

**Santa Cruz Branch Rail Line Acquisition  
Corridor Preservation, Improvements  
and Recreational Rail Service**



**Uniform Transit Application for  
Proposition 116 and STIP Funds**

Submitted by the

**Santa Cruz County  
Regional Transportation Commission**

February 19, 2010

State of California

**UNIFORM TRANSIT APPLICATION**

Please refer to "UNIFORM TRANSIT APPLICATION INSTRUCTIONS" for a line-by-line explanation of information required in the application (the instructions match the sections in the application).

**Section I. Application, Agency Information and Certification**

**Item 1. CTC Action Requested (this application)**

(Please enter check mark)

<input type="checkbox"/> Program New STIP Project	<input type="checkbox"/> Program New Prop 116 Project
<input type="checkbox"/> Amend Existing STIP Project	<input checked="" type="checkbox"/> Amend Existing Prop 116 Project
<input type="checkbox"/> AB 3090 Approval	<input type="checkbox"/> Deprogram Completed Prop 116 Project Savings

For Prop 116 requests, cite the Public Utilities Code section authorizing project: PUC § 99640

a) Project Title: Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service

Project Type:

<input type="checkbox"/> Light Rail	<input type="checkbox"/> Commuter Rail	<input type="checkbox"/> Intercity Rail
<input type="checkbox"/> Bus/Rolling Stock	<input type="checkbox"/> Transit Facilities	<input type="checkbox"/> Grade Separation
<input type="checkbox"/> BRT	<input checked="" type="checkbox"/> Other: <u>Right of Way Preservation, Improvements &amp; Recreational Service</u>	

b) Project Location: (City(s), County(s)): Cities of Capitola, Santa Cruz, and Watsonville; Counties of Santa Cruz and Monterey

c) Project Limits (Identify start and end points, such as cross street or milepost): Union Pacific Railroad's Santa Cruz Subdivision MP .43 to 31.39 (Pajaro to Davenport)

d) Total Project Cost (All fund sources - state, local, federal, other): \$25,569,000

e) Total Amount of State Funding (Please show one total dollar amount): \$21,077,800

f) Total State Funds Covered By This Application (by state fund source): Prop 116 - \$10,200,000  
STIP - \$10,000,000

g) Application Submittal Date: February 2010

**Item 2. Agency Information**

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a) APPLICANT AGENCY: Santa Cruz County Regional Transportation Commission

b) APPLICANT Address: 1523 Pacific Avenue  
Santa Cruz, CA 95060

c) APPLICANT Contact Person: George Dondero, Executive Director

Phone #: (831) 460-3200 Email: gdondero@sccrtc.org

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d) RECIPIENT AGENCY, if different: \_\_\_\_\_

e) RECIPIENT Address: \_\_\_\_\_  
\_\_\_\_\_

f) RECIPIENT Contact Person: \_\_\_\_\_

Phone #: \_\_\_\_\_ Email: \_\_\_\_\_

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g) CO-APPLICANT AGENCY, if applicable: \_\_\_\_\_

h) CO-APPLICANT AGENCY Address: \_\_\_\_\_  
\_\_\_\_\_

i). CO-APPLICANT Contact Person: \_\_\_\_\_

Phone #: \_\_\_\_\_ Email: \_\_\_\_\_

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j) **To the best of my knowledge and belief, the data and information in this request are true and correct and I am authorized by my council, board, authority, commission, or ruling body to file the request on behalf of the applicant agency.**

**APPLICANT** Name and Title: George Dondero, Executive Director

Signature (in blue ink): \_\_\_\_\_ Date: \_\_\_\_\_

**RECIPIENT** Name and Title: \_\_\_\_\_

Signature (in blue ink): \_\_\_\_\_ Date: \_\_\_\_\_

**CO-APPLICANT** Name and Title: \_\_\_\_\_

Signature (in blue ink): \_\_\_\_\_ Date: \_\_\_\_\_

**Agency Name – Santa Cruz County Regional Transportation Commission (SCRTC)**  
**Project Title – Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service**

**Item 3. Applicant Authority**

If the applicant's policy board has delegated to the general manager, executive director or chief executive officer, by resolution, the authority to enter into legally binding commitments with the State, submit a copy of the resolution. In addition, the applicant will provide assurances that the policy board will comply with the conditions, requirements, or statements of fact by checking off the eligibility requirements on the list below:

If the applicant's representative does not have agency delegation, the agency is required to provide a board resolution assuring compliance with the eligibility requirements below: (attach copy of resolution)

- a)   X   A statement has been provided from your governing body's legal counsel stating that your organization has the financial and institutional ability to implement the project and that your organization is empowered to: let a contract; to sue or be sued by another entity or person; and other responsibilities and duties of your agency.
- b)   X   This project will be available to the general public, or its primary purpose will be to benefit the public and does not benefit a private entity or individual. If it does not benefit the public, please explain, and attach your explanation to this application, as part of your submittal. (State funds, in most cases, may not be used for private passenger rail facilities.)
- c)   X   The matching funds required for this project are available and committed to this project. Committed funds have received necessary authorizations and the recipient agency has authority to expend the funds (a dollar-for-dollar local match is required for some Prop 116 projects as specified in Section 99665 (a) of the Public Utilities Code).
- d)   X   If the project exceeds the state funds available, the applicant agency shall use other funds to backfill the cost increases to complete the project.
- e)   X   The applicant will comply with the Commission's Hazardous Waste Identification and Clean-up Policy for Rail Right-of-Way, including fully investigating the project to determine the absence/presence of hazardous wastes.

