

## Attachment 3

### SANTA CRUZ BRANCH RAIL LINE ACQUISITION STATUS OF DUE DILIGENCE WORK August 2008

#### **Environmental Document for Acquisition**

Information: This report analyzed the environmental impacts of transferring ownership of the rail line. A Negative Declaration was prepared to satisfy the California Environmental Quality Act (CEQA) and a programmatic categorical exclusion was secured to satisfy the National Environmental Policy Act (NEPA).

Completion Date: Completed in April 2002 by Denise Duffy and Associates

Internet Location: <http://www.sccrtc.org/publications.html#Final>

#### **Phase II Environmental Site Assessment**

Information: In March 1997, Geomatrix consultants completed for the RTC a Phase I Preliminary Site Assessment of the Branch Line. The RTC hired Geomatrix to produce the Phase II Environmental Site Assessment based on the Phase I report. The Phase II report will provide the results of the analysis on soil samples taken from throughout the property. The draft Phase II report (presented to the RTC in June) remains subject to a confidentiality agreement with UP.

Completion Date: Draft presented to the RTC in closed session in June 2005 by Geomatrix Consultants. The final is expected in October 2008.

Internet Location: Will be made available when the report is made public after the Executive Director recommends purchase of the Branch Line.

#### **Title Report**

Information: This report provides the results of the title investigation of all of the parcels which together compose the Branch Line.

Completion Date: Draft provided to the RTC in May 2005 and preliminary title report completed in September 2005 by First American Title; final title report anticipated in September 2008.

Internet Location: <http://www.sccrtc.org/pdf/RailAcqTitle0105.pdf>

#### **Appraisals**

Information: Appraisal work includes the following four appraisals before recommending approval of funding for purchase of operating rail property:

- **Real Estate:** This report provides an appraisal of the value of the land after all the railroad assets and improvements are removed and the land is ready for development according to adjoining uses. The report takes into consideration title information, other land sales, development potential, etc.
- **Net Liquidation Valuation of the Track, Signals, Structures and Other Railroad Improvements:** This report provides an appraisal of the salvage value of the assets and improvements on the property and their depreciated value as they are in their current condition.
- **Going Concern Valuation:** This report provides an appraisal of the rail line as an operating freight business;
- **Review Appraisal:** This report provides an analysis of the other three appraisals to ensure that they were prepared according to industry standards and that Caltrans guidelines were followed.

The Caltrans Right-of-Way Division in Sacramento will review and analyze all of the appraisals before making a recommendation to fund the project with STIP and Proposition 116 funds.

Completion Date: Drafts produced during late 2004, 2005, and 2006. Due to length of negotiations with UP, update of appraisal required; RTC approved contract for update and completion in April 2008; completion expected in September or October 2008.

Internet Location: Will be made available when the report is made public.

### **Structures Assessment**

Information: This report provides the result and conclusions of a visual inspection of all of the bridge structures and some major culverts along the Santa Cruz Branch Rail Line. The report recommends detailed structural analysis of structures at 6 crossings due to condition or importance of the structures.

Completion Date: Completed in August 2005 by Systra Consulting and Biggs Cardosa and Associates.

Internet Location: <http://www.sccrtc.org/packet/2005/0508/assessment/0508structassess.htm>

### **Detailed Structural Assessment**

Information: This report provides the results of detailed inspections of the six bridge structures recommended for additional assessment by the first structures report issued in August 2005. HNTB reviewed UP's as-built plans, maintenance and repair information, and reports of inspections by UP and its consultants. HNTB also conducted physical inspections and modeling to assess the condition of the structures, their load capacity and needed repairs and maintenance requirements. The report concludes that \$2.9 to \$4 million of work is needed on the structures.

Completion Date: Completed in June 2006 by HNTB; Peer review completed by Biggs Cardosa

and Associates in August 2006; draft update of cost estimates included in report have been produced.

Internet Location: [http://www.sccrtc.org/packet/2006/0606/Report\\_V6.pdf](http://www.sccrtc.org/packet/2006/0606/Report_V6.pdf);  
<http://www.sccrtc.org/packet/2006/0606/w0606-14f.pdf>;  
<http://www.sccrtc.org/packet/2006/0606/0606-34.pdf>

### **Property Inspection**

Information: An inspection for valuation purposes as part of the appraisals was done in 2004. In addition, it is expected that potential short line operators will conduct their own inspections. As part of the due diligence before deciding to purchase the rail line, RTC consultants will conduct a general inspection of the entire property including the track and roadbed.

