AGENDA: October 5, 2012

TO: Santa Cruz County Regional Transportation Commission

FROM: George Dondero, Executive Director

RE: Director’s Report

For Information Only

CTC Town Hall Meeting

RTC Commissioners are reminded to attend a welcome reception and town Hall meeting with members of the California Transportation Commission. You should have received invitation. The reception is by invitation only the evening of October 9, and the meeting is at 9:30 AM, October 10, at the Museum of Art and History, 705 Front Street, Santa Cruz. If you have any questions, please contact Rachel Moriconi of our staff, at 460-3203.

Rideshare Month and Bike to Work Day

The annual Rideshare Month promotion with AMBAG’s Commute Alternatives Program and San Benito Rideshare runs the entire month of October. This promotion rewards people for using sustainable transportation during the month. Every day a participant reports using an alternative, they receive another entry into the prize drawing.

Today is bike to Work Day, a twice-yearly event funded in part by the RTC. There are 15 public Bike to Work Day free breakfast sites across the county and 44 Bike to School Day sites.

Scenic Trail Network – project update

At the November 1, 2012 RTC meeting, staff will release the Draft Trail Network Master Plan and provide a presentation of proposed multi-use bicycle and pedestrian trail segments, design standards, crossing treatments, rail and agricultural operational considerations, cost estimates, proposed criteria to prioritize projects, implementation mechanisms and other details. We will hold Public Workshops on Nov 26th – 29th in locations throughout the county. More information can be found on our website.
New Artist – Lisa DeWilde

As part of our rotating art exhibit, RTC is pleased to show the works of Lisa DeWilde. Lisa has worked professionally with families, schools, and businesses for 18 years, creating murals, portraits and custom painted furniture. She is able to travel for mural work out of area. Her paintings will be available for viewing at the SCCRTC, 1523 Pacific Ave., Santa Cruz, Monday through Friday from 8:00 am to 5:00 pm through October 31st. You may log on to http://www.lisadewilde.com/ to view Ms. DeWilde’s gallery. We would like to encourage and invite artists who produce two-dimensional art to exhibit in our office. If you would be interested, please contact Cathy Judd at 831 460 3200 or info@sccrtc.org for further information.
Santa Cruz Branch Rail Line Purchase
Public Celebration Train

Background

The RTC has been working for over a decade to purchase the Santa Cruz Branch Rail Line (Branch Line) and is anticipated to be the owner in early October 2012. The RTC is planning a community celebration on October 27, November 17, 2012 that includes short train rides.

Celebration Train

The train would run from Watsonville to Santa Cruz to serve as a backdrop for whistle stops but no passengers would be aboard. From the final stop at the west side of the City of Santa Cruz, the train will be available for participants to take short rides to Wilder Ranch State Part to give the community the opportunity to experience this newly publicly owned transportation asset.

Trainset

The rail line purchase celebration train will be composed of equipment that the Santa Cruz and Monterey Bay (SC&MB) Railway will bring into Santa Cruz for their holiday train event. The train will consist of one or two locomotive and three or four up to seven passenger cars with an estimated maximum capacity of 200- up to 430 passengers per trip.

Train Station

The train will board at the Swift Street Courtyard behind Kelly’s Bakery. RTC staff and SC&MB Railway have been working with the businesses and property owners at that location and they are supportive of the train event and train rides.

Train Operation

The rail line purchase celebration train will be operated by the SC&MB Railway and will make short (about 2 miles) roundtrips from the Swift Street Courtyard to Wilder Ranch State Park. The trips will last approximately 30 minutes. It is not anticipated that there will be any stops for passenger boarding or disembarking anywhere other than the Swift Street Courtyard. It is estimated that the train will make up to five roundtrips between 2:00-1:30 pm and 7:00-6:00 pm.
Passengers

It is estimated that the rail line purchase celebration train will have a maximum capacity of up to 430 passengers per trip. Train rides will be available to the general public.

Fares

Fares will not be charged to the passengers riding the celebration train, but tickets will be issued to help ensure that boarding is orderly, trains are not filled over capacity, and participants can enjoy the celebration event rather than waiting in line. SC&MB Railway has volunteered their ticketing system to issue tickets for the train passengers; however, some tickets may be available at the celebration event sites.
Add-on - RTC 10/04/12

Item 19

Attn:

Luis Mendez (RTC Deputy Director)

We would like to submit the following written comment for an agenda item #19 (celebration of the purchase of the rail line) on Thursday, October 4th agenda of SCRTC meeting.

Written Comment:

We are residences of Aptos and live in walking distance to the Aptos Village. We are very happy that RTC has been successful at purchasing the Railroad tracks that extend across the county. All of our friends who live in Aptos support a Rail-to-Trail plan for this corridor.