Applicant has also taken reasonable steps to assure full due diligence, clean-up of the site (as appropriate), and indemnifies the State of future clean-up liability or damages, as well as not seeking state funds for clean-up, damage or liability costs associated with hazardous wastes.

- f)   X   The applicant will comply with the Commission's Timely Use of Funds Policies.

For Proposition 116 Projects, the board resolution should also confirm that:

- g)   X   The governing body has stated that no other capital funds previously programmed, planned or approved for rail purposes will be used for other than rail purposes.
- h)   X   The governing body has stated that the proposed project has no unnecessary enhancements and is not an unnecessarily elaborate alternative.
- i)   X   Unless otherwise specified in Prop 116, the governing body has stated that new or increased development fees, taxes or exactions, or permit fees have not or will not be included in the operating budget(s) for this project, or for the purpose of matching funds for Prop 116 grants.
- j)   N/A   If the Transit Integration Plan has not been completed, the governing body has stated that a plan will be completed and submitted to the Commission for review before the new transit service begins operation. Along with this assurance, a schedule shall be provided which shows the timing for the plan's development.
- k)   N/A   The governing body has stated that a passenger safety program is in place.
- l)   X   The governing body has stated that the agency shall comply with the Prop 116 accessibility requirements for the disabled and for providing access to bicyclists.

**SECTION II. Project Scope, Description, System Characteristics, Schedule, Environmental and Financial Information**

**Item 4. Project Scope**

a) Project Name:	Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service
b) Project Purpose:	Acquisition of the Santa Cruz Branch Rail Line and improvements for preservation for transportation purposes, including continuation of existing freight and recreational rail service, implementation of recreational passenger rail service from Santa Cruz to Davenport and potential bicycle and pedestrian path adjacent to the rail line where feasible.
c) Project Scope:	This project will acquire the Santa Cruz Branch Rail Line, a 32-mile railroad right-of-way and conduct all of the due diligence studies and negotiations associated with the purchase. The purchase includes the right-of-way, track, signal system, yard facilities, structures (including bridges), and all appurtenant facilities. This project also includes a variety of improvements as a condition of purchase and needed to ensure continued operation of existing freight and recreational rail service and to improve portions of the rail line to at least Class I. The improvements include but are not limited to drainage improvements, joint bar replacement, track replacement, structure improvements, grade crossing improvements, and safety improvements. In addition, the project includes implementation of recreational passenger rail service from Santa Cruz to Davenport.

Scope of Work		Schedule (Month/Year)		Cost
Project Phase	Activities/Tasks	Start	End	(\$)
1. PA&ED	Complete environmental review and conceptual engineering work on preferred alternative, Preliminary Engineering (Major Investment Study).	8/2001	4/2002	\$528,000
2. PS&E	Complete Final Engineering on preferred alternative			
3. R/W	Property acquisition and associated activities including meeting conditions of purchase such as rail line improvements	3/2001	04/2010	\$,23,041,000
4. CON (Procurement)	Construction of support facilities and purchase of rolling stock and support equipment	04/2010	04/2012	\$2,000,000
			<b>TOTAL</b>	<b>\$25,569,000</b>

d) Total Estimated Cost of Project:	\$25,569,000
e) Project Start Date:	2001
f) Project End Date:	2012

**Agency Name – Santa Cruz County Regional Transportation Commission (SCCRTC)**  
**Project Title – Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service**

g) Amendment Purpose:	The purpose of this amendment is to obtain a final allocation of Proposition 116 and State Transportation Improvement Program funds to acquire the right-of-way of the Santa Cruz Branch Rail Line, meet all the conditions of acquisition including making necessary rail line improvements and implement recreational passenger rail service from Santa Cruz to Davenport.
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**Item 5. Project Description**

- a) Provide a comprehensive overall project description in terms of the capital improvements to be made, increased level of services and performance goals to be achieved, and major activities to be accomplished.

The Santa Cruz County Regional Transportation Commission (SCCRTC) is pursuing the acquisition of the Santa Cruz Branch rail line for the purpose of preserving the rail corridor for future multi-modal uses by the public at large and to implement recreational rail service from Santa Cruz to Davenport. The purchase includes the right-of-way, track, signal system, yard facilities, structures (including bridges), and all appurtenant facilities.

The rail right-of-way proposed for acquisition extends 32 miles from Pajaro in Monterey County to Davenport in north Santa Cruz County (see map under Item 5c). The portion of the right-of-way that lies within Monterey County is about .75 miles in length. The line is the Santa Cruz Subdivision currently owned by Union Pacific Railroad (UP). The right-of-way proposed for acquisition in this project is currently being used primarily for freight service provided by Sierra Northern Railway under lease to UP. Currently, about 350 cars of freight move on the rail line annually. This keeps about 1,500 trucks off of the already congested highways and represents about 10% of the freight shipped on the rail line prior to the closure of the CEMEX cement plant in Davenport. One mile of this right-of-way is used by the Santa Cruz Big Trees and Pacific Railroad (Big Trees) to complete recreational rail service that runs from Felton to the Santa Cruz Beach Boardwalk. This is done through a year-to-year trackage rights agreement between Big Trees and Union Pacific. Asset and maintenance costs are the sole responsibility of UP and the Sierra Northern Railway; however, the UP has cooperated with local jurisdictions to share the cost of improving some at-grade crossings. UP also completed a partial tie-replacement program in 2003 and repairs to some structures in 2005.

The Santa Cruz Branch Rail Line is currently classified as FRA excepted track with the exception of the one-mile segment used by Big Trees, which is classified as Class I. This means that freight service can operate at no more than 10 miles per hour on the entire rail line and that passenger service can operate at no more than 15 miles per hour only on a one-mile segment of the 32-mile rail line. A variety of improvements are needed to ensure continued operation of the existing freight and recreational rail service and to improve portions of the rail line to at least Class I. These include but are not limited to drainage improvements, joint bar replacement, tie replacement, track replacement, structure improvements, crossing improvements, and safety improvements. These improvements are designed to facilitate the continuation of existing freight and recreational passenger rail service and to implement recreational passenger rail service from Santa Cruz to Davenport. A negotiated condition of this railroad right-of-way purchase is that SCCRTC use at least \$5 million from the available funding for this project to make improvements to the rail line.

**Purpose of Application**

**Agency Name – Santa Cruz County Regional Transportation Commission (SCCRTC)**  
**Project Title – Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service**

This application is to purchase the Santa Cruz Branch Rail Line, meet all of the conditions of that purchase including improvements to the rail line and implement recreational passenger rail service from Santa Cruz to Davenport. The purchase includes the 32-mile right-of-way, underlying real estate with corresponding property rights, track, signal system, yard facilities, structures (including bridges), and all appurtenant facilities along with all relevant purchase costs including but not limited to title and other necessary insurance, escrow and other closing costs, document and filing fees, etc. Improvements to the Santa Cruz Branch Rail Line are a negotiated condition of purchase and will require that at least \$5 million in funds be placed in escrow to ensure their expenditure on the negotiated improvements. Improvements include but are not limited to bridge and trestle improvements, drainage improvements, joint bar replacement, tie replacement, track replacement and improvement, at-grade crossing improvements, and safety improvements. Of the \$20.2 million allocation requested with this application, \$14.2 million will go to Union Pacific and the remaining \$6 million will be for all relevant purchase and closing costs and for rail line improvements, which are a negotiated condition of the purchase.

In addition, after the purchase, the SCCRTC will work with Sierra Northern Railway to implement recreational passenger rail service from Santa Cruz to Davenport. Sierra Northern Railway plans to implement dinner and excursion train service from Santa Cruz to Davenport and back. Sierra Northern would provide the necessary investment in rolling stock and support facilities (estimated at \$2 million) to implement the service and would pay for the operation and administration of the service. The RTC would derive a small amount of revenue of \$1 per passenger boarding. It is estimated that the recreational passenger rail service will be implemented within one to two years of the purchase of the rail line and ridership is estimated at about 19,000 passengers in the first year.

With this application the Santa Cruz County Regional Transportation Commission (SCCRTC) requests that the California Transportation Commission (CTC):

1. Approve an allocation of \$10,200,000 in Proposition 116 and \$10,000,000 in State Transportation Improvement Program (STIP) funds for purchase of the Santa Cruz Branch Rail Line right-of-way and to meet all of the conditions of that purchase including improvements to the rail line which include but are not limited to bridge and trestle improvements, drainage improvements, joint bar replacement, track replacement and improvement, grade crossing improvements, and safety improvements;

2. Approve a waiver of Proposition 116 guidelines numbers 9 and 33 which state:

*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*



**Agency Name – Santa Cruz County Regional Transportation Commission (SCCRTC)**  
**Project Title – Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service**

*plan be prepared by the grant recipient by January 31, 2000 for approval by the Commission to dispose of the property.*

The waiver to Proposition 116 guideline number 9 is necessary because State Transportation Improvement Program (STIP) funds will be used to match Proposition 116 funds. The waiver to guideline number 33 is necessary because this project did not result in rail transit service by the year 2000.

According to statute, the Proposition 116 funds require a dollar for dollar match. The STIP funds and local funds will serve as the match for the requested Proposition 116 funds. In addition, to local and state funds the SCCRTC has been using federal earmark funds for this project.

**Regional Transportation Plan Consistency**

This project is identified in the *2005 Santa Cruz County Regional Transportation Plan* as a “programmed project”. The *2005 RTP* goals and policies “provide a regional vision to guide the development of project lists and funding expenditures” (2005 RTP, p. 65). This project is consistent with those policies, including the following:

- 1.1 Ensure that adequate support is provided to maintain and operate the existing transportation system.
  - 1.3.11 Encourage the diversion of goods movement from truck to rail.
  - 1.5 Preserve existing transportation corridors and facilities for current and future transportation uses.
  - 1.5.3 Prohibit use of existing railroad rights-of-way which would prevent their use for rail or transit purposes in the future.
  - 2.2 Implement the 1999 Watsonville-Santa Cruz-UCSC Corridor Major Transportation Investment Study program of projects at the approved funding levels: Santa Cruz Branch Rail Line right-of-way acquisition.
  - 2.3.4 Protect the potential for future commute transit service on existing rail lines.
  - 2.4.6 Retain the option of future in-county passenger rail service for when it is financially feasible, acceptable to the community, and only after completion of an environmental impact report that concludes that all the significant impacts can be satisfactorily mitigated.
  - 5.4.5 Assign high priority to projects approved during the 1999 Major Transportation Investment Study decision-making process.
- b) Provide right-of-way information for project, if applicable.

The Santa Cruz County Regional Transportation Commission (SCCRTC) has been in negotiations with Union Pacific since the Spring of 2001 to acquire the Santa Cruz Branch Rail Line. In August 2003, the California Transportation Commission approved a Proposition 116 application and \$300,000 allocation for pre-acquisition activities in connection with this project. In 2008, the California Transportation Commission approved an additional \$500,000 in Proposition 116 funds for pre-

**Agency Name – Santa Cruz County Regional Transportation Commission (SCCRTC)**  
**Project Title – Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service**

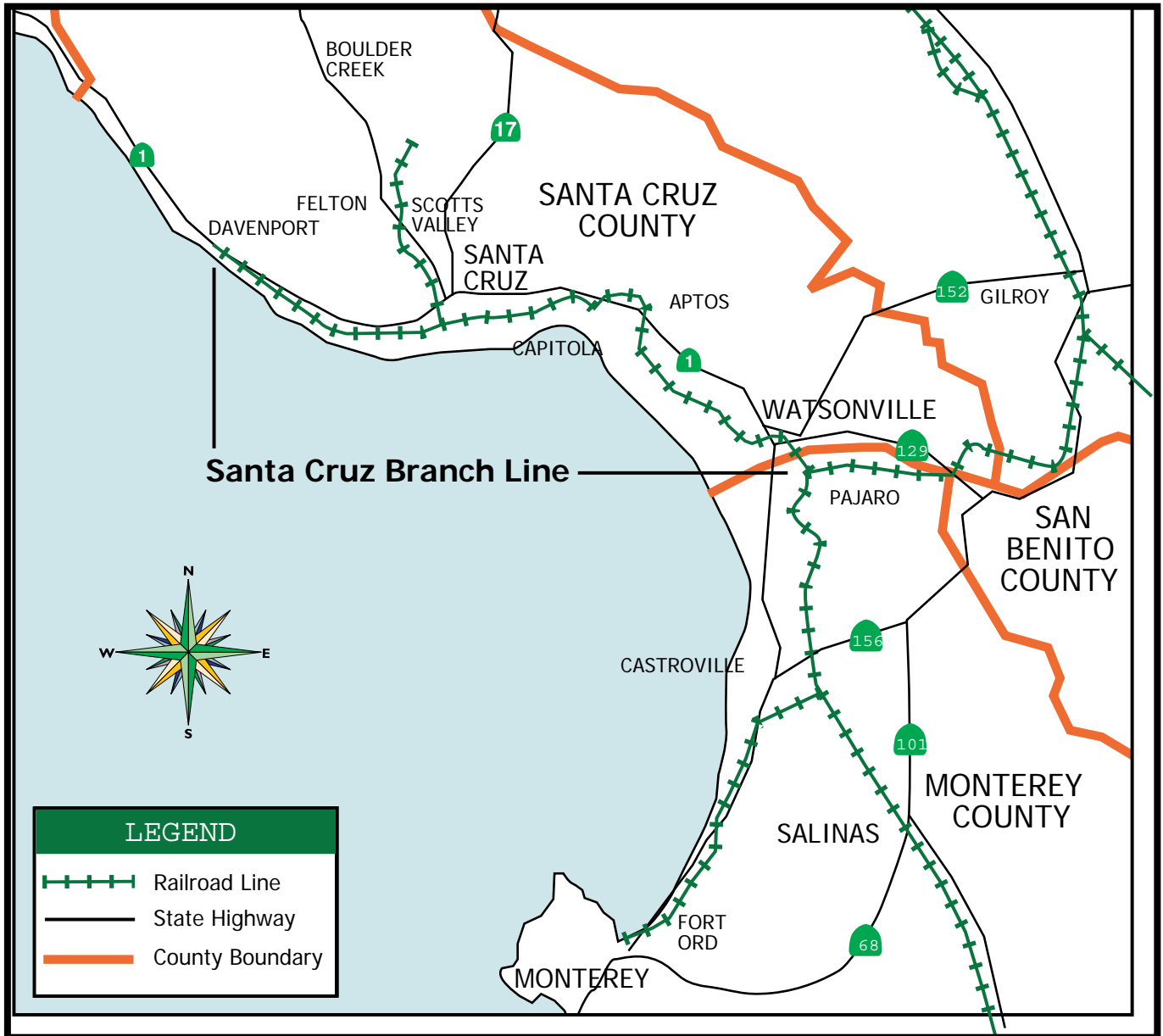
acquisition activities. As shown in the financial plan, federal earmark, STIP, Union Pacific and TDA funds are also being used for pre-acquisition activities.

As part of that pre-acquisition and due diligence work, the Regional Transportation Commission, working with consultants, has completed a preliminary title report, completed a Phase II Environmental Site Assessment, completed environmental review for the project, negotiated a price and conditions with Union Pacific to purchase the right-of-way, completed structures assessments, completed a track inspection, conducted the necessary appraisal work, produced a business plan, produced a lease investigation and negotiated a variety of issues with Union Pacific to complete the purchase of the Santa Cruz Branch Rail Line right-of-way.

The SCCRTC reached a tentative purchase agreement with UP of \$19 million in December 2004. After the completion of some due diligence work, the SCCRTC reached a new tentative purchase price agreement with UP of \$14.2 million with the condition that the SCCRTC use \$5 million of the available funding for the project to make improvements to the rail line.

**Agency Name – Santa Cruz County Regional Transportation Commission (SCRTC)**  
**Project Title – Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service**

c) Project Maps. Provide 8-1/2"x11" project site map showing simplified cross street detail and another area map showing city and county boundaries.



**Item 6. Project Benefits**

Numerous studies and rail demonstrations over the last two decades have investigated the viability of passenger service along the Santa Cruz Branch Rail Line within Santa Cruz County. These studies and equipment demonstrations have included examinations of recreational rail service between the San Francisco Bay Area and Santa Cruz, generally known as the Suntan Special. Rail service around Monterey Bay connecting Santa Cruz with Monterey has also been studied.

State Route 1 is the only highway that traverses Santa Cruz County from its northern to its southern boundary. This corridor currently experiences a level of service “F” during the weekday peaks and on the weekends. The Santa Cruz Branch Rail Line runs parallel to State Route 1 from Davenport to Watsonville. Although the SCCRTC is conducting environmental review of the addition of high occupancy vehicle (HOV) lanes to State Route 1, and implementing other improvements on State Route 1, additional options will be required to meet the county’s short and long-range transportation needs. Acquisition and improvement of the rail right-of-way preserves the option for future additional capacity that is not dependent upon the existing congested freeway and arterial street system and which could accommodate and promote a variety of non-auto dependent transportation modes.

