



**CITY OF SALINAS  
COUNCIL STAFF REPORT**

---

**DATE: SEPTEMBER 4, 2018**

**DEPARTMENT: OFFICE OF THE CITY MANAGER**

**FROM: ANDREW MYRICK, ECONOMIC DEVELOPMENT MANAGER**

**TITLE: CRISI GRANT APPLICATION FOR A NEW INTERMODAL FREIGHT RAIL FACILITY**

**RECOMMENDED MOTION:**

A motion to approve the attached Resolution supporting the proposed intermodal rail facility project and directing staff to continue to work with Aurora Express Intermodal in preparing a grant application.

**RECOMMENDATION:**

Staff recommends that the Council approve the attached Resolution. This would express support for the project described in this Staff Report, and provide staff direction to continue to work with Aurora Express Intermodal in the preparation of an application, as well as continue to conduct due diligence activities.

**BACKGROUND:**

On June 19, 2018, Council approved a Resolution supporting the an application for a BUILD grant to support the development of an intermodal freight facility to be located at an existing intermodal facility owned by Union Pacific on the north side of the railroad tracks across from the Salinas Train Station. Details of the project and staff’s previous analysis may be found in the attached Staff Report dated June 19, 2018.

On July 18, 2018, City of Salinas staff submitted an application for the BUILD grant program in the amount of \$25 million. Grant applications are still under review and awards are not expected to be announced for several months. However, given the competitive nature of the grant application process, the project proponent, Aurora Express Intermodal, has requested that the City also submit a grant application under the Consolidated Rail Infrastructure and Safety Improvements (CRISI) program. Like the BUILD program, the CRISI program is a discretionary grant application run through the Department of Transportation (DOT). The CRISI program is primarily distinguished from the BUILD program by its focus on rail projects as well as its much higher funding limits.

Subsequent to the submittal for the BUILD grant application, the project proponent has continued their due diligence and has adjusted the estimated project cost from \$101 million to \$118 million.

This is mostly due to increased construction costs at the site, along with some increased equipment and professional/engineering costs. As a result of these increased costs, the amount being requested in the grant would increase from \$25 million to \$40 million.

### ANALYSIS

The analysis provided in the previous Staff Report dated June 19, 2018, is still applicable to the project. The community benefits of the grant are identical, the project proponent would continue to be responsible for all grant preparation and submittal costs, the City would not be responsible to provide matching funds, ongoing monitoring by the City (compensated by the project proponent) would be required, and the level of risk (as well as the strategies used to mitigate this risk) is similar.

In the event the City were to be awarded both the BUILD and CRISI grants, the City would evaluate the situation to determine the best course of action going forward.

### CEQA CONSIDERATION:

The proposed project includes freight rail service on property owned by Union Pacific Railroad. Pursuant to the Federal Interstate Commerce Commission Termination Act of 1995, local and State regulations, including CEQA, are not applicable to this project.

### STRATEGIC PLAN INITIATIVE:

The proposed grant would promote the Council Strategic Plan Initiatives of Economic Diversity & Prosperity (through job creation and the redevelopment of a blighted site) as well as Well-Planned and Excellent Infrastructure (by providing needed updates to the rail network within the City).

### DEPARTMENTAL COORDINATION:

The Economic Development Division has coordinated extensively with the Finance Department, which has assisted in the review of the grant materials submitted and has handled the technical tasks related to grant submittal.

### FISCAL AND SUSTAINABILITY IMPACT:

On balance, the grant should have a neutral or positive financial impact on the City. All City costs incurred by the City, including administrative overhead, will be reimbursed by the applicant. There are also potential increases in revenue created by the redevelopment of the site and increased employment. Prior to the acceptance of any grant award, staff will ensure that any risks to the City are negligible.

### ATTACHMENTS:

Proposed Resolution

Council Staff Report dated June 19, 2018 (without Exhibits)  
Updated Project Summary – August 2018  
Job Forecast from Aurora Express Intermodal