expressly prohibits any residential uses within its jurisdiction. This situation will prevent any future incongruent land uses from being located in near proximity.

ENVIRONMENTAL SUSTAINABILITY:

The proposed project represents a critical step in addressing our nation's energy and environmental challenges. The infrastructure improvements will directly contribute to environmental sustainability by converting more than 290,041 truck trips to rail over the next 30 years. This results in trucks driving 68 million fewer miles across our nation's roadways.

Reducing the total amount of truck traffic and shifting freight movement from the highway to the railway results in numerous benefits in a 30 year period. These include:

- Saving 6 million gallons of fuel;
- Reducing carbon dioxide (CO₂) emissions by 57,135 tons.
- Reducing carbon monoxide (CO) emissions by 101 tons.
- Reducing volatile organic compounds (VOC) emissions by 20 tons.
- Reducing nitrogen oxide (NO_x) emissions by 781 tons.
- Reducing particulate matter (PM) emissions by 20 tons.

The Nueces River Rail Yard will also indirectly help improve the condition of its surrounding environment. All facilities constructed as a part of, and as a consequence of, the project will exemplify a

commitment to environmental stewardship dictated by POCCA's Environmental Management System (EMS). POCCA has adopted the following Environmental Policy as part of its EMS:

- Comply with applicable federal, state, and local regulations and other commitments
- Continually improve
- Commit to pollution prevention
- Communicate our performance to the community

POCCA received ISO 14001 certification for its EMS in July 2007. POCCA continually maintains the certification and is in the process of expanding the line to include its public cargo docks.

Numerous organizations have recognized POCCA's environmentally-conscious efforts including:

- A 2005 Costal Bend Bays Foundation environmental conservation and environmental stewardship award in the business and industry category.
- Recognition of the POCCA EMS Program for its environmental management program dedicated to reducing air emissions from diesel equipment from the Texas A&M Pollution Prevention Partnership in 2006
- Named an EPA "Blue Skyways Partner" in 2007. The Blue Skyways Collaborative is a regional collaborative aimed at improving air quality. POCCA participates with the Corpus Christi Regional Air Quality Committee and is a signatory to the O3 Flex Agreement. The referenced document is the first of its kind and is a partnership between local entities, the Texas Commission on Environmental Quality (TCEQ), and the U.S. Environmental Protection Agency (EPA), in which voluntary measures are initiated at varying stages to maintain the air quality in the Costal Bend region in attainment of national ambient air quality standards.
- POCCA has also committed to collaboration with the Texas A&M Corpus Christi - Pollution Prevention Partnership to host Auto Check events on a quarterly basis in the Port area. Auto Check is a free vehicle emissions test and is open to the public. POCCA uses the events to verify its fleet maintenances. On June 17, 2009, the Pollution

Prevention Partnership recognized POCCA for its leadership role in helping to maintain air quality in the costal bend region.

Other examples of self-initiated policies intended to provide environmental benefits include:

- POCCA has an internal anti-idling policy.
- POCCA utilizes propane powered lawn equipment for grounds-keeping.
- POCCA has plans for future environmental initiatives such as cargo dock expansions that include laying conduit for future shore side power. In fact, POCCA staff participated in the ISO standard committee responsible for the development of a shore-side power standard.
- POCCA has a beneficial reuse philosophy for dredging and site development projects that involve the placement of dredge material. In fact, POCCA recently constructed a rail and highway project through dredge material placement area utilizing unique engineering design to de-water and stabilize the dredge material allowing for reuse of the dredge material. Other reuse projects include using the dredge material to enhance birding areas and other wildlife habitat areas.

As demonstrated above, POCCA understands the importance of managing its impact on the environment. POCCA is dedicated to ensuring all future development satisfy its mission of being a steward of the environment.

SAFETY

The primary safety benefit associated with the construction of the project involves its ability to divert heavy truck traffic. Accident statistics obtained from the National Highway Traffic Safety Administration indicate rail is a safer mode of travel than the trucking industry.

As earlier referenced, the proposed additional rail capacity at the Port will convert an estimated 290,041 truck trips to rail over the next 30 years. This results in trucks driving 68 million fewer miles. Most significantly, this situation reduces the amount of interactions between cars and heavy trucks on our nation's roadways.

The Benefit Cost Analysis determined the accident cost savings associated with the project to be

between \$2.1 million (7% discount) and \$3.7 million (3% discount) over the 30-year period.