**Aptos High School Club: Rail-to-Trail**

To help promote a move to a Bike & Pedestrian Trail, we have formed an Aptos High School Club, tentatively named “Rail to Trail Club”. The purpose of the Club will be to:

- Establish Bike & Pedestrian Trail across 32-mile corridor
- Improve mobility of adjacent Surface-Streets and Intersections that interface with the 32-mile corridor
- Educate students on Project Mgmt, Data Analysis, Government Affairs, Return-on-Investment Analysis, Communications, etc...
- Increase College Resume Credentials for students who participate
- Promote Bike Riding and Physical Activities

**Realistic Affordable & Timely Plans**

We understand that the Rail/Trail Report will be issued at the end of October that will provide an assessment of combining a bike trail with the train tracks – allowing both modes of transit to be utilized. We are confident that this report will show that it is not economically feasible in the way of Capital Cost, Operating Logistics or Operating Cost to have an on-going Train Service in combination with a Trail. We believe that attempting to accommodate such a strategy will result in no Trail existing at all.

**Subsidizing Private Tourist Train**

We do not agree with the RTC subsidizing a private company for 10 years to operate a Tourist Train that adds no visible benefit to the County, both financially or helping to reduce traffic. We believe that the RTC is actually risking the County’s ability to use the railway for more effective mobility strategies by having a long term contract with Iowa Pacific for the Tourist Train. The fact that RTC is contracting with Iowa Pacific whose Business Plan is a $22K profit on $1.7M revenue after 5 years shows that the RTC is just attempting to find a solution to obtain Proposition 116 funding. Essentially what RTC is doing is acting as a landlord who invested $20M in the purchase and upgrade of a property and giving a long term lease to a tenant – WITHOUT REQUIRING RENT FROM THE TENANT. RTC is subsidizing the Iowa Pacific $20M to operate their Tourist Train business – which is not a Commuter Rail Service. Once Iowa Pacific is in, we will not be able to evict them for 10 years. If the Tourist Train is successful (Iowa Pacific’s opinion is a profit margin of less than 1%), the RTC and County may not be able to make changes to the railway because it would impact Iowa Pacific operations. The fact is, we cannot afford to subsidize a Tourist Train that provides no relieve to traffic congestion.

**Most Effective Use of Property to Improve County Mobility**

Past County Studies have shown that a passenger rail cannot be used on the existing tracks because of the configuration of the railway will limit the speed of the train, the population within the service area cannot sustain a commuter train, the RTC budget cannot afford to subsidize a commuter rail and the likelihood of a railway connection to the Bay Area is very unlikely.
We believe that RTC is so focused on achieving a Train-Type service that they are not looking at more effective uses of the property and penalizing the County financially and its ability to improve mobility. This corridor extends across key areas of the County and if converted to a Trail, it could also provide needed Surface-Street improvements in many areas. For example, the intersection of Seabright Ave and Murray Ave could be substantially improved by adding more turning lanes to improve traffic flow. Other examples include significant improvements to Aptos Village configuration for traffic flow and other Westside areas. Another benefit to the County is the potential to sell some of the properties for residential, retail and commercial purposes, while still maintaining the Trail. The revenue from sales would have to be returned to CTC, but the increase in property taxes could be substantial. Based on the Appraisal Report from Collier, it is possible to use some of the properties for residential, retail and commercial, and will likely be able to maintain needed easement requirements.

**Sorry Train Enthusiast!**
Real passenger service on the corridor is not economically viable now or in the foreseeable future. The subsidizing of the Tourist Train cost the State and County more than $10M for the next 10 years, or equivalent to $1M per year. This is based on the capital cost to upgrade the tussles & tracks to support rail services, the interest on $20M over 10 years, lost revenue from potential property tax, system operating cost and other expenses. At some point, we need to say that we can't afford the ideology that trains will eventually be a key transportation method within Santa Cruz County. With vehicle technology improvements, such as electric cars, self-driving cars and cars that can drive within 6 inches of one another at 55 MPH (virtually operating as a train), we believe that the County is not investing appropriately when subsidizing a Tourist Train that operates on an old rundown railroad track. We believe that RTC is so focused on achieving a Train-Type service that they are not looking at trends of modern transportation, which includes bikes.

**What do we want?**
We do not want our tax dollars invested in poor transportation strategies in Santa Cruz County. This corridor can make a major impact on helping to improve mobility within Santa Cruz County at a fraction of the cost to the State and County. Let's be realistic with the opportunities available for the use of the corridor.

