

TO: Regional Transportation Commission/Rail Trail Authority
FROM: Luis Mendez, Acting Deputy Director
RE: Santa Cruz Branch Rail Line Acquisition Project – Draft Financial Plan, Draft Proposition 116 Application, and Rail Acquisition Task Force

RECOMMENDATIONS

Staff recommends that the Regional Transportation Commission:

1. Review and approve with revisions as appropriate the attached draft Financial Plan (Attachment 1) for the Santa Cruz Branch Rail Line Acquisition project;
2. Review the attached draft Uniform Transit Application for Proposition 116 funds (Attachment 2) and approve submitting it, with revisions as appropriate, to the California Transportation Commission (CTC) staff as a draft for their review and refinement;
3. Direct staff to return to the RTC with a final draft Uniform Transit Application for Proposition 116 funds in June;
4. Receive an oral report on consultants for the structures assessment; and
5. Accept status information on various elements of the Santa Cruz Branch Rail Line Acquisition Project.

The Rail Acquisition Task Force (RATF) and Staff recommend that the Regional Transportation Commission:

6. Clarify that Commissioners are the members of the Rail Acquisition Task Force, add Commissioner Beautz as a member of the task force, and define the scope of the task force as funding issues connected with the Santa Cruz Branch Rail Line Acquisition project.
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BACKGROUND

The RTC has been working on the acquisition of the Santa Cruz Branch Rail Line for four years. In December 2004, the RTC approved entering into a non-binding Letter of Intent with Union Pacific to purchase the Santa Cruz Branch Rail Line for \$19 million and close escrow by September 23, 2005. The RTC approved a timeline (Attachment 1) to meet the closing date.

The Letter of Intent and the timeline list a number of reports and steps that must be completed before the RTC can make a final decision on acquisition of the Santa Cruz Branch Rail Line. Final approval is also contingent on obtaining the necessary approvals from the corresponding

funding and regulatory agencies such as the California Transportation Commission (CTC), the Coastal Conservancy (CC), Caltrans Division of Right of Way and the Surface Transportation Board (STB).

At recent meetings, the RTC adopted two resolutions: one to designate the Santa Cruz Branch Rail Line Acquisition project as the highest priority for reimbursement in FY 08/09 and to request an AB 3090 designation for the project, and the other to request a \$10 million reimbursable grant from the Coastal Conservancy. The RTC also approved drafting a Proposition 116 application for corridor preservation only, suspending pursuit of a demonstration train, and drafting a request for proposals (RFP) for a short line operator only for freight service.

DISCUSSION

Updated Draft Financial Plan

In January, the RTC considered a draft financial plan for acquisition of the Santa Cruz Branch Rail Line that included improvements for recreational rail service between Capitola and Seascape. At its February 17th Transportation Policy Workshop, the RTC saw an updated draft financial plan with changes to the costs of some pre-acquisition activities.

The attached updated draft financial plan (Attachment 1) reflects the recent CTC staff determination that recreational rail service is not required for a Proposition 116 application and the RTC decision to draft a Proposition 116 application for corridor preservation. In addition, estimates for pre-acquisition costs are updated.

The changes between the February 17th version and the currently proposed financial plan are noted in the comments column. The most significant change is that the currently proposed financial plan no longer includes improvements for recreational rail service. The rail improvements are described in the draft Proposition 116 application as including but not limited to drainage improvements, joint bar replacement, track replacement and improvement, at-grade crossing improvements, bridge and trestle improvements, and safety improvements. The increased estimated pre-acquisition costs are covered by the federal appropriation funds and the amount of federal funds used for the actual purchase of the right-of-way is reduced. This requires an increase in Proposition 116 funds used for the purchase and a decrease in funds available for improvements.

An approved financial plan must be included in the Proposition 116 application. **Staff recommends review and approval of the attached (Attachment 1) draft financial plan, with revisions as appropriate.** If further revisions of the financial plan are needed as the Proposition 116 application is finalized, staff will return to the RTC with recommendations.