EVALUATION OF EXPECTED PROJECT COSTS AND BENEFITS⁶

Table 1 summarizes the Benefit Cost Analysis completed for the proposed Port improvements (see Appendix C for the Benefit Cost Analysis report). Based on the guidance provided by the notice, a discount rate of 3% and 7% has been applied to future benefits to obtain the present value in 2011 dollars.

The proposed Nueces River Rail Yard will reduce truck traffic which results in several benefits including the following: pavement maintenance savings, reduced shipping costs, congestion cost savings, noise savings, environmental cost reduction, and improved safety on the highway.

The project is expected to generate **\$30.7 million** in discounted benefits at the 7% discount rate compared to a discounted cost of **\$21.5 million**. As a result, the benefit/cost ratio for the project is estimated to be **1.4** with a net present value of **\$9.2 million**. The attached Benefit Cost Analysis tables further illustrate the supporting calculations.

Table 1: Benefit Cost Analysis Results

Benefits and Costs	3% Discount Rate	7% Discount Rate
Total Benefits	\$30.7 million	\$55.5 million
Total Cost	\$21.5 million	\$21.5 million
Ratio	1.4	2.6

Project Costs

Construction Costs: The estimated construction costs of completing the construction of a unit train siding and interchange yard at the Port totals \$21.5 million.

Project Benefits

- *Safety Benefit:*

Accident statistics obtained from the National Highway Traffic Safety Administration indicate that rail is a safer mode of travel than the trucking industry. As such, reducing the number of heavy truck trips will decrease the total number of accidents on our nation’s roadways over the 30 year life of the project. The Benefit Cost Analysis estimated the monetary benefit of advancing the construction of the Nueces River Rail Yard with receipt of TIGER III discretionary funding will be between \$2.1 million (7% discount) and \$3.7 million (3% discount) in terms of Accident Cost Savings.

EVALUATION OF PROJECT PERFORMANCE

The Federal Register Notice of July 1, 2011 references that Grantees will be required to work with the US DOT on the development and implementation of a plan to collect information and report on the project’s performance with respect to the relevant long-term outcomes that are expected to be achieved through the construction of the project. The TX DOT will, of course, comply with this requirement and is prepared to report on the following:

- The amount of Grant Funds appropriated, allocated, obligated and outlayed under the appropriation;
- The number of projects put out to bid under the appropriation and the amount of Grant Funds associated with these contracts;
- The number of projects for which the contracts have been awarded under the appropriation and the amount of Grant Funds associated with these contracts;
- The number of projects for which work has begun under these contracts and the associated amount of Grant Funds;

Overall benefit over the 30 year life of this project

- The number of projects for which work has been completed and the associated amount of Grant Funds;
- The number of direct, on-project jobs created or sustained by the Grant Funds for projects under the appropriation and to the extent possible, the estimated indirect jobs created or sustained in associated supplying industries, including the

⁶ BCA is based on the requested level of TIGER funding to support this project.

number of job-years created and total increase in employment; and

- The actual aggregate expenditures by each recipient from State sources for projects eligible for funding under the program.

Further, the DOT will submit the first of these reports in accordance with the prescribed submission guidelines.

Job Creation & Near-Term Economic Activity:

Although Nueces County is not an economically disadvantaged area according to 42 U.S.C. 3161, low-income workers within the area would benefit from the initial and long-term jobs created as part of the project. According to the 2010 American Community Survey One-Year Estimate, Corpus Christi has a per capita income of \$22,572. This figure is 5.5% and 13.4% lower when compared to the State of Texas (\$23,863) and the United States (\$26,059), respectively.

Moreover, the 2010 American Community Survey indicated that 20.1% of Corpus Christi's population is below the poverty level. This percentage far exceeds the rates for both the State of Texas (17.9%) and the United States (15.3%).

These figures become more significant when considering the area's unemployment rate⁷. Corpus Christi maintained an August 2011 unemployment rate of 8.2%. This rate is lower than the State of Texas (8.5%) and the United States (9.1%).

However, looking more closely at related employment figures, it becomes even more evident that a condition of underemployment potentially exists within the community. A significant portion of the regional workforce experiences a comparative disadvantage in terms of per capita income and a significant percentage of citizens living below the poverty line.

The proposed rail improvements will provide a mechanism to grow the local economy and create jobs which pay a living wage. In fact, the referenced Economic Impact Analysis (Appendix A) projects an average annual salary of \$48,276 for construction

related workers in the four-county area and \$82,638 for operations related fields in the same region.

As discussed earlier in this proposal, POCCA commissioned a study to evaluate and measure future economic impacts resulting from the proposed improvements (See Appendix A). This analysis includes estimates of the total impact of the project at both a regional and state level in terms of job creation, output (sales), labor income, and value added for the construction (short-term) and operations (long-term).

