Memorandum

To: Chair and Commissioners  

Date: August 5, 2003  

From: Diane C. Eidam  

File No: Book Item 2.1e.(1)  

Executive Director  

Action  

Ref: Project Application Approval for the Santa Cruz County Regional Transportation Commission’s Branch Rail Line Acquisition and Recreational Rail Service Project

Issue:
Should the California Transportation Commission (Commission) approve the Santa Cruz County Regional Transportation Commission’s (SCCRTC) Proposition 116 Rail Bond Program application to use $300,000 for ongoing and new pre-acquisition activities for the Branch Rail Line Acquisition and Recreational Rail Service project?

Recommendation:
Commission staff has reviewed the Proposition 116 application, as well as subsequent clarifications that appear to meet all basic requirements specified in the Proposition 116 Rail Bond Program, as well as the Commission’s policies and guidelines. Staff recommends that the Commission approve the attached resolution, which would grant approval of SCCRTC’s project application for $300,000 in Proposition 116 funds for ongoing and new pre-acquisition activities.

Background:
The Proposition 116 Rail Bond Program in PUC Section 99640 authorizes $11,000,000 to be allocated to the SCCRTC for (a) intercity passenger rail projects connecting the City of Santa Cruz with the Watsonville Junction, or (b) other rail projects within Santa Cruz which facilitate recreational, commuter, intercity and intercounty travel. The total estimated project cost is $22,987,000 and the funding breakdown is as follows:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>$225,000</td>
<td>STIP (1998)</td>
</tr>
<tr>
<td>$262,000</td>
<td>Transportation Development Act</td>
</tr>
<tr>
<td>$10,000,000</td>
<td>STIP Augmentation (2000)</td>
</tr>
<tr>
<td>$1,500,000</td>
<td>FY 03 Federal Appropriation</td>
</tr>
<tr>
<td>$11,000,000</td>
<td>Proposition 116</td>
</tr>
<tr>
<td>$22,987,000</td>
<td></td>
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</tbody>
</table>

In July 2003, Commission staff received an application from the SCCRTC requesting $300,000 in Proposition 116 funds to be used for ongoing and new pre-acquisition activities. The pre-acquisition activities have been underway since 2001 using local and state funds. Due to refined cost estimates, the Department of Transportation requiring new appraisals, and local environmental and rail service analysis requirements, available local and state funds will not be sufficient for all currently necessary pre-acquisition costs.
PUC Section 99665(a) states that for SCCRTC to be eligible for a grant for this rail project, the agency shall match on a dollar-for-dollar basis, the amount of the grant from other public or private sources and shall demonstrate, to the satisfaction of the Commission, the availability of those other funds. It is proposed that the Proposition 116 funds be match with other public funds, specifically with $205,000 in State Transportation Improvement Program funds and with $95,000 in Transportation Development Act funds.

The ongoing and new pre-acquisition activities include but are not limited to a new rail right-of-way appraisal, a new appraisal for track, signals and structures, a new going concern value appraisal, the required review appraisal, a business plan, an historic site investigation (if necessary), legal fees, a preliminary title report, a Phase II environmental site assessment, and an environmental impact report for recreational rail service.

The SCCRTC is pursuing the acquisition of the Santa Cruz and Davenport Branch rail lines which extends 31.8 miles from Pajaro in Monterey County to Davenport in north Santa Cruz County for the purpose of preserving the rail corridor for future multi-modal uses. The purchase includes the rights-of-way, track, signal system, yard facilities, structures (including bridges), and all appurtenant facilities.

Two conditions have been included in the attached resolution:

- Once the of right of way has been purchased, SCCRTC or its successor, is limited to a ten-year period to start operations or the right of way must be sold and the state reimbursed then value.

- No allocation for construction will be made until an operations plan has been provided by SCCRTC or its successor to the Commission.

Approval of the attached resolution will authorize $300,000 in Proposition 116 Program funds (PUC Section 99640[b]) for ongoing and new pre-acquisition activist on SCCRTC’s Branch Rail Line Acquisition and Recreational Rail Service project.
1.1 WHEREAS, in June 1990 the voters approved Proposition 116, the Clean Air and Transportation Improvement Act, for $1.99 billion for rail and mass transportation purposes; and

1.2 WHEREAS, the California Transportation Commission is designated in Proposition 116 to oversee the five grant programs over the 20-year term of the Proposition; and

1.3 WHEREAS, Proposition 116 calls for the Commission to establish an application process and develop and adopt guidelines to implement those programs; and

1.4 WHEREAS, Proposition 116 establishes as a purpose of the application process that it “facilitate implementation of improved cost-effective transit service to the maximum number of Californians and to prevent the funds provided for by this part of being spend on needlessly costly features”; and

1.5 WHEREAS, Proposition 116 requires application to specify full and complete capital plans; financial plans; and operating plans, including schedules and funding sources; and

1.6 WHEREAS, in December 1990 the Commission adopted policy and application guidelines (#G-90-23) for the Proposition 116 rail program; and

1.7 WHEREAS, pursuant to PUC Section 99640, and contingent upon approval by the Commission of an application for funding, $11,000,000 shall be allocated to the Santa Cruz County Regional Transportation Commission for the following: (a) intercity passenger rail projects connecting the City of Santa Cruz with the Watsonville Junction; or (b) other rail projects within Santa Cruz County which facilitate recreational, commuter, intercity and intercounty travel; and
WHEREAS, PUC Section 99665(a) requires applicants for grants pursuant to PUC Section 99640 subdivision (b), to match on a dollar-for-dollar basis, the amount of the grant from other public or private sources, and to demonstrate to the satisfaction of the Commission, the availability of those other funds; and

WHEREAS, Proposition 116 specifies that local agencies shall not adopt new or increased development taxes, fees, or exactions or permit fees to pay the local match or for operating costs of new service established with funds provided pursuant to PUC Section 99640; and

WHEREAS, in July 2003, the Commission has received and reviewed an application from the Santa Cruz County Regional Transportation Commission requesting approval of $300,000 in Proposition 116 funds to complete on-going and new pre-acquisition activities leading to the implementation of the Branch Rail Line Acquisition and Recreational Rail Service project; and

WHEREAS, the July 2003 application, including all supplemental information, has been reviewed by Commission staff, and appears to meet all the basic requirements as specified in Proposition 116 and the Commission’s policies and guidelines.

BE IT FURTHER RESOLVED, that the Commission hereby approves the July 2003 Proposition 116 project application from the Santa Cruz County Regional Transportation Commission for on-going and new pre-acquisition activities project totaling $300,000 in Proposition 116 fund (PUC Section 99640[b]).

BE IT FURTHER RESOLVED, once the right of way has been purchased, Santa Cruz County Regional Transportation Commission or its successor is limited to a ten-year period to start operations or the right of way must be sold and the state reimbursed then value.

BE IT FURTHER RESOLVED, no subsequent application or allocation for construction will be approved until an operations plan has been provided to the Commission.

BE IT FURTHER RESOLVED, that a Proposition 116 project application approval by the Commission reserves the State funding within the program, and allows project development work to be undertaken by the application agency, which will be subject to state reimbursement pursuant to the “Commission’s Financial Guidelines for Local Agency Reimbursement” and subsequent fund transfer agreement; and

BE IT FURTHER RESOLVED, that Commission approval of the Proposition 116 project application further constitutes approval for a local agency to begin expending local funds for use as future local match for state reimbursement as authorized by the “Commission’s Financial Guidelines for Local Agency Reimbursement” and consistent with the Commission’s adopted guidelines for approval of advance expenditure for future local match, pursuant to Chapter 993, Statutes of 1990 (SB 2800).