Proposition 116 Funds

In 1990 California voters approved Proposition 116, which designated \$11 million for Santa Cruz County for rail projects. In 2003, the RTC submitted a Uniform Transit Application for Proposition 116 funds for pre-acquisition activities connected with the Santa Cruz Branch Rail

Line. The RTC was successful in securing \$300,000 and has used the funds for a business plan, appraisal work and an environmental impact report (EIR). A new application is necessary to use the remaining \$10.7 million for acquisition of the Santa Cruz Branch Rail Line and for improvements to the rail line. A draft application is included as Attachment 2.

Draft Application

As reported at the March 3, 2005 RTC meeting, this Proposition 116 application need not include recreational rail service and can be for corridor preservation and improvements. To have the application approved without a requirement for recreational rail service the RTC must request a waiver for the following California Transportation Commission (CTC) Proposition 116 guidelines:

9. The Commission shall not permit Passenger Rail and Clean Air Bond Act funds, based on state law (SB 2592, Kopp), or other state funds to be matched with CATIA (Proposition 116) funds.

33. In the event a rail right-of-way project does not result in rail transit service by the year 2000 and the property is no longer needed the Commission shall require that a liquidation plan be prepared by the grant recipient by January 31, 2000 for approval by the Commission to dispose of the property.

The waiver of Guideline #9 means that the RTC Proposition 116 application can have state funds (STIP funds) matching Proposition 116 funds. The waiver of Guideline # 33 means that a passenger rail service is not required.

In addition to the waiver for the two Proposition 116 guidelines listed above the application requests that the CTC take the following actions consistent with the updated financial plan:

1. Approve Santa Cruz County's remaining \$10,700,000 Proposition 116 appropriation for acquisition of the Santa Cruz Branch Rail Line right-of-way (ROW) and improvements to the rail line (including but not limited to drainage improvements, joint bar replacement, track replacement and improvement, at-grade crossing improvements, bridge and trestle improvements, and safety improvements);
2. Approve a fiscal year 10/11 AB3090 Reimbursement designation for \$10,000,000 in Regional Share State Transportation Improvement Program (RS STIP) funds; and
3. Allocate \$8,700,000 of the Proposition 116 funds for acquisition of the Santa Cruz Branch Rail Line.

The final application must be accompanied with a resolution adopted by the RTC and signed by the RTC's counsel making required statements of eligibility for the Proposition 116 funds. The draft resolution included with this staff report (Attachment 3) is for information and does not need to be adopted at this time. The required eligibility statements included in draft resolution

are shown on pages 3 and 4 of the draft Proposition 116 application.

Staff recommends that the RTC review the attached draft Uniform Transit Application for Proposition 116 funds (Attachment 2) and approve submitting it, with revisions as appropriate, to the California Transportation Commission (CTC) staff for refinement and direct staff to return to the RTC with a final draft Uniform Transit Application for Proposition 116 funds.

Structures Assessment

At its February 17th Transportation Policy Workshop meeting, the RTC allocated \$80,000 to the Miller, Owen and Trost contract for an engineering assessment of the structures on the Santa Cruz Branch Rail Line. Miller, Owen and Trost received 4 proposals. RTC staff and Bob Scott, engineering consultant for the RTC, participated with Miller, Owen and Trost staff in the review of the proposals. The proposals had a wide disparity in estimated cost so additional information was obtained to ensure that all proposals covered the scope of the services needed. Kirk Trost of Miller, Owen and Trost will provide an oral report regarding the process and the preferred consultant.

Status of Other Santa Cruz Branch Rail Line Acquisition Tasks

Project Timeline

At its March 17, 2005 meeting, the RTC approved an updated timeline for the Santa Cruz Branch Rail Line Acquisition project. At that same meeting, the RTC approved submitting an AB3090 reimbursement designation request for the MetroBase project prior to submitting an AB3090 reimbursement designation request for the Santa Cruz Branch Rail Line Acquisition project. The AB3090 reimbursement designation request for the Rail Line Acquisition project will have to be before the CTC at its August 18th and September 29th meetings. This means that the acquisition cannot close on September 23, 2005 as stated in the Letter of Intent to purchase the rail line. The RTC negotiations consultant will discuss this with Union Pacific representatives and staff will return to an upcoming meeting with necessary revisions to the timeline.