The following provides the report's summary of the short-term and long-term impacts provided by the Nueces River Rail Yard.

- *Short-Term:*

Regional

The Economic Impact Analysis estimated the *construction* impact of the railroad capacity improvements will lead to the creation of an additional **81** temporary jobs, **\$3.9 million** in labor income, **\$7.3 million** in value added, and **\$16.5 million** in output.

The majority of the anticipated new jobs fall within the "Other concrete product manufacturing" and "Mining and quarrying other nonmetallic minerals" industries.

State

The Economic Impact Analysis estimated the *construction* impact of the railroad capacity improvements will lead to the creation of an additional: **181** temporary jobs, **\$10.1 million** in labor income, **\$18.9 million** in value added, and **\$43.8 million** in output.

The majority of the anticipated new jobs also fall within the "Other concrete product manufacturing" and "Mining and quarrying other nonmetallic minerals" industries.

- *Long-Term:*

Regional

The Economic Impact Analysis estimated the *operations* impact of the railroad capacity

⁷ Seasonally adjusted; Source: Bureau of Labor Statistics (10/18/2011)

improvements will lead to the creation of an additional **90** permanent jobs, **\$7.5 million** in labor income, **\$12.3 million** in value added, and **\$23.1 million** in output.

The majority of the anticipated new jobs fall within the “transport by rail” industry.

State

The Economic Impact Analysis estimated the *operations* impact of the railroad capacity improvements will lead to the creation of an additional **142** permanent jobs, **\$9.3 million** in labor income, **\$15.6 million** in value added, and **\$30.9 million** in output.

The majority of the anticipated new jobs fall within the “transport by rail” industry.

As evidenced by the figures above, the impact resulting from the initial construction and continued operation of the new railroad improvements is greater for the State. This is a direct consequence of some of the industry sectors (i.e. hay/bales seeding, railroad ties, plastic piping, ballast (#4 limestone), and rails and hardware) not being located within the immediate region of the Port. However, the State has the ability to capture the required inputs.

- *Opportunities to create jobs for low-income workers:* The Port will benefit from programs tailored to address the needs of low income working families. The Texas Workforce Commission, which has two permanent offices in Corpus Christi, provides training, placement, and counseling services. In addition, POCCA and the Corpus Christi Regional Economic Development Corporation are actively engaged in business attraction and business retention efforts to create new job opportunities for area residents.

The Corpus Christi Regional Transportation Authority (RTA) provides much-needed, affordable public transportation for the area. In fact, over 50% of all its users have household incomes of less than \$15,000. Moreover, 74% of the all riders do not have a car and 80% are

transit dependent⁸. This important public service allows an opportunity for low-income workers to seek employment at the Port. Refer to the “Livability” section of this application for additional information regarding the RTA.

- *Opportunities to create jobs for small and disadvantaged businesses:* POCCA is dedicated to providing opportunities for small and disadvantaged businesses to work on Port projects. This effort involves utilizing a variety of methods to actively engage the targeted enterprises.

POCCA maintains a webpage (www.portccoppportunities.com) specifically designed to promote business opportunities for small and minority-owned businesses. The webpage includes purchasing procedures and bid/contract opportunities for capital construction, maintenance, and professional projects. The website allows small businesses to register into the Port’s database of prospective vendors and submit quotes through the e-bid system.

POCCA also directs its Contract Participation Coordinator to present at vendor fairs for the Small Business Administration, the Procurement Technical Assistance Center through the Center of Economic Development at Del Mar College, and other agencies within the community and surrounding Costal Bend areas. The Contract Participation Coordinator distributes brochures describing the different products and services the Port purchases and vendor registration forms during their presentation on “How to Do Business with the Port.”

POCCA will utilize established procedures for tracking vendors and prospective vendors that are Disadvantaged Business Enterprises (DBE), Historically Disadvantaged Businesses (HUB), Minority Business Enterprises (MBE), Women Businesses Enterprises (WBE), and Small Business Enterprises (SBE). Further, the Port has established relationships with the

⁸ <http://ccrta.org/> (10/19/2011)

Corpus Christi Chamber of Commerce, the Hispanic Chamber of Commerce, and the Black Chamber of Commerce.

The process of tracking vendors and prospective vendors, in combination with the referenced partnerships developed with the local Chambers, will assist the Port in connecting disadvantaged workers with economic opportunists during construction of the project and thereafter.

