August 19, 2014

The Honorable John McCain
United States Senate
241 Russell Senate Office Building
Washington, DC 20510

Re: Port of Tucson TIGER 2013 Grant Award

Dear Senator McCain:

Pima County and the Port of Tucson were awarded a $5 million TIGER 2013 Grant for the expansion of the intermodal facility in southern Arizona. The Port of Tucson Container Export Rail Facility is an existing intermodal facility located in the City of Tucson, west of Kolb Road and adjacent to the Union Pacific Railroad line and just south of Davis-Monthan Air Force Base.

Since its opening in mid-1990, the Port has become an established transportation and logistics center in southern and central Arizona and northern Mexico. The Port provides access to rail and intermodal container transportation options. Its location near the United States/Mexico border stimulates trade and business relationships between companies north and south of the border. As the region — which includes the Tucson-Phoenix megapolitan areas (Sun Corridor) and Sonora, Mexico — continues to expand in population and jobs, this facility will provide access to the global market for manufacturers and commodity exporters through highly efficient, direct rail connection to the piers at the Port of Los Angeles, Port of Long Beach and Global Gateway South Terminal. Goods that would otherwise be shipped by truck are diverted to rail with decreases in fuel consumption, air pollution and traffic congestion.

Pima County was notified of the TIGER grant award in September 2013. Since that time, the County has completed the additional documentation needed to confirm project
readiness and has been awaiting obligation since May 2014. We understand the grant must be obligated prior to the end of the federal fiscal year on September 30. The Port of Tucson anticipates a six-month construction schedule and has lined-up significant business for the new facility. The completed improvements will facilitate the rapid movement of freight through the region and to West Coast and Pacific markets. The expansion further solidifies the community's goal to provide regional logistics services for a variety of national and international manufacturers.

We anticipate obligation in the near future. Any assistance or guidance you can provide to accelerate this process would be greatly appreciated.

Sincerely,

C.H. Huckelberry
County Administrator

CHH/mjk

Attachments

c: The Honorable Chair and Members, Pima County Board of Supervisors
I  PROJECT DESCRIPTION

Pima County, Arizona and the Port of Tucson are collaborating on a request for $7,050,000 in TIGER V Discretionary Grant funds to complete rail infrastructure at a container rail export facility. The facility is located in a US Census Bureau designated rural area, on the Union Pacific Railroad Southern Mainline Corridor east of Kolb Road in unincorporated Pima County, Arizona. Matching funds in the amount of $7,050,100, i.e., 54% of total project costs will be provided for equipment and high speed rail switches to equip a double loop track to load unit trains. Exhibit 1 on the next page shows the location, physical setting, and track layout.

The Port of Tucson is an existing intermodal facility located in the City of Tucson, west of Kolb Road and adjacent to the UPRR line. It lies just south of Davis-Monthan Air Force Base (DMAFB). The Pima Association of Governments assisted with the site selection for the Port by providing technical assistance in the mid-1990s. Since then, the Port established a transportation and logistics center to assist businesses in southern and central Arizona, as well as northern Mexico, with access to rail and intermodal container transportation options. Being located near the US / Mexico border stimulates trade and business relationships between companies North and South of the border. The Port of Tucson's rail access currently consists of a 6,699’ siding that connects to the Union Pacific mainline complimented by an additional 5,500’ siding. The 5,500’ siding branches to grade level access, dock level access, intermodal container access, and team track facilities. In addition, the siding provides the connection to a double loop track that is used for the Port of Tucson Container Export Rail Facility.

The Port of Tucson Container Export Rail Facility enables the region’s businesses to access Asian Pacific sea ports through the Port of Los Angeles, Port of Long Beach and private facilities such as American President Line’s (APL) Global Gateway South (GGS). As the region, which includes the Tucson - Phoenix megalopolitan area (Sun Corridor) and Sonora Mexico, continues to expand in population and jobs, this facility will provide access to the global market for manufacturers and commodity exporters through highly efficient direct rail connection to the piers at the Port of Los Angeles, Port of Long Beach and GGS. Goods that would otherwise be shipped by truck are diverted to rail with resulting decreases in fuel consumption, air pollution and traffic congestion.

The Port of Tucson currently receives trainloads of containers for customers in Phoenix, Tucson, Hermosillo and Nogales, Mexico; boxcars of beer from Mexico; and unique large loads such as pipelines, wind towers, generators, and military equipment. The Port of Tucson Container Export Rail Facility provides regional businesses and industries access to export opportunities.

Currently, outbound shipments from the Port of Tucson consist largely of empty containers returning to their point of origin in the Midwest. A business partnership has been established with APL Logistics to deliver empty containers to the Port of Tucson for customers who will fill them with commodities for export, such as ore, grain and scrap metal for shipment by railcar to the Port of Los Angeles. This partnership allows consolidation of less than full load shipments into containers for export. The long-term program will increase the number of outbound containers to utilize unit train operation between the Ports of Tucson and Los Angeles.
Unit train operations at the Port of Tucson now face a number of challenges that will be eliminated by this project. Past deliveries of unit trains carrying very long wind towers have resulted in delays on adjacent roadways as well as have impeded traffic on the Union Pacific mainline as the trains slow to a stop before entering the Wilmot siding. The long trains block the Rita Road crossing of the UPRR tracks, creating delays for motorists. Once the switch is manually thrown, the trains enter the siding at a low speed until they stop again for the switch to be manually thrown to enter the Port of Tucson industrial lead. At that point the length of the train extends from the Port of Tucson to the Wilmot siding and the Union Pacific mainline creating congestion and delaying other westbound trains.

The project contains rail enhancements that will mitigate this problem. Construction of an extension of the Wilmot siding and the Port of Tucson industrial lead and the installation of high-speed powered switches controlled from the Harriman Center at Omaha, Nebraska will eliminate the need to slow and stop arriving trains. Unit trains will enter the Wilmot siding and the Port of Tucson industrial lead track at 40 mph, clear the mainline, and proceed to the loop track.

The double loop track at the Port of Tucson provides space for two unit trains to simultaneously conduct loading and unloading operations. While grain trains of hopper cars are being unloaded, unit trains of containers filled with grain can be built on the adjacent tracks. Exhibit 2, which is the cover sheet from the design plan set, shows the track layout in more detail.

To summarize the major advantages of this project include:

1. Diverting truck traffic to rail which will result in
   a. lower fuel consumption,
   b. less pollution, and
   c. less traffic congestion.
2. Lower and more competitive freight rates which will open global markets for
   a. manufacturers,
   b. exporters of all commodity, and
   c. rural Arizona and New Mexico and Sonora, Mexico’s maquiladoras.
3. Providing a central location and seamless transaction for Sun Corridor businesses to access West Coast and Gulf Coast ports for export to Asian, European and South American markets.
4. Providing construction jobs and long term employment for transloading operators.
5. Ready to build with construction drawings approved by Union Pacific Railroad.
6. Eliminating traffic delays and improves safety at nearby railroad crossings.
Exhibit 2 Track Design

OPERATING PLAN:
- Upper will pull the Grain Shuttle Train in from the East, onto the Walnot siding, then onto the new P.O.T. Track, then around the loop tracks on the outer track, clockwise to the unloading pit.
- P.O.T. will utilize upper power to pull grain shuttle train through unloading pit.
- Upper will pull grain shuttle train and depart to the East.

INTERRADIAL TRAIN:
- Upper will pull the Interradial train in from the East, onto the Walnot siding, then onto the new P.O.T. track, then around the loop tracks on the inner track, clockwise, spotting the train.
- There will be two containers unloading and loading areas. One will be at the west side of the loop and the other at the east side of the loop. This will allow the train to be unloaded and loaded at two different locations on the same train.
- When loaded the upper will pull the train clockwise through the inner leg of the Y-9P, west on the P.O.T. Track 122, then out onto the Walnot siding and west.

WORK RESPONSIBILITY
- MOUNTAIN STATES CONTRACTING
  - All remaining work done by M.S.C.
PORT OF TUCSON: CONTAINER EXPORT RAIL FACILITY

APPLICANT/SPONSOR: Pima County

TOTAL PROJECT COST: $13,054,575

GRANT FUNDING: $5,000,000

PROJECT DESCRIPTION

TIGER funds will extend the Wilmot siding and install high-powered switches to eliminate the need to slow and stop arriving trains at the inland Port of Tucson Container Export Rail Facility. Currently, the Port is the only location in Arizona that can accommodate large loads such as pipeline or wind tower components, but unit trains must pass through a manual switching before entering the Port, creating delays on adjacent roadways and the Union Pacific mainline. By automating the switches for trains entering the Port, this project will reduce congestion and delays experienced by motorists and other trains. The project will also construct a double loop track at the Port so unit trains can simultaneously load and unload.

PROJECT HIGHLIGHTS

» Reduces traffic delays and improve safety at nearby railroad crossings.

» Increases capacity for more environmentally efficient freight movement.

» Facilitates the innovative use of intermodal service for shorter distances by improving the operational efficiency of the freight system.

PROJECT BENEFITS

The project increases economic competitiveness by improving rail access to the inland Port of Tucson. As intermodal and container traffic grows at the inland Port, the project will help provide a seamless transition for Sun Corridor businesses and exports to international markets through West Coast and Gulf Coast ports. The project augments an agreement to fill empty containers on site at the Port rather than return them empty to Midwest points of origin, offering manufacturing and commodity exporters a direct rail connection to the Ports of Los Angeles and Long Beach. It will also improve safety by eliminating congestion and delay as trains stop to enter Port facilities.