

Santa Cruz Branch Rail Line Acquisition Corridor Preservation and Improvements



Uniform Transit Application for Proposition 116 Funds

Submitted by the

**Santa Cruz County
Regional Transportation Commission**

May 12, 2008

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Agency Name – Santa Cruz County Regional Transportation Commission (SCCRTC)
Project Title – Santa Cruz Branch Rail Line Acquisition: Corridor Preservation and Improvements

State of California

DRAFT 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)

<u> </u> Program New STIP Project	<u> </u> Program New Prop 116 Project
<u> </u> Amend Existing STIP Project	<u> X </u> Amend Existing Prop 116 Project
<u> </u> AB 3090 Approval	<u> </u> 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 and Improvements

Project Type:

<u> </u> Light Rail	<u> </u> Commuter Rail	<u> </u> Intercity Rail
<u> </u> Bus/Rolling Stock	<u> </u> Transit Facilities	<u> </u> Grade Separation
<u> </u> BRT	<u> X </u> Other:	<u>Right of Way Preservation</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)

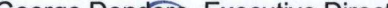
d) Total Project Cost (All fund sources - state, local, federal, other): \$22,915,000

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 - \$500,000

g) Application Submittal Date: _____

Item 2. Agency Information

- APPLICANT Name and Title:** George Dondero, Executive Director
- Signature (in blue ink):**  **Date:** 5/12/08

RECIPIENT Name and Title: _____

Signature (in blue ink): _____ Date: _____

CO-APPLICANT Name and Title: _____

Signature (in blue ink): _____ Date: _____

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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 and Improvements
b) Project Purpose:	Acquisition of the Santa Cruz Branch Rail Line for preservation for transportation purposes, including continuation of existing freight and recreational rail service, and for potential future passenger rail service.
c) Project Scope:	This project will acquire the Santa Cruz Branch Rail Line, a 31-mile railroad right-of-way and 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 needed to ensure continued operation of existing freight and recreational rail service and to improve portions of the rail line to Class I. The improvements include but are not limited to drainage improvements, joint bar replacement, track replacement, structure improvements, crossing improvements, and safety improvements.

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	11/2008	1/2009	\$5,000
3. R/W	Property acquisition and associated activities	3/2001	11/2008	\$20,682,000
4. CON (Procurement)	Construct guideway, stations, park & ride lots, maintenance facility. Procure track work and rolling stock.	3/2009	6/2010	\$1,700,000
			TOTAL	\$22,915,000

d) Total Estimated Cost of Project:	\$22,915,000
e) Project Start Date:	2001
f) Project End Date:	2010
g) Amendment Purpose:	The purpose of this amendment is to obtain a supplemental allocation of Proposition 116 funds to complete the right-of-way work necessary to proceed to acquisition of the Santa Cruz Branch Rail Line.

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. 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 31 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. The primary shipper is CEMEX in Davenport. UP runs approximately three round trips each week to and from CEMEX. One mile of this right-of-way is also used by the Santa Cruz Big Trees and Pacific Railroad (Big Trees) to complete recreational rail service runs from Felton to the Santa Cruz Beach Boardwalk. This is done through a year-to-year trackage rights agreement between Big Trees and UP. Asset and maintenance costs are the sole responsibility of UP; however, the railroad 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 31-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 Class I. These include but are not limited to drainage improvements, joint bar replacement, track replacement, structure improvements, crossing improvements, and safety improvements. These improvements are designed to facilitate the continuation of existing freight rail and existing recreational passenger service and continued exploration of potential additional future passenger service.

Purpose of Application

This application is for pre-acquisition right-of-way work necessary to purchase the 31-mile railroad right-of-way. This includes negotiations with Union Pacific for all terms and conditions, appraisals, title review, financial analysis of purchase and ownership of the right-of-way with continued freight service, inspection of the track and entire property, investigation of existing and potential leases, securing a ruling for acquisition from the Surface Transportation Board, assessment of hazardous materials and plan of action as may be necessary, and investigation and purchase of

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hazardous materials insurance policy. The RTC has been using its own funds, federal earmark funds and previously approved Proposition 116 funds to conduct the right-of-way and due diligence work. However, additional funds are needed to complete the work and secure a purchase of the right-of-way from Union Pacific, due to the fact that this rail line has freight service which must continue, a high number of structures which require improvement and other issues which result in complicated and lengthy negotiations.