- *Coordination with area and regional organizations to create economic opportunities for disadvantaged workers:* As mentioned earlier Corpus Christi is home to a permanent Texas Workforce Commission office. The state agency oversees and provides workforce development services to employers and job seekers of Texas. Available services include career development information, job-search resources and training programs.

The area is also home to a growing Hispanic/Latino population. As such, English as a second language training is also provided.

- *Have policies and administrative tools in place to ensure that communities work with businesses that work within applicable labor practices and federal laws:* The Texas Workforce Commission has administrative responsibility to ensure that all relevant administrative rules pertaining to applicable labor practices and federal laws are known by employers and employees. The Texas DOT also requires that its contractors abide by applicable labor practices and federal labor laws.
- *Have policies and administrative rules in place to ensure that the project is implemented consistent with best practices relating to civil rights, equal opportunity laws, etc.:* POCCA will require all subcontractors of the rail infrastructure improvement project to present their hiring, compensation, safety practices, Equal Opportunities Policies, and Employee Rules and Regulations Handbook to ensure that all workers are safe and treated fairly. The

project leadership will be provided with information, materials, and training on civil rights and equal opportunity laws that apply to employees.

Project Readiness

The proposed construction of the unit train siding and rail storage tracks at the Port can proceed immediately if awarded the TIGER funds. POCCA owns the property and all connecting trackage for this site and intends to proceed with final design once notified of the award. The summary below highlights the progress that has already occurred relative to securing necessary permits and addressing other events that can potentially derail a project.

PROJECT SCHEDULE:

As noted previously, the project has an improved construction and implementation timeline. Refer to Appendix D for a detailed construction and implementation timeline.

ENVIRONMENTAL APPROVALS:

- The project received a permit under the Clean Water Act Section 404 from the U.S. Army Corps of Engineers as part of the Fulton Corridor project.
- The project received a Section 10 permit under the Rivers and Harbor Act of 1889 from the U.S. Army Corps of Engineers.
- The project is located in an area that is in attainment with applicable Clean Air Act standards.
- A local permit application shall be submitted to Nueces County, Texas for a flood plain certificate.

See Appendix E for the NEPA Categorical Exclusion Worksheet.

LEGISLATIVE APPROVALS:

This project does not require any specific legislative approvals. Letters from project supporters, including federal, state, and local legislative leaders can be found in Appendix F.

STATE AND LOCAL PLANNING:

POCCA is currently working with the Corpus Christi Metropolitan Planning Organization to include the

project in the State Transportation Improvement Program by April 30, 2012.

TECHNICAL FEASIBILITY:

POCCA has completed internal studies to demonstrate that the proposed project is technically and economically feasible to construct, and economically feasible to operate/maintain from revenues it generates long-term. POCCA's knowledge and more than twenty years of management, engineering, construction, and operational expertise at the Port make the project low-risk from both the engineering and economic perspectives.

The design for the interchange yard and the unit train siding are approximately 95% and 25% complete, respectively. Further, the Army Corp of Engineers approved a mitigation plan and design of the mitigation site is 60% complete. As earlier referenced, the Port will proceed with final design once notified of the award. Please refer to Appendix G for basic site layout drawing.

FINANCIAL FEASIBILITY:

This request for \$10 million in TIGER Grant Discretionary funding will ensure that this project proceeds as planned. All remaining funding sources required to complete the construction of a unit train siding and rail storage tracks at the Port of Corpus Christi are secured. What is more, a significant portion of project funding (28%) is committed by the participating railroads as evidenced by the Memorandum of Understanding (See Appendix H) and remaining funds/resources being provided by POCCA.

Secondary Selection Criteria

INNOVATION:

The design of the improvements incorporated innovative bulk head reinforcement techniques that provide superior strength and safety. This design was necessary as POCCA tried to simultaneously maximize limited land for the maximum rail capacity as well as leave a strategic corridor for Utilities to support long term growth and expansion. Further, the incorporation of additional safety barriers will provide

a supplemental layer of safety between the road and rail infrastructure.

PARTNERSHIPS:

The Nueces River Rail Yard project will be offset with financial support from four railroad companies and POCCA totaling approximately \$11.5 million of funding. This represents over 53 percent of the overall project cost.

This cost-sharing arrangement is unique in that the availability of rail funding to accommodate intermodal transportation in Texas is limited. In fact, over the last two years state resources dedicated to rail improvements have been virtually nonexistent. The same can be said about federal funding for rail improvements. Other than TIGER Discretionary Grants, most transportation funding is allocated to roads and highways.