Phase II Environmental Site Assessment (ESA)

Geomatrix began the site reconnaissance for the Phase II ESA on March 17, 2005. At the February 17, 2005 Transportation Policy Workshop meeting, some members of the public and some Commissioners had questions regarding whether specific locations would be sampled and tested. Commissioner Spence submitted several maps at that meeting. The Chair asked that anyone with concerns or questions regarding specific sampling locations submit their concerns and questions in writing to staff so that they could be forwarded to the Phase II ESA consultant. Staff provided Geomatrix the minutes of that meeting and copies of the materials provided by Commissioner Spence. Staff also mentioned concerns raised regarding sampling along the Buena Vista Landfill. After completion of the site reconnaissance Geomatrix will reevaluate the work plan for any needed adjustments.

RFP for Short Line Operator

Miller, Owen and Trost has been working with a subconsultant to develop a request for proposals (RFP) for a short line freight operator for the Santa Cruz Branch Rail Line. Kirk Trost will provide a draft RFP to the RTC at its April 21st Transportation Policy Workshop meeting.

Lease Investigation and Historical Site Investigation

Miller, Owen and Trost has begun soliciting proposals for the lease investigation and is obtaining information for the historical site investigation. Staff has inquired with local historians and has been referred to some written references. Staff will obtain and review those materials.

Rail Acquisition Task Force

At its January 20, 2005 Transportation Policy Workshop (TPW), the RTC designated an ad hoc recreational rail service options committee, composed of Commissioners Norton, Pirie and Stone, and Commissioner Alternates Quintanilla and Schiffrin, to discuss various passenger rail service options that could be available to the RTC to qualify for the Proposition 116 funds. At its March 3, 2005 meeting, the RTC designated this ad hoc committee as a short term ad hoc Rail Acquisition Task Force (RATF) to work with staff through the completion of the Santa Cruz Branch Rail Line Acquisition project. Rahn Garcia, Chief Deputy County Counsel, advised staff and the Rail Acquisition Task Force that the Brown Act would not be applicable if the Task Force's membership was limited to less than a quorum of the RTC, and the Task Force did not constitute a standing committee of the RTC.

The Rail Acquisition Task Force has five members and two of the members are Commissioner alternates. Commissioner Beautz has expressed interest in participating with the Rail Acquisition Task Force. There is room to add one member to the task force and ensure that a quorum of the RTC is not achieved. **The Rail Acquisition Task Force and staff recommend that the RTC clarify that the members of the Rail Acquisition Task Force are Commissioners Campos, Norton, Pirie, Stone and Wormhoudt and add Commissioner Beautz as a member of the task force.** Commissioner alternates may attend the meetings, when the Commissioner is not available to attend. To ensure that the ad hoc nature of the task force is maintained, **the Rail Acquisition Task Force and staff also recommend that the scope of the Task Force be defined as funding issues connected to the acquisition of the Santa Cruz Branch Rail Line; and that the Task Force be dissolved once final recommendations regarding acquisition funding are made.**

SUMMARY

Staff recommends that the RTC approve the attached draft financial plan, and direct RTC staff to submit the attached draft Uniform Transit Application for Proposition 116 funds to CTC staff, and to return to the RTC with a final application before submitting it for approval by the CTC. The Rail Acquisition Task Force and staff also recommend that the RTC clarify that Commissioners Campos, Norton, Pirie, Stone and Wormhoudt are the members of the Rail

Acquisition Task Force, add Commissioner Beautz as a member of the task force, and define the scope of the task force as funding issues for the Santa Cruz Branch Rail line Acquisition project.

Attachment 1: Draft Financial Plan

Attachment 2: Draft Uniform Transit Application for Proposition 116 Funds

Attachment 3: Draft Resolution Making Required Eligibility Statements for the Proposition 116 Application

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