

**TO:** Regional Transportation Commission/Rail Trail Authority  
**FROM:** Luis Mendez, Acting Deputy Director  
**RE:** Santa Cruz Branch Rail Line Acquisition Project – Final Proposition 116 Application

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**RECOMMENDATIONS**

Staff recommends that the Regional Transportation Commission:

1. Review and approve with revisions as appropriate the attached final Uniform Transit Application for \$10.7 million in Proposition 116 funds (Attachment 1) for acquisition of and improvements to the Santa Cruz Branch Rail Line right-of-way (ROW);
  2. Adopt the attached resolution (Attachment 2) authorizing the Executive Director to submit a Uniform Transit Application for \$10.7 million in Proposition 116 funds to acquire the Santa Cruz Branch Rail Line ROW for corridor preservation and to make improvements to the rail line;
  3. Direct staff to seek letters of support from legislators, business groups, community groups, agencies and individuals in support of the above mentioned Uniform Transit Application; and
  4. Accept status information on various elements of the Santa Cruz Branch Rail Line Acquisition Project.
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**BACKGROUND**

The Regional Transportation Commission (RTC) has been working on the acquisition of the Santa Cruz Branch Rail Line for over four years. In December 2004, the RTC approved entering into a non-binding Letter of Intent with Union Pacific (UP) to purchase the Santa Cruz Branch Rail Line for \$19 million. A number of reports and steps 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 (ROW) and the Surface Transportation Board (STB).

At recent meetings, the RTC adopted resolutions to request AB 3090 reimbursement designation and a \$10 million reimbursable grant for the Santa Cruz Branch Rail Line Acquisition project. The RTC also approved a draft Uniform Transit Application for \$10.7 million in Proposition 116 funds for corridor preservation of and improvements to the Santa Cruz Branch Rail Line ROW, and a financial plan for the project.

## DISCUSSION

### 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 secured \$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 for corridor preservation and for improvements to the rail line. The RTC considered a draft application at its April 7, 2005 meeting and directed staff to submit the draft application to California Transportation Commission (CTC) staff for comment and return to the RTC with a final application. Only minor changes have been made and there were reviewed by the Rail Acquisition Task Force (RATF) at its May 23, 2005 meeting. The final application is included as Attachment 1.

### Final Application

As stated in the application, the funds will be used for acquisition of the Santa Cruz Branch Rail Line for preservation of the corridor for transportation purposes, including continuation of existing freight and recreational rail services. 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 use state (STIP) funds to match other state (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.

#### Resolution

The final application requires 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 is included with this staff report as Attachment 2. The required eligibility statements included in draft resolution are shown on pages 3 and 4 of the draft Proposition 116 application.

#### CTC Input on Draft Application

The draft application and resolution reviewed by the RTC at its April 7, 2005 meeting were forwarded to California Transportation Commission (CTC) staff for review and comment. CTC staff did not have any comments or suggested revisions on either the application or the resolution and had only one question on the application regarding the length of the Santa Cruz Branch Rail Line segment that is in Monterey County. The application has been revised on page 1 to clarify that part of the rail line is in Monterey County and on page 9 to state that the approximate length of the segment within Monterey County is .75 miles. Other minor revisions were made to reflect the fact that the 2005 Regional Transportation Plan is now an approved document, update dates, and make some minor clarifications. All of the changes are shown in underline and strikeout format. Except for the date, no revisions were made to the draft resolution.

#### Recommendation on Proposition 116 Application

**Staff recommends that the RTC review and approve with revisions as appropriate the attached Uniform Transit Application (Attachment 1) and adopt the attached resolution (Attachment 2) authorizing the Executive Director to submit the application for \$10.7 million in Proposition 116 funds to acquire the Santa Cruz Branch Rail Line ROW for corridor preservation and to make improvements to the rail line.**

#### Letters of Support

When applications for funding a transportation project are submitted, it always helps to show a broad base of support for the project. Therefore, **staff recommends that the RTC direct staff to seek letters of support from legislators, business groups, community groups, agencies and individuals in support of the above mentioned Uniform Transit Application.**

## **Status of Other Santa Cruz Branch Rail Line Acquisition Tasks**

### Preliminary Title Report

The preliminary title report was included in the agenda packet for the May 19, 2005 Transportation Policy Workshop (TPW) meeting. At the meeting, Commissioners received a report on the document and discussed it. Commissioners were informed that Union Pacific's parcel numbering system is different from the Assessor's parcel system. Commissioners were shown how to find the parcels listed in the title report on the valuation maps of the Santa Cruz Branch Rail Line. The valuation maps are available for viewing at the Commission offices by appointment so that staff can assist Commissioners and members of the public who wish to view the valuation maps.

The Commission discussed other mapping options to better understand the corridor. Staff was directed to investigate the possibility of obtaining maps of the rail line that have been produced by Mesiti-Miller Engineering for the Friends of the Rail Trail (FORT). The series of 68 maps was developed using assessor parcel information and other mapping data obtained from the County of Santa Cruz Geographic Information Systems (GIS) department. The maps show the width of the rail line right-of-way and major streets but not the Union Pacific parcels. Staff continues to investigate this and other mapping possibilities. An oral update will be provided at the meeting.

### Phase II Environmental Site Assessment (ESA)

Geomatrix began the field work for the Phase II ESA on March 17, 2005. All of the soil samples have been gathered and the analysis of those samples is nearly complete. The consultant and staff expect to provide a draft report to the RTC for review at its closed session during the June 16, 2005 Transportation Policy Workshop (TPW) meeting.

### RFP for Short Line Operator

Miller, Owen and Trost is working with a subconsultant (Woodside Consulting) on the development of the request for proposals (RFP) for a short line freight operator for the Santa Cruz Branch Rail Line. The consultants have been incorporating comments provided by the Santa Cruz Big Trees and Pacific Railway, CEMEX and others, and are awaiting information from Union Pacific. Consultants and staff hope to have a revised draft RFP for the RTC's consideration at its June 16, 2005 TPW meeting.

## **SUMMARY**

Staff recommends that the RTC approve the attached final Uniform Transit Application (Attachment 1) and adopt the attached resolution (Attachment 2) authorizing the Executive Director to submit the application for \$10.7 million in Proposition 116 funds to acquire the Santa Cruz Branch Rail Line ROW for corridor preservation and to make improvements to the rail line. Staff also recommends that the RTC direct staff to seek letters of support from legislators,

business groups, community groups, agencies and individuals in support of the above mentioned Uniform Transit Application.

Attachment 1: Final Uniform Transit Application for Proposition 116 Funds of Acquisition of the Santa Cruz Branch Rail Line for Corridor Preservation

Attachment 2: Resolution Making Required Eligibility Statements for the Proposition 116 Application

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