



Barry D. Michaels
AVP Premium Operations - Network

August 24, 2007

Via Email - TRussell@portla.org
~ and ~

Via Facsimile - 310-831-9778

Thomas A. Russell, Esq.
General Counsel
Intermodal Container Transfer
Facility Joint Powers Authority
425 S. Palos Verdes Street
San Pedro, California 90731

Re: *Intermodal Container Transfer Facility ("ICTF") Modernization Project*

Dear Mr. Russell:

We appreciated the willingness of the JPA planning and engineering staff to confer with Union Pacific representatives on August 15, 2007. I understand the discussion was candid and productive, and that the parties reached a final understanding on the JPA's requirements for determining Union Pacific's forthcoming resubmitted Application to be complete.

The purpose of this letter is to confirm these understandings regarding the manner in which Union Pacific's resubmitted Application would be prepared resulting in a determination of completeness.

The Application will include all relevant supporting materials, and not reference prior submissions. We understand the JPA may request further clarifying information after receipt of the Application, however any such additional data will not affect its determination of completeness.

The following, as those in attendance agreed, will become part of the resubmitted Application.

I. On-Site Storage of Alternate, Non-Diesel Fuels

1. A list of potential alternate fuels to be used, including their air pollutant emission factors and properties (such as flash-point), together with a discussion of the infrastructure required for their containment.
2. Conceptual location for storage and associated containment infrastructure based on local rules and regulations.
3. Conservative estimates of alternate fuel volumes and storage tank footprints.
4. Confirmation that the Project design does not envision onsite fueling of yard trucks (*i.e.*, pickup trucks used by railroad personnel, not hostlers); and these vehicles will fuel at local gas stations.

II. Traffic and Circulation

1. Characterization of present traffic conditions, including the general distribution of dray truck traffic on adjacent roadways.
2. Conceptual detail illustrating the proposed Project entrance at Alameda Street and exit at Sepulveda Boulevard, and conceptual infrastructure improvements to facilitate effective Project ingress and egress. This will assume completion of the proposed SR-47 improvements project.
3. Clarification regarding the proposed Automated Gate System (AGS): how it works; how it differs from the existing tracking system; how it compares to existing "Pier Pass" technology; and why AGS is an improvement.
4. Estimated number of construction truck and vehicular equipment trips, and a proposed measure to implement a Construction Traffic Control Plan that would prevent traffic activity from accessing City of Long Beach residential neighborhoods to the west.
5. Conceptual operating characteristics of the Project, including hours of proposed operation; a figure illustrating estimated dray truck distribution on major roads serving the Port (Sepulveda Boulevard, Alameda Street and the Terminal Island Freeway); a table or graph illustrating estimated daily temporal truck trip distribution at Project gates; and average daily trip and peak hour trip traffic at

Project buildout. This will include prohibiting ICTF trucks from making left turns onto Sepulveda Boulevard, and prohibiting access onto the Terminal Island freeway.

III. Preliminary Information on Air Quality – Construction & Green House Gases (GHGs)

1. Pollutant emission estimates for direct and indirect sources and criteria and non-criteria pollutants for the 2005 baseline year for ICTF operations, and for construction and operation of the Project projected to the boundaries of the South Coast Air Basin, consistent with the approach used in the Port of Los Angeles (POLA) TraPac DEIR/S. Union Pacific understands a different baseline year (*e.g.*, 2007) may be selected for the CEQA analysis that the JPA will conduct after it accepts the Application. Union Pacific will provide emission estimates and supporting details consistent with the provisions of the “*Preliminary Draft Protocol for Air Emission Modeling and Human Health Risk Assessment for Intermodal Facilities at the Port of Los Angeles*” (Environ 2007).
2. List of construction equipment projected to be used during demolition and construction, and estimates for emissions, fuel type and fuel consumption rates for construction activities.
3. Greenhouse gas emission estimates for the 2005 Project baseline, extending to the California state line, consistent with the approach used in the POLA TraPac DEIR/S.
4. Current emission estimates for trains and heavy duty diesel fueled trucks related to the ICTF facility, including operations to and from the ICTF yard within the boundaries of the South Coast Air Basin.

IV. Health Risk Assessment for Baseline Conditions

1. Union Pacific will provide to the California Air Resources Board (CARB) an HRA emissions inventory and dispersion modeling analysis for calendar year 2005, using a standard modeling domain of approximately 10 km, and including indirect sources of emissions within 0.5 miles of the ICTF boundary consistent with the approach used in the POLA TraPac DEIR/S. CARB will prepare both cancer and non-cancer risk isopleths, and summarize the results in a brief report.

