


AGENDA: January 19, 2006

TO: Regional Transportation Commission/Rail Trail Authority – Transportation Policy Workshop

FROM: Luis Pavel Mendez  Deputy Director

RE: Santa Cruz Branch Rail Line Acquisition Project – Timeline and Financial Plan

RECOMMENDATIONS

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

1. Approve the revised draft timeline for the Santa Cruz Branch Rail Line Acquisition Project (Attachment 1); and
 2. Approved the revised draft Santa Cruz Branch Rail Line Acquisition Financial Plan (Attachment 2).
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BACKGROUND

The Regional Transportation Commission has been working on 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 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 Branch Line and to obtain the necessary approvals from the relevant funding and regulatory agencies.

A draft Structural Assessment report was prepared by Biggs Cardosa Associates and Systra Consulting and presented to the RTC at its August 4, 2005 meeting. The report recommendation for additional structural analysis of some structures required some discussion with Union Pacific regarding additional structural analyses and placed some elements of the project on-hold affecting the project's timeline. At its November 2005 Transportation Policy Workshop meeting and its January 2006 RTC meeting, the RTC approved entering into a contract with HNTB Corporation to produce the recommended additional structural assessment, with field work to start on the La Selva Beach structure after Union Pacific completes its repair work.

DISCUSSION

Status of Work on the La Selva Beach Trestle

The work on the recommended additional structural analyses is expected to begin the week of January 15th. HNTB engineers will begin by reviewing all of the materials and information

provided by Union Pacific (UP). HNTB will then initiate the field work and the last structure to be analyzed will be the La Selva Beach trestle, to ensure that Union Pacific has completed its repair work of the structure. Union Pacific estimates to complete its work on the La Selva Beach structure by the end of January with a possibility for slipping into the first week of February.

Draft Revised Timeline

In past meetings, RTC staff reported that once there was some certainty on the start time for the recommended additional structural analyses of Santa Cruz Branch Rail Line structures, the timeline would be revised. Attachment 1 is a revised draft timeline for the Santa Cruz Branch Rail Line Acquisition project. This timeline is an estimate for completion of the project assuming that if any issues arise from the due diligence reports yet to be completed, they will not be significant and will not require extensive negotiations with Union Pacific (UP). If any significant issues occur, the timeline can be adjusted.

The timeline shows the following documents and presentation to the RTC:

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| • Appraisals | Spring 2006 |
| • Phase II Environmental Site Assessment | Spring 2006 |
| • Structures Assessment | Spring 2006 |
| • Lease Investigation | Spring 2006 |
| • Short Line RFP | Spring 2006 |
| • Draft Purchase Agreement | Spring 2006 |
| • Final Purchase Agreement | Summer 2006 |
| • Liability and other insurance | Summer 2006 |
| • Comprehensive Financial Plan | Summer 2006 |

The additional structural analysis and the request for proposals for a short line freight operator are the critical path. Release of the RFP will follow the report on the structures analyses because information from the report needs to be available to short line operators who wish to submit a proposal.

Staff worked with the Rail Acquisition Task Force (RATF) to develop the timeline and **the RATF and staff recommend approval of the attached revised draft timeline.**

Revised Acquisition Financial Plan

In November 2005, the RTC revised the Rail Acquisition Project Financial Plan to add the necessary funds for the recommended additional structural analysis. It is now necessary to make some revisions to the financial plan to add funds for other consultant work based on current estimates. Key additions are \$90,000 for the negotiations consultant, \$70,000 for completion of the Phase II Environmental Site Assessment and \$10,000 for review of the appraisals.

The proposed revised financial plan is included as Attachment 2. In order to make the necessary revisions, \$220,000 was taken from the Federal Earmark column, previously designated for

ROW purchase (line 30), and distributed accordingly to various pre-acquisition costs. As a replacement \$220,000 was taken from the Proposition 116 column designated for various improvements (line 36) and added to ROW purchase.

The proposed changes allocate all of the discretionary funds (Federal Earmark and Proposition 116 pre-acquisition funds) to pre-acquisition tasks. Therefore, there is very little room with existing fund sources and approvals for additional changes to pre-acquisition tasks.

Staff worked with the Rail Acquisition Task Force (RATF) to revise the financial plan and **the RATF and staff recommend approval of the attached draft revised Rail Acquisition Project Financial Plan.**

The RATF also recommended amendments to the corresponding contracts consistent with this draft revised financial plan. Before the contracts may be amended, the RTC FY 05/06 budget must be amended consistent with any financial plan changes. Staff expects to present the budget amendment to the Budget and Administration/Personnel Committee at its February meeting and return to the RTC at its February TPW meeting to make the corresponding budget amendments consistent with the approved financial plan and for approvals to add funds to the corresponding consultant contracts.

SUMMARY

Staff in cooperation with the RATF produced a revised draft project timeline for the Santa Cruz Branch Rail Line Acquisition Project. In addition, staff worked with the RATF to make necessary revisions to the project's financial plan. The RATF and staff recommend that the RTC approved the attached draft timeline and financial plan for the project.

Attachment 1: Draft Revised Timeline for the Santa Cruz Branch Rail Line Acquisition Project
Attachment 2: Draft Revised Rail Acquisition Project Financial Plan (enclosed separately)