- We want RTC to purchase and own the property
- We want the benefits of such a large investment on a key County asset to impact a larger share of Santa Cruz County residences
- We want to minimize Capitol investments made to accommodate a Tourist Train – no upgrades
- We want to convert corridor to bike & pedestrian trail before the Aptos High School Club graduate
- We want to improve infrastructure and traffic flow across 32-mile corridor (Aptos Village, Seabright Ave/Murray Ave, Capitola, 17th Ave, Westside)
- We want more effective Return-on-Investment of State and County tax dollars

Today, our intent here is to clearly communicate to RTC, County Supervisors and Iowa Pacific that we intend to actively educate the community, including the Bay Area, that we want more effective use of our tax dollars in the purchasing plans for the 32-mile corridor. It is unacceptable to move forward with a “Tourist Train” strategy that does not effectively improve mobility within Santa Cruz County and results in debris-infested, idle railroad tracks existing in the main corridor of our community.

Thanks you,

Brian & Susie Peoples
408-306-5519
Add-on Item pursuant to Government Code Section 54954.2(b)(2)

AGENDA: October 4, 2012

TO: Santa Cruz County Regional Transportation Commission (RTC)

FROM: Luis Pavel Mendez, Deputy Director

RE: Santa Cruz Branch Rail Line Acquisition – Closing of Escrow

RECOMMENDATIONS

Staff recommends that the Regional Transportation Commission (RTC) approve short-term interest-free borrowing from the various RTC funds to meet the required purchase price; and, if internal funds are insufficient, to apply for a short term loan from another agency or a financial institution up to $1,000,000 to complete the purchase of the Santa Cruz Branch Rail Line.

BACKGROUND

Since January 2011, when the Regional Transportation Commission (RTC) secured the funding from the California Transportation Commission (CTC), the RTC has been working to complete the purchase of the Santa Cruz Branch Rail Line (Branch Line). Currently, Union Pacific, Santa Cruz & Monterey Bay Railway and the RTC are in the process of executing all of the escrow documents. RTC staff is also working with the state to receive the funding.

DISCUSSION

Since the RTC does not generally have $14.2 million on hand to pay for a property acquisition and then wait for reimbursement, Caltrans and the RTC developed a method for the RTC to invoice for the funds and receive them in an expedited manner and close escrow. Because the state's department of right-of-way has already performed extensive review of this property acquisition, it was anticipated that the state's department of right-of-way would not need to review documents anymore. The department of right-of-way did provide final review before payment of the RTC invoices and is requesting a signed deed before releasing the funds. Generally, a signed deed is available when the escrow closes and the funds are needed to close escrow.

Since the RTC already has executed purchase and sale agreements and has already issued a check to the title company Caltrans District 5 approved the RTC invoices for payment and worked very hard to demonstrate the sufficiency of the documents provided by RTC. At the same time RTC staff and consultants are worked to secure a signed deed fro Union Pacific and it was provided on October 3, 2012. The invoices have now been forwarded to the state's accounting department for payment. However, if anything else delays payment, it would be useful for the RTC to have other options to close escrow and ensure that there is not impact to the planned recreational rail service.
The RTC is currently in a unique financial position and nearly has $14.2 million when all RTC funds are combined and loaned to the RTC fund used for rail expenditures. There will be two payments for the rail line purchase funds. One payment is for $4 million and will be expedited. The second payment is for $10.2 million and cannot be expedited; however, the normal processing is significantly faster than most other funding sources. Inter-fund loans from the RTC funds and the $4 million expedited payment would be able to cover the purchase price. However, if there is another delay in the $4 million expedited payment, a short term loan of no more than $1 million would be required to complete the $14.2 million. Because payment from the state would come very quickly, it is estimated that $4 million of the loans could be repaid in a week and the rest in two weeks. The RTC has in the past made short term interest free loans from one fund to another for cash flow purposes. **Staff recommends that the RTC approve short term interest free loans from the various RTC funds to the fund used for rail expenditures for the purpose of completing the purchase of the Santa Cruz Branch Rail Line.**

The RTC has never been required to take a loan from a financial institution or another agency. The RTC funding sources allow payment of interest under very limited circumstances and this is not one of them. However, the RTC may use the general RTC fund to pay for fees and interest of such a loan. Because this would be a short term loan of no more than $1 million, the cost is estimated to be no more than $10,000. The RTC has sufficient funds in the contingency budget line of the administration budget to pay for these costs. Therefore, **RTC staff recommends that the RTC approve taking a loan of up to $1 million from a financial institution or another agency to complete the purchase of the Santa Cruz Branch Rail Line.**

As stated above, Caltrans and RTC staff and consultants are working on diligently to deliver the funds to the title company and complete the purchase of the Santa Cruz Branch Rail Line. Therefore, the approved loan options would be exercised only if necessary.

**SUMMARY**

The RTC is in the final stages of completing the purchase of the Santa Cruz Branch Rail Line. Since the state’s department of right-of-way requested a signed deed before paying the RTC invoices for purchase of the Santa Cruz Branch Rail Line, a short term interest free loan from the various RTC funds to the fund used for rail expenses and short term loan from a financial institution or other entity may be necessary. **Staff recommends RTC approval of such loans.**