Completion Date: Anticipated in October 2008

Internet Address: Will be provided when the report is made public

### **Informational Right-of-Way (ROW) Maps**

Information: This is a set of planning maps of the entire Santa Cruz Branch Rail Line ROW. The maps provide approximate ROW width, location and points of reference with background aerial photos.

Completion Date: Completed in November 2005 by the Santa Cruz County Geographic Information Systems (GIS) Department.

Internet Location: [http://gis.co.santa-cruz.ca.us/gis/map\\_gallery/](http://gis.co.santa-cruz.ca.us/gis/map_gallery/)

### **Lease Investigation**

Information: This report will provide information on Union Pacific's current leases of Santa Cruz Branch Rail Line property and the resulting lease revenue. It will also provide information on the potential for future lease revenue.

Completion Date: Anticipated in October 2008

Internet Location: Will be provided when the report is made public.

### **Short Line Freight Service Operator Contract**

Information: A Request for Proposals (RFP) will be used to seek proposals from potential short line operators to operate freight service on the rail line. The proposals will help inform the Comprehensive Financial and Management Plan and the negotiations with UP. The RTC will secure a short line operator before making a final decision on purchase of the Branch Line.

Completion Date: Draft RFP approved for release in June 2005 but not released; RTC will review new draft RFP in September 2008.

Internet Location: <http://www.sccrtc.org/packet/2005/0506/w0506-09b.pdf>

### **Santa Cruz Branch Line Business Plan**

Information: This report analyzed how the RTC could acquire the Branch Line, continue freight service, and provide limited recreational passenger service without public subsidy. The report used available information at the time to make the necessary analyses and projections, and did not have the benefit of UP's maintenance, inspection, operations and business records for the Branch Line nor any recent inspections done by other RTC consultants. Also funding agencies no longer require, and the RTC is no longer pursuing recreational rail service. As the RTC receives more information from UP, potential short line operators, insurance providers, and consultant investigations and inspections, any information provided in the Business Plan that is still relevant will be updated and included in the Comprehensive Business and Management Plan (see below).

Completion Date: August 2004

Internet Location: <http://www.sccrtc.org/pdf/RecRailBizPlanReport.pdf>

### **Comprehensive Business and Management Plan**

Information: Will provide as complete a financial picture as possible of the acquisition, ownership and operation of the Branch Line, including continuation of freight rail service. No passenger service will be included. Information from the lease investigation, short line operator proposals, and insurance quotes and negotiations with UP will be needed to produce the comprehensive plan.

Completion Date: Anticipated in November 2008

Internet Location: Will be provided when the plan is made public.

### **Funding Approvals**

Information: The RTC requires funding approvals from the California Transportation Commission (CTC) for use of up to \$10.8 million in Proposition 116 and \$10 million in State Transportation Improvement Program (STIP) funds for purchase of the branch line for corridor preservation purposes and for improvements. STIP funds may be authorized through an AB3090 reimbursement, if the funds are not available at the time of purchase. The RTC has prepared a draft application for the CTC. The RTC has also secured funding approval from the Coastal Conservancy for a reimbursable grant to cover the STIP funds, if an AB3090 reimbursement is necessary.

Completion Date: Coastal Conservancy approval secured in December 2005 and CTC approval

is expected in December 2008.

Website Location: <http://www.sccrtc.org/packet/2005/0506/0506-34b.pdf> and [http://www.coastalconservancy.ca.gov/sccb/0512bb/0512Board07\\_Santa\\_Cruz\\_Coastal\\_Rail-Trail.pdf](http://www.coastalconservancy.ca.gov/sccb/0512bb/0512Board07_Santa_Cruz_Coastal_Rail-Trail.pdf)

### **Surface Transportation Board (STB) Application**

Information: The STB is a federal agency, governing operating railroad lines and must approve the acquisition of the Santa Cruz Branch Rail Line by the RTC. The STB will want to ensure that shippers on the Branch Line continue to have service.

Completion Date: Anticipated in October 2008

Website Location: Will be provided when the application is completed and approved by the RTC for filing.

### **Purchase and Sale Agreement**

Information: This will provide the conditions of the property transfer between Union Pacific and the RTC, including property limits, price, and any other necessary terms and conditions to secure full ownership by the RTC and secure a continuing viable and reliable freight operation.

Completion Date: Draft agreement is expected to be presented to the RTC in November 2008 and the final agreement is expected in December 2008.

Website Location: Will be made available when the agreement is made public.