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

1. Approve an allocation of \$500,000 for right-of-way work as described above, which will leave \$10,200,000 in Proposition 116 funds for the actual purchase and potential improvements;
2. Approve a waiver of Proposition 116 guideline number 34 which states:

34. The Commission will allow up to 5% of the grant allocation for preconstruction work such as preliminary engineering and environmental work but not feasibility or planning studies.

This waiver is necessary because the California Transportation Commission previously approved an allocation of \$300,000 for preconstruction work for this project for a total of 7.3%.

According to statute, the Proposition 116 funds require a dollar for dollar match. The federal earmark funds and local funds will serve as the match for this Proposition 116 allocation request.

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.

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- 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.

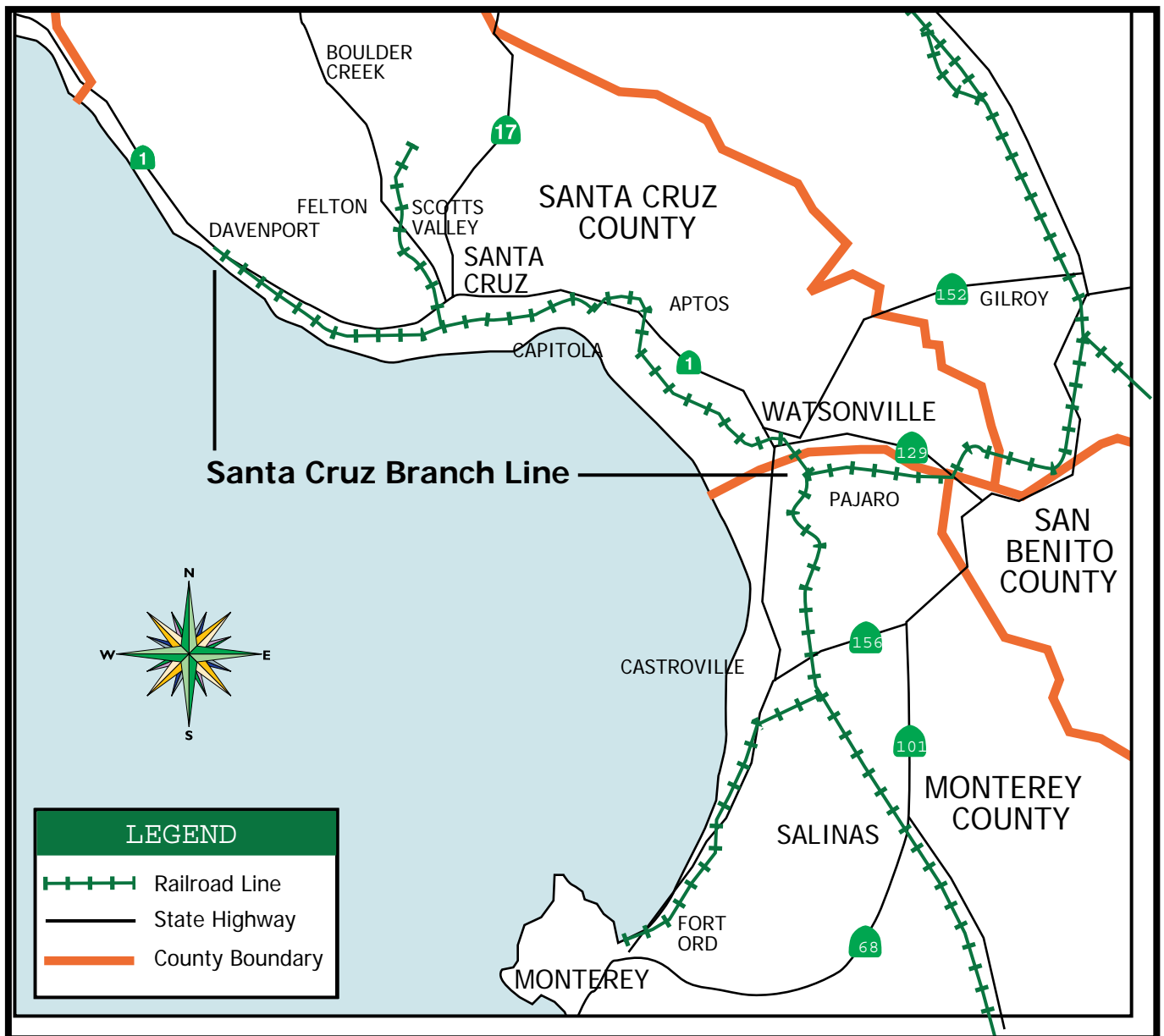
- b) Provide right-of-way information for project, if applicable.