Union Pacific will submit the CARB report along with supporting equipment emission inventory and modeling results. The level of detail provided in the HRA baseline emission inventory will be consistent with the Environ *“Preliminary Draft Protocol.”*

2. Union Pacific will work with the JPA to define the level of baseline information required to address the Project’s indirect and cumulative impacts on Dolores Yard.

V. Conformity with Governmental Plans and Programs

A. Clean Air Action Plan (CAAP) and Clean Truck Program

1. Union Pacific will provide a matrix that compares the proposed Project to the CAAP measures relevant to the proposed Project, similar to the matrix included in the POLA TraPac DEIR/S.
2. Union Pacific will continue participating in the Ports’ RL-2/RL-3 Technical Working Groups to define the RL-2/RL-3 standards and identify how they apply to the Project.

B. Other Governmental Plans

1. A list of the following relevant plans and programs, and a discussion of Project compliance: (i) the Port of Los Angeles Master Plan; (ii) the City of Los Angeles General Plan, all relevant components, including the Wilmington Community Plan; (iii) the City of Carson General Plan, including the Carson Zoning Ordinance; and (iv) the Southern California Association of Governments’ Regional Comprehensive Plan. The Port of Long Beach Master Plan is not relevant to the Project and does not require evaluation.

VI. Application Form Information

1. The resubmitted Application will include discussion of the positive aspects of proposed Project implementation, but avoid conclusory statements relative to CEQA significance thresholds. For those aspects of the Project where details are not yet available, the Application will include a conceptual level of detail indicating a reasonable range of potential outcomes. Where necessary, the

option with the most conservative potential environmental effect will be assessed as the Project's effect.

2. The Application will be completed in its entirety and include a supporting document with a similar format to previous submittals. Additional Project information will be included on 11" X 17" figures similar to those earlier provided.
3. Site Plan: Two fanfold site plan sheets at 1" = 200', one fanfold facility cross-section indicating site layout, gates, buildings, hazmat area, fuel station and other pertinent facilities.
4. Floor plans for all proposed buildings, elevations, and parking: Conceptual building plan listing buildings, function, size and general type of construction; a summary listing of uses for each building (office, storage, lockers, etc.); building plan views and elevations; and employee parking.
5. Grading and drainage plans: Two fanfold drawings at 1" = 200' scale showing cut/fill lines (where warranted), pavement removal, new pavement, railroad track areas, and major drainage structures and storm drainage pipes; and one cross section of the existing facility showing typical pavement slopes, valley gutters, trench drains and other drainage facilities.
6. Utility plans: One fanfold sheet at 1" = 200' scale showing existing and proposed new utilities, including electrical substations supporting the Project.
7. Comprehensive site-specific geology and soils report: A preliminary report summarizing existing geotechnical information, including the study performed for the original construction and other applicable studies; and a Phase I Environmental Site Assessment for any property to be developed outside of the existing ICTF footprint, capable of characterizing the level of any existing contamination concentrations.
8. Demolition/construction activities including amount of grading, location, method of transport, size of loads, source of imported fill, destination of exported material and haul routes: An estimate of grading quantities based upon the conceptual site plan; a general discussion of the amount of grading, location, method of transport, size of loads, conceptual source and volumes of

Mr. Thomas A. Russell
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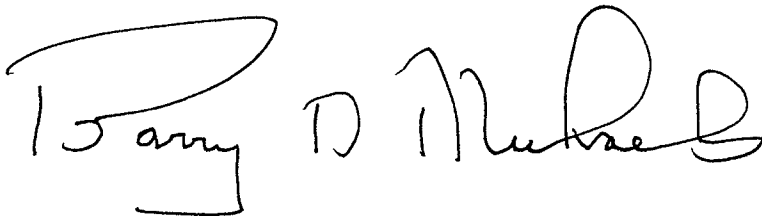
imported fill/exported material, and haul routes; and a determination if export soils are suitable for landfill cover, or require other restricted landfill disposal.

9. Excavations - method and equipment to be used; area and depth to be graded; number of trenches and depths; locations; volume of soil to be affected: A conceptual grading plan providing an estimate for each.

We expect to resubmit our Application in October 2007, copies of which will be delivered to your office for appropriate distribution.

We now look forward to a favorable determination upon receipt of our resubmitted Application. If for any reason the foregoing confirmation does not accurately recite each of the remaining open issues, please advise me at your earliest opportunity.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry D. Mulvaney". The signature is written in a cursive style with a large, looped initial "B" and a distinct "D" before the last name.