Considering the level of financial commitments already secured by POCCA, and the limited number of funds set aside for rail improvements, Federal participation in this project is clearly warranted and necessary for this project to be completed in a timely manner.

Support for the project spans a variety of additional stakeholders. The project has unified leadership and support from local elected officials, state and government, business sector, and regional partners. The list below represents the elected officials and organizations that support the project. Related letters of support are located in Appendix F.

- U.S. Senator John Cornyn (TX)
- U.S. Senator Kay Bailey Hutchison (TX)
- U.S. Representative Blake Farenthold (TX-27)
- Governor Rick Perry⁹
- Texas Senate, Senator Juan Hinojosa
- Texas House of Representatives, Representative Todd Hunter
- Texas House of Representatives, Representative Raul Torres
- Texas House of Representatives, Representative Connie Scott

⁹ Governor Perry has stated his support for the project; however, the Texas Department of Transportation is sponsoring this application and correspondingly reflects the State of Texas' support for this project.

- City of Corpus Christi, Texas
- Nueces County Commissioners Court
- San Patricio County Commissioners Court
- Corpus Christi Metropolitan Planning Organization
- Corpus Christi Terminal Railroad
- Burlington Northern Santa Fe (BNSF)
- San Patricio County Rural Rail Transportation District
- Nueces County Rural Rail Transportation District
- Corpus Christi Regional Economic Development Corporation
- San Patricio County Economic Development Corporation
- Coastal Bend Council of Governments
- Corpus Christi Chamber of Commerce
- Cline Mining Corporation
- Planter's Grain Cooperative of Odem, TX
- Interstate Grain Corporation
- Archer Daniels Midland (ADM)
- Ambre Energy

Program Specific Criteria

FEDERAL WAGE RATE CERTIFICATION

The Port of Corpus Christi and the TX DOT certifies it will comply with the Federal Wage Rate requirements of Subchapter IV of Chapter 31 of Title 40 of the United States Code. Please see Appendix I for a copy of the TX DOT Federal Wage Rate Certification.

COMPLIANCE WITH THE NATIONAL ENVIRONMENTAL POLICY ACT (NEPA)

The proposed project appears to meet the Federal Rail Administration (FRA) classification of a Categorical Exclusion (CE) under 64 FR 2854, but has not been reviewed by the FRA to date. The U.S. Department of Transportation, with the cooperation of the Maritime Administration (MARAD) and the FRA, will determine the official classification of the proposed project. To assist with the classification decision the FRA CE Application was completed and is included in this submittal. Portions of the National Environmental Policy Act (NEPA) process have been completed through the Federal Highway Administration's January 2003 Joe Fulton International Trade Corridor Environmental Assessment and subsequent March 13, 2003 Finding

of No Significant Impact, and through the U.S. Army Corps of Engineers Section 404 permit that was issued to the Port on August 2, 2004. Permits and clearances were also issued by the U.S. Fish and Wildlife Service, the Texas State Historic Preservation Office, and the Nueces County for floodplain development as a part of the FHWA and USACE NEPA processes.

It is anticipated that the FRA will adopt the field studies that were conducted for the FHWA and USACE NEPA processes. Neither the project area nor the proposed project location has changed since the completion of the field studies in 2001 and 2002. It is anticipated that some additional coordination with necessary federal, state, and local agencies may be needed to comply with FRA's NEPA process or for the FRA to adopt the other federal agencies environmental clearance information. The timeframe associated with obtaining the FRA's approval for the CE is estimated to take between six and nine months from the submittal of the TIGER III grant application.

ENVIRONMENTALLY RELATED FEDERAL, STATE, AND LOCAL ACTIONS

This project does not require any specific approvals outside of those listed on Page 16.

PROTECTION OF CONFIDENTIAL BUSINESS INFORMATION

Not Applicable

MATERIAL CHANGES TO THE PRE-APPLICATION

Several material changes have occurred since the filing of the Pre-Application for this project. The following summarizes the changes.

- *Project location within an Economically Distressed Area (EDA):* The pre-application inadvertently indicated the project is located within an EDA. Nueces County is not an EDA as defined by 42 U.S.C. 3161.
- *Project Description:* Further engineering has determined the need to reinforce the bulkhead for the Viola Turning Basin and the need for a strategic approach to preserve a “Utility Corridor.”
- *Total Project Cost:* The Pre-Application cited a total project cost of \$16 million. As stated in the previous bullet point, the scope within the pre-application did not include several components of the project. Consequently, the total cost of the overall project to \$21.5 million – an increase of \$5.5 million.

These are the only material changes from the Pre-Application.