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. As shown in the financial plan, federal earmark, RIP 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 draft Phase II Environmental Site Assessment, completed environmental review for the project, negotiated a letter of intent with Union Pacific to purchase the right of way, completed two structures assessments, conducted appraisal work, completed a draft business plan and negotiated a variety of issues with Union Pacific to proceed toward the purchase of the Santa Cruz Branch Rail Line right-of-way.

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- 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 service along the Santa Cruz Branch 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 Suntain Special. Rail service around Monterey Bay connecting Santa Cruz with Monterey has also been studied.

In 1998, a *Major Transportation Investment Study (MTIS)* for the Watsonville to Santa Cruz corridor was completed. Based on the MTIS, the SCCRTC selected a program of projects for the corridor. The program of projects includes acquisition of the Santa Cruz Branch Rail Line for future transportation purposes and construction of a “rail with trail” bicycle and pedestrian path adjacent to the still functioning railroad facility.

State Route 1 is the only road 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 Route 1, and implementing other improvements on Route 1, additional options will be needed 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. As state targets to reduce VMT are established, preservation of options becomes critical to any future efforts to reduce greenhouse gas emissions.

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. 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, existing Amtrak Coast Starlight service, and implementation of Coast Daylight service;

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- 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;
- Continues to keep over 25,000 one way truck trips from the already congested state highways and local roads by ensuring that the nearly 4,000 annual carloads of rail freight currently on the rail line will not be diverted to the already 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 Davenport in Santa Cruz County;
- 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 one of the largest cement plants in the west coast. 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 multiple opportunities 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.

N/A

- 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.

N/A

- 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.

N/A

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

N/A

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Item 7. System Characteristics (continued) **N/A**

		Improved System			
	Current System	Line Year 1	System Year 1	Line Year 3	System Year 3
e) Annual Operating Cost					
f) Annual Revenues					
Local Sources (Total)					
Fare-box					
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					
h) Average Weekday Ridership					
i) Average Fare Per Passenger					
j) Operating Costs Covered by Fare-box Revenue					
k) Actual Fare-box Ratio	%	%	%	%	%
If Below TDA Requirements					
l) Show the Subsidy Amount and Specify Source(s)					

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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>2008</u>	<u>2009</u>
Final Design	<u>N/A</u>	<u>N/A</u>
Acquisition of Right-of-Way or Other Access Rights	<u>2001</u>	<u>11/2008</u>
Construction/Rehabilitation	<u>2009</u>	<u>2010</u>
Vehicle Acquisitions (locomotives, cabs, trailers, LRVs, buses, other)	<u>N/A</u>	<u>N/A</u>
Date Initial Service Will Begin Operation	<u>N/A</u>	<u>N/A</u>
Date Full Service Will Begin Operation	<u>N/A</u>	<u>N/A</u>

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Estimated Timeline: Right-of-Way Acquisition