The Santa Cruz Branch Rail Line runs through three of the four cities in Santa Cruz County, residential areas, major industrial areas, major attractions such as the Santa Cruz Beach Boardwalk and Capitola Village, nine state parks and beaches, and provides coastal access to a number of other beaches. The rail line also connects to Union Pacific’s main coast line at Pajaro in Monterey County. Currently Amtrak’s Coast Starlight passenger trains pass through Pajaro without stopping. The Transportation Agency for Monterey County (TAMC) and the Coast Rail Coordinating Council (CRCC) are working to extend Caltrain service and institute Amtrak Coast Daylight service with stops in Pajaro. Acquisition of the Santa Cruz Branch Rail Line provides the following benefits:

- Contributes to the development of a coordinated and balanced regional transportation system by preserving the rail corridor for future transportation needs;
- Provides connections to the Pajaro Station which will be developed and served by passenger rail service to the San Francisco Bay Area and the rest of the state through the extension of Caltrain service and implementation of Coast Daylight service;
- Preserves the option for future additional capacity that is not dependent upon the existing congested freeway and arterial street system and which could accommodate a variety of non-auto dependent transportation modes;

**Agency Name – Santa Cruz County Regional Transportation Commission (SCCRTC)**  
**Project Title – Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service**

- Facilitates implementation of recreational passenger rail service from Santa Cruz to Davenport
- Keeps over 15,000 one way truck trips off the already congested state highways and local roads by ensuring that about 350 annual carloads of freight on the rail line will not be diverted to congested roadways;
- Facilitates development of a regional trail network, portions of which will be tied into the planned Monterey Bay Sanctuary Scenic Trail network, a trail between Lovers Point in Monterey County and the Santa Cruz/San Mateo County line;
- Ensures reliable continuation of existing rail service to and from significant contributors to the Santa Cruz County economy; and
- Facilitates future expansion of freight and passenger rail service.

Santa Cruz County attracts approximately 4.5 million visitors each year. Nearly all visitors to Santa Cruz County arrive by automobile. Many visitors are attracted to more than one destination but their mobility is limited by congestion on the highways, congestion on local roads and parking limitations at individual attractions.

In addition, Santa Cruz County is a major producer of several agricultural products and is home to quarries and lumber facilities. These circumstances, and the fact that most visitor attractions and most of the developed area in Santa Cruz County are on the Santa Cruz Branch Rail Line, provide a great potential for increased future use of this transportation asset.

**Item 7. System Characteristics – N/A**

- a) Describe the operating plan for this system. Indicate if this is a final or preliminary plan. If this is a preliminary plan, indicate which components of the plan require refinements, modifications or changes.

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Initially, Seasonal weekend recreational passenger service with dinner trains from Santa Cruz to Davenport and back and excursion trains from the Santa Cruz Beach Boardwalk to north coast beaches. Eventually, there would be daily recreational passenger rail service during the peak tourist periods.

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- b) Describe the fare structure for this system. Indicate if this is a final or preliminary structure. If this is a preliminary structure, indicate which components of the plan require refinements, modifications or changes.

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The fare for a dinner train trip would be between \$50 and \$70 per passenger and excursion service would have a fare of \$20 to \$45 per passenger.

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- c) Describe the assumptions and process that were used to develop the ridership projections shown in the request. Provide the estimated passenger carrying capacity for this service.

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Ridership projections are based on trends of existing dinner and excursion train operations in North America, characteristics of a Santa Cruz operation including great scenery and a large regional population, and the ten years of experience of Sierra Northern Railway in operating three tourist trains in California. The project assumes a train set with a carrying capacity of at least 150 with the flexibility of growing to a capacity of 200 and 300 as demand increases. Each passenger coach is estimated to have an average of 50 seats and utilization rate of 50% is projected.

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- d) Describe the assumptions and process for how the operating cost projections were developed.

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Operating costs were projected by applying Sierra Northern Railway's operating costs on similar operations with variations for local costs in Santa Cruz County using local service providers.

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**Agency Name – Santa Cruz County Regional Transportation Commission (SCCRTC)**  
**Project Title – Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service**

**Item 7. System Characteristics** (continued)

	Current System	Improved System			
		Line Year 1	System Year 1	Line Year 3	System Year 3
e) Annual Operating Cost		855,000		1,800,000	
f) Annual Revenues		950,000		2,000,000	
Local Sources (Total)					
Fare-box		950,000		2,000,000	
Sales Tax (LTF)					
Local Sales Tax					
Local Bonds					
Other (Specify Source)					
Private					
State Sources (Total)					
Sales Tax (STA)					
Other (Specify Source)					
Federal Sources (Total)					
FTA Section 5309					
Other (Specify Source)					
g) Projected Annual Ridership		19000		50,000	
h) Average Weekday Ridership		weekend tourist service		weekend tourist service	
i) Average Fare Per Passenger		50		40	
j) Operating Costs Covered by Fare-box Revenue		855,000		1,800,000	
k) Actual Fare-box Ratio	%	111%	%	111%	%
l) If Below TDA Requirements Show the Subsidy Amount and Specify Source(s)					

**Agency Name – Santa Cruz County Regional Transportation Commission (SCCRTC)**  
**Project Title – Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service**

**Item 8. Overall Project Schedule**

Indicate, as applicable, the start and completion dates for each phase of this project. (A detailed project development schedule must accompany an allocation request.) See Draft Timeline Below

Identify any significant issues that may arise and result in project delay due to environmental, litigation, relocation, right-of-way acquisition, or other pertinent issues.

	<u>Overall Project Schedule</u>	
	<u>Start Work Month/Year</u>	<u>Complete Work Month/Year</u>
Federal Alternatives Analysis/Initial Study	<u>1994</u>	<u>08/1998</u>
Environmental Documentation & Clearance	<u>2001</u>	<u>04/2002</u>
Preliminary Engineering	<u>04/2010</u>	<u>04/2011</u>
Final Design	<u>07/2010</u>	<u>08/2011</u>
Acquisition of Right-of-Way or Other Access Rights	<u>3/2001</u>	<u>04/2010</u>
Construction/Rehabilitation	<u>03/2011</u>	<u>03/2013</u>
Vehicle Acquisitions (locomotives, cabs, trailers, LRVs, buses, other)	<u>03/2012</u>	<u>03/2014</u>
Date Initial Service Will Begin Operation	<u>05/2012</u>	<u>N/A</u>
Date Full Service Will Begin Operation	<u>05/2014</u>	<u>N/A</u>



**Agency Name – Santa Cruz County Regional Transportation Commission (SCRTC)**  
**Project Title – Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service**

**Draft Timeline: Right-of-Way Acquisition**

<b>ACTION</b>	<b>SCHEDULE</b>
<b>Funding</b>	
CTC Allocate Prop. 116 for Pre-Acquisition Work	<i>Approved August 2003</i>
CTC Allocate Prop. 116 for ROW Work	May 2008
CTC Allocate Prop. 116 & STIP for Acquisition	April 2010
<b>Appraisal Work</b>	
Administrative Draft Appraisals and Review Appraisal	<i>Completed April 2005</i>
Finalize Appraisals and Review Appraisal	March 2010
<b>Property Inspections</b>	
Initial Structural Assessment	<i>Completed August 2005</i>
Finalize Structural Assessment Report	<i>Completed June 2006</i>
Update Structural Assessment Estimates	March 2008
Track and Property Inspection	September 2009
<b>Title Work</b>	
Title Search and Preliminary Report	<i>Completed March 2005</i>
Revised Prelim. Title Report	<i>Completed May 2005</i>
Finalize Title Report	February 2010
Secure Title Insurance	April 2010
<b>Phase II Environmental Site Assessment</b>	
Draft Phase II Report Presented in Closed Session	<i>Closed Session June 2005</i>
Final Phase II Report	September 2009
Secure Hazardous Materials & Other Insurance	April 2010
<b>Lease Investigation Report</b>	
	October 2009
<b>Complete Business &amp; Management Plan</b>	
	March 2010
<b>Acquisition Negotiations with Union Pacific</b>	
<i>Letter of Intent</i>	<i>Approved Dec 2004</i>
Draft Purchase Agreement	October 2009
Finalize Purchase Agreement	March 2010
Close Escrow	April 2010
<b>Surface Transportation Board (STB) Filings</b>	
Prepare and File Application with STB	March 2010
STB Issues Ruling	April 2010
<b>Shortline Freight Service</b>	
Draft coordination agreement with operator	October 2009
Final coordination agreement with operator	March 2010
<b>RTC Considers Final Acquisition Decision</b>	
	April 2010

**Item 9. Environmental Clearance**

Please check the appropriate category and provide information on the status of the environmental clearance for the project. If applicable, provide documentation that demonstrates the requirements have been met.

		<b>List Actual or Estimated Completion Date</b>	
		<b>Acquisition</b>	<b>Improvements &amp; Rec Service</b>
<b>CEQA:</b> (California Environmental Quality Act - Public Res. Code 21000 et seq.)			
<b>X</b>	Categorically Exempt, cite section Code of Regulations 15301 Pub Resources Code		<b>X</b>
<b>X</b>	Statutorily Exempt, cite section 21080(b)(10)		<b>X</b>

**NEPA:** (National Environmental Policy Act - 42 USC, Sec. 4321 et seq.)

<b>X</b>	Categorically Excluded, cite section 23 CFR 771.117	<b>X</b>	<b>X</b>
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**IF YOUR PROJECT IS NOT EXEMPT OR EXCLUDED, INDICATE THE FOLLOWING:**

Lead Agency	SCCRTC	Responsible Agency	SCCRTC
<b>CEQA</b> (Check all that apply)		<b>Acquisition</b>	<b>Improvements</b>
Negative Declaration			
Draft EIR			
Final EIR			
Supplemental EIR			
Certification of EIR			
Notice of Determination			
<b>NEPA</b> (Check all that apply)			
Finding of No Significant Impact			
Draft EIS			
Final EIS			
Supplemental EIS			
Record of Decision			

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**Agency Name – Santa Cruz County Regional Transportation Commission (SCCRTC)**  
**Project Title – Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service**

Although it was not necessary, in 2002, the RTC completed environmental review for acquisition of the Santa Cruz Branch Rail Line by issuing a Negative Declaration under the California Environmental Quality Act (CEQA) and obtaining a Categorical Exclusion under the National Environmental Policy Act (NEPA). Improvements to the rail line and the institution of recreational passenger rail service are categorically and statutorily exempt from CEQA.

The categorical exemption is specified in Section 15301 (Existing Facilities) of Article 19 (Categorical Exemptions) of Chapter 3 (Guidelines for Implementation of the California Environmental Quality Act) of Division 6 (Resources Agency) of Title 14 (Natural Resources) of the California Code of Regulations which states:

“Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The types of "existing facilities" itemized below are not intended to be all-inclusive of the types of projects which might fall within Class 1. The key consideration is whether the project involves negligible or no expansion of an existing use.”

The statutory exemption is specified in Public Resources Code Section 21080(b)(10) which states,

“(b) This division does not apply to any of the following activities:  
(10) A project for the institution or increase of passenger or commuter services on rail lines or highway rights-of-way already in use, including the modernization of existing stations and parking facilities.”

The improvements to the rail line and the institution of recreational passenger rail service is also categorically excluded from NEPA under Code of Federal Regulations number 23 (23 CFR), Section 771.117 which states,

“c. The following actions meet the criteria for CEs in the CEQ regulation (section 1508.4) and §771.117(a) of this regulation and normally do not require any further NEPA approvals by the Administration:

...

17. The purchase of vehicles by the applicant where the use of these vehicles can be accommodated by existing facilities or by new facilities which themselves are within a CE.
18. Track and railbed maintenance and improvements when carried out within the existing right-of-way.
19. Purchase and installation of operating or maintenance equipment to be located within the transit facility and with no significant impacts off the site.”

**Agency Name – Santa Cruz County Regional Transportation Commission (SCCRTC)**  
**Project Title – Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service**

**Item 10. Project Financial Information**

- a) Complete the attached **Project Overall Funding Plan** showing all sources of capital funds that will be used to finance the total project cost. Plan shall itemize the state funding sources, and the funds provided by Recipient or other funding sources, if any. (Agencies may provide their own funding plan format, provided all required information is presented.)

(\$ in thousands)

Fund Source	Prior	Current	FY09-10	FY10-11	FY11-12	FY__-__	Future	Total
<b><u>State</u></b>								
PTA								
Prop 116	800	10,200						11,000
SHA								
STP / TE (State-Administered Fed)								
Other: RS STIP	78	10,000						10,078
<b>Subtotal – State</b>	878	20,200						21,078
<b><u>Local</u></b>								
Local Funds								
CMAQ								
Regional STP/ Regional TE								
FTA Section 5310								
FTA Section 5311								
Other: TDA, Sierra & UP	751	250		1,000	1,000			3,001
<b>Subtotal - Local</b>	751	250						3,001
<b>Federal Earmark</b>	1,490							1,490
<b>Total Funding</b>	3,119	20,450						25,569

**REVENUES:**

Proposition 116	\$11,000,000
State Transportation Improvement Program	10,000,000
Federal Appropriation	1,490,250
Local (TDA & other)	971,300
STIP - for environmental review	77,460
Sierra Northern Railway	2,000,000
Union Pacific	29,618
<b>Total</b>	<b>\$25.569 million</b>

**Agency Name – Santa Cruz County Regional Transportation Commission (SCRTC)**  
**Project Title – Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service**

**EXPENDITURES:**

Purchase Price	\$14,200,000
Environmental Review of Acquisition	50,000
Negotiations	782,000
Phase II Environmental Assessment	434,000
Structures Assessment	280,000
Appraisals	250,000
Other Pre-Acquisition through Closing Costs	1,167,000
Insurance (title and hazardous materials)	396,000
Shortline Operator Selection/Contract	60,000
Recreational Rail Studies	215,000
Rail Line Capital Improvements (condition of purchase)	5,735,000
Rolling Stock and start-up costs	2,000,000
<b>Total</b>	<b>\$25.569 Million</b>

- b) Describe the assumptions and process for how the estimated capital costs were developed.

Cost estimates are based on the negotiated price and terms with Union Pacific, actual costs for work completed, contract amounts for work currently in progress, the Santa Cruz Branch Rail Line Business Plan and estimates obtained for work still to be completed.

- c) Describe the prior funding commitments that your agency has obtained for this project.

All revenue sources have been committed through programming and allocations, except \$10,200,000 of the Proposition 116 funds.

- d) Complete the attached **Project Financial Plan** showing estimated expenditures and reimbursements for each project component by funding source (Agencies may provide their own financial plan format, provided all required information is presented.)

**Agency Name – Santa Cruz County Regional Transportation Commission (SCRTC)**  
**Project Title – Santa Cruz Branch Rail Line Acquisition: Corridor Preservation, Improvements & Recreational Service**

(\$ in thousands)

Project Phase	Prior Years	Current Request	FY 2009-2010				FY 2010-2011				Future Request	Project Total
			Quart.1	Quart.2	Quart.3	Quart.4	Quart.1	Quart.2	Quart.3	Quart.4		
<b><u>PA&amp;ED</u></b>												
State Funds	160											160
State-Adm Fed	240											240
Other State:	78											78
Local Funds												
Local-Federal												
Other Local:	50											50
<b>Subtotal</b>	<b>528</b>											<b>528</b>
<b><u>PS&amp;E</u></b>												
State Funds												
State-Adm Fed												
Other State:												
Local Funds												
Local-Federal												
Other Local:												
<b>Subtotal</b>												
<b><u>R/W</u></b>												
State Funds	640	10,200			10,200							10,840
State-Adm Fed	1,250											1,250
Other State:		10,000			10,000							10,000
Local Funds												
Local-Federal												
Other Local:	701	250	75	100	75							951
<b>Subtotal</b>	<b>2,591</b>	<b>20,200</b>	<b>75</b>	<b>100</b>	<b>20,275</b>							<b>23,041</b>
<b><u>Con</u></b>												
State Funds												
State-Adm Fed												
Other State:												
Local Funds												
Local-Federal												
Other Local:									500			500
<b>Subtotal</b>									<b>500</b>			<b>500</b>
<b><u>Rolling Stock</u></b>												
State Funds												
State-Adm Fed												
Other State:												
Local Funds												
Local-Federal												
Other Local:									500	1,000		1,500
<b>Subtotal</b>									<b>500</b>	<b>1,000</b>		<b>1,500</b>
<b><u>Summary</u></b>												
State Funds	800	10,200			10,200							11,000
State-Adm Fed	1,490											1,490
Other State:	78	10,000			10,000							10,078
Local Funds												
Local-Federal												
Other Local:	751	250	75	100	75				500	500	1,000	3,001
<b>Project Total</b>	<b>3,119</b>	<b>20,450</b>	<b>75</b>	<b>100</b>	<b>20,275</b>				<b>500</b>	<b>500</b>	<b>1,000</b>	<b>25,569</b>

ATTACHMENT 1

RESOLUTION NO. 18-10

Adopted by the Santa Cruz County Regional Transportation Commission  
On the date of February 18, 2010  
On the motion of Commissioner Schiffrin  
Duly seconded by Commissioner Leopold

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT A UNIFORM TRANSIT APPLICATION FOR \$20.2 MILLION FOR ACQUISTIION OF THE SANTA CRUZ BRANCH RAIL LINE FOR CORRIDOR PRESERVATION, RAIL LINE IMPROVEMENTS AND RECREATIONAL PASSENGER RAIL SERVICE

WHEREAS, under the Clean Air and Transportation Improvement Act of 1990 (Proposition 116), the Santa Cruz County Regional Transportation Commission is eligible to receive up to \$11 million dollars for passenger rail projects in Santa Cruz County; and

WHEREAS, in 1999, the Regional Transportation Commission approved acquiring the Santa Cruz Branch Rail for future transportation purposes as part of its final decision on the *Major Transportation Investment Study of the Watsonville-Santa Cruz-UCSC Corridor*; and

WHEREAS, in 2000, the Santa Cruz County Regional Transportation Commission programmed \$10 million in State Transportation Improvement Program (STIP) for acquisition of and improvements to the Santa Cruz Branch Rail Line; and

WHEREAS, in 2001 through SB 465, the Regional Transportation Commission established itself as a Rail/Trail Authority to acquire and oversee railroad rights-of-way in Santa Cruz County; and

WHEREAS, the Santa Cruz Branch Rail Line Acquisition Project is included in the *2005 Regional Transportation Plan* as a project constrained in the Action Element; and

WHEREAS, the Regional Transportation Commission has been negotiating with Union Pacific Railroad to acquire the Santa Cruz Branch Rail Line; and

WHEREAS, the Regional Transportation Commission has previously approved drafting a draft uniform transit application to acquire the Santa Cruz Branch Rail Line;

THEREFORE, BE IT RESOLVED BY THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION THAT:

1. The Executive Director is authorized to submit a uniform transit application for \$10.2 million in Proposition 116 funds and \$10 million in State Transportation Improvement Program funds for acquisition of the Santa Cruz Branch Rail Line right-of-way for preservation, rail line improvements, and

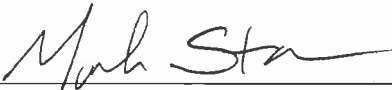
institution of recreational passenger rail service between Santa Cruz and Davenport.


2. The Executive Director is further authorized to submit the corresponding allocation request and enter into any necessary agreements, including amendments to agreements, to obtain and use these funds.
3. SCCRTC has the financial and institutional ability to implement the project and is empowered to let a contract, sue or be sued by another entity or persons and has other responsibilities as provided pursuant to its authority under Government Code Sections 67940 and 67941.
4. When completed, the project will be available to the general public, and its primary purpose will be to benefit the public and does not exclusively benefit a private entity or individual.
5. The matching funds required for this project are available and committed to this project, and SCCRTC has the authority to expend the funds.
6. If the project exceeds the state funds available, SCCRTC shall use other funds to backfill the cost increases to complete the project.
7. SCCRTC will comply with the California Transportation Commission's (CTC) Hazardous Waste Identification and Clean-Up Policy for Rail Rights-of-Way, as applicable, and take the following actions:
  - a. Fully investigate the absence/presence of hazardous wastes on the project's right-of-way.
  - b. Take reasonable steps to assure full due diligence, clean-up of the site, as appropriate and indemnify the State of California's future clean-up liability or damages, as well as not seeking state funds for clean-up, damage, or liability costs associated with hazardous waste.
8. SCCRTC will comply with the CTC's Timely Use of Funds Policies.
9. No other capital funds previously programmed, planned, or approved for rail purposes will be used for other than rail purposes.
10. The project does not have unnecessary enhancements and is not an elaborate alternative.
11. No new or increased development fees, taxes, exactions, or permit fees will be included in the operating budget for the project, or for the purpose of matching Proposition 116 grants.

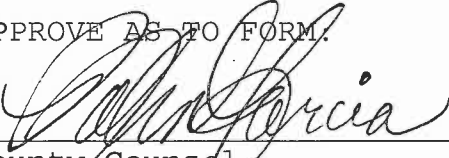


12. SCCRTC will comply with the Proposition 116 accessibility requirements for the disabled and for providing access to bicyclists.

AYES: COMMISSIONERS Bustichi, Campos, Graves, Hagen, Johnson, Lane, Leopold, Nicol, Pirie, Schiffrin, Stone  
NOES: COMMISSIONERS  
ABSTAIN: COMMISSIONERS  
ABSENT: COMMISSIONERS Rivas

  
\_\_\_\_\_  
Mark Stone, Vice Chair

ATTEST:  
  
\_\_\_\_\_  
George Dondéro, Secretary

APPROVE AS TO FORM.  
  
\_\_\_\_\_  
County Counsel

Distribution: RTC Fiscal  
California Transportation Commission  
Caltrans Division of Mass Transportation