ACTION	SCHEDULE
Funding	
Coastal Conservancy Approval of Reimbursable Grant	<i>Approved December 2005</i>
CTC Allocate Prop. 116 for ROW Work	May 2008
CTC Allocate Prop. 116 & STIP or Approve AB3090 for	October 2008
Appraisal Work	
Administrative Draft Appraisals and Review Appraisal	<i>Completed April 2005</i>
Finalize Appraisals and Review Appraisal	July 2008
Property Inspections	
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 2008
Title Work	
Title Search and Preliminary Report	<i>Completed March 2005</i>
Revised Prelim. Title Report	<i>Completed May 2005</i>
Finalize Title Report	June 2008
Secure Title Insurance	October 2008
Phase II Environmental Site Assessment	
Draft Phase II Report Presented in Closed Session	<i>Closed Session June 2005</i>
Finalize Phase II Report	August 2008
Secure Hazardous Materials & Other Insurance	October 2008
Phase II Reports Available to the Public	September 2008
Lease Investigation Report	July 2008
Complete Business & Management Plan	October 2008
Acquisition Negotiations with Union Pacific	
<i>Letter of Intent</i>	<i>Approved Dec 2004</i>
Revised Letter of Intent	May 2008
Draft Purchase Agreement	June 2008
Finalize Purchase Agreement	September 2008
Close Escrow	November 2008
Surface Transportation Board (STB) Filings	
Prepare and File Application with STB	July 2008
STB Issues Ruling	September 2008
Shortline Freight Service	
Finalize and Release RFP	June 2008
Select Shortline Operator	October 2008
RTC Considers Final Acquisition Decision	October 2008

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.

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

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

X	Categorically Excluded, cite section	23 CFR 771.117	X	N/A
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IF YOUR PROJECT IS NOT EXEMPT OR EXCLUDED, INDICATE THE FOLLOWING:

Lead Agency	SCCRTC	Responsible Agency	SCCRTC
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CEQA	(Check all that apply)	Acquisition	Improvements
X	Negative Declaration	2002	
	Draft EIR		
	Final EIR		
	Supplemental EIR		
	Certification of EIR		
	Notice of Determination		

NEPA	(Check all that apply)
	Finding of No Significant Impact
	Draft EIS
	Final EIS
	Supplemental EIS
	Record of Decision

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In 2002, the RTC completed environmental review for acquisition of the Santa Cruz Branch Rail Line by issuing a Negative Declaration to satisfy the California Environmental Quality Act (CEQA) and obtaining a Categorical Exclusion to satisfy the National Environmental Policy Act (NEPA). Improvements to the rail line 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 Title 14 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.”

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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	FY08-09	FY__-__	FY__-__	FY__-__	Future	Total
<u>State</u>								
PTA								
Prop 116	300	500	10,200					11,000
SHA								
STP / TE (State-Administered Fed)								
Other: RIP	78		10,000					10,078
Subtotal – State	378	500	20,200					21,078
<u>Local</u>								
Local Funds								
CMAQ								
Regional STP/ Regional TE								
FTA Section 5310								
FTA Section 5311								
Other: TDA & UP	302	40	5					347
Subtotal - Local	302	40	5					347
Federal Earmark	1,010	480						1,490
Total Funding	1,690	1,020	20,205					22,915

REVENUES:

Proposition 116	\$11,000,000
Regional State Transportation Improvement Program (STIP) for acquisition and improvements	10,000,000
Federal Appropriation	1,490,250
Transportation Development Act (TDA)	317,300
STIP - for environmental review	77,460
Union Pacific	29,618
Total	\$22.9 million

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EXPENDITURES:

Purchase & Other Costs or Improvements	\$19,000,000*
Environmental Review of Acquisition	50,000
Negotiations	580,000
Phase II Environmental Assessment	265,000
Structures Assessment	270,000
Appraisals	160,000
Other Pre-Acquisition through Closing Costs	405,000
Insurance (title and hazardous materials)	210,000
Shortline Operator Selection/Contract	60,000
Recreational Rail Studies	215,000
Rail Line Capital Improvements	1,700,000
Total	\$22.9 Million

* On-going negotiations with Union Pacific could affect this number and funds would cover costs in other areas such as capital improvements, insurance, shortline operator selection, etc.

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

Cost estimates are based on the Letter of Intent 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 \$10,700,000 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.)

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(\$ in thousands)

Project Phase	Prior Years	Current Request	FY 2007-2008				FY 2008-2009				Future Request	Project Total
			Quart.1	Quart.2	Quart.3	Quart.4	Quart.1	Quart.2	Quart.3	Quart.4		
<u>PA&ED</u>												
State Funds	160											160
State-Adm Fed	240											240
Other State:	78											78
Local Funds												
Local-Federal												
Other Local:	50											50
Subtotal	528											528
<u>PS&E</u>												
State Funds												
State-Adm Fed												
Other State:												
Local Funds												
Local-Federal												
Other Local:									5			5
Subtotal									5			5
<u>R/W</u>												
State Funds	140	500				150	250	100			10,200	10,840
State-Adm Fed	770	480				135	235	110			8,300	1,250
Other State:												8,300
Local Funds												
Local-Federal												
Other Local:	252	40				20	20					292
Subtotal	1,162	1,020				305	505	210			18,500	20,682
<u>Con</u>												
State Funds												
State-Adm Fed												
Other State:											1,700	1,700
Local Funds												
Local-Federal												
Other Local:												
Subtotal											1,700	1,700
<u>Rolling Stock</u>												
State Funds												
State-Adm Fed												
Other State:												
Local Funds												
Local-Federal												
Other Local:												
Subtotal												
<u>Summary</u>												
State Funds	300	500				150	250	100			10,200	11,000
State-Adm Fed	1,010	480				135	235	110				1,490
Other State:	78										10,000	10,078
Local Funds												
Local-Federal												
Other Local:	302	40				20	20		5		5	347
Project Total	1,690	1,020				305	505	210	5		20,205	22,915

ATTACHMENT 1

RESOLUTION NO. 19-08

Adopted by the Santa Cruz County Regional Transportation Commission
On the date of March 20, 2008
On the motion of Commissioner Coonerty
Duly seconded by Commissioner Stoner

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT A
PROPOSITION 116 APPLICATION FOR \$500,000 TO COMPLETE RIGHT-OF-WAY
WORK FOR ACQUISTIION OF THE SANTA CRUZ BRANCH RAIL LINE FOR
CORRIDOR PRESERVATION AND TO MAKE IMPROVEMENTS TO THE RAIL LINE

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 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 approved drafting a Proposition 116 application to acquire the Santa Cruz Branch Rail Line for corridor preservation;

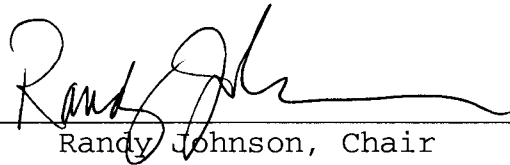
THEREFORE, BE IT RESOLVED BY THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION THAT:

1. The Executive Director is authorized to submit a Uniform Transit Application for \$500,000 in Proposition 116 funds for right-of-way work connected with acquisition of the Santa Cruz Branch Rail Line right-of-way and for rail line improvements, and to enter into any necessary agreements, including amendments to agreements, to obtain and use these Proposition 116 funds.
2. 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.


3. 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.
4. The matching funds required for this project are available and committed to this project, and SCCRTC has the authority to expend the funds.
5. If the project exceeds the state funds available, SCCRTC shall use other funds to backfill the cost increases to complete the project.
6. 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.
7. SCCRTC will comply with the CTC's Timely Use of Funds Policies.
8. No other capital funds previously programmed, planned, or approved for rail purposes will be used for other than rail purposes.
9. The project does not have unnecessary enhancements and is not an elaborate alternative.
10. 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.
11. SCCRTC will comply with the Proposition 116 accessibility requirements for the disabled and for providing access to bicyclists.

AYES: COMMISSIONERS Beautz, Bustichi, Coonerty, Gonzalez, Johnson, Koch, Nicol,
Pirie, Reilly, Stone, Tavantzis
NOES: COMMISSIONERS
ABSTAIN: COMMISSIONERS
ABSENT: COMMISSIONERS Spence



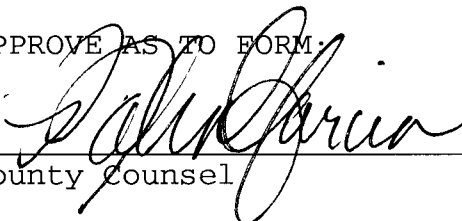
Randy Johnson, Chair

ATTEST:



George Dondero, Secretary

APPROVE AS TO FORM:



County Counsel

Distribution: RTC Fiscal
California Transportation Commission
Caltrans Division of Mass Transit
Coastal Conservancy

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**May 2008 Proposition 116 Application
Detailed Scope of Work**

This application is for pre-acquisition right-of-way work necessary to purchase the 31-mile Santa Cruz Branch Rail Line right-of-way (ROW) by the Santa Cruz County Regional Transportation Commission (RTC). The scope of work includes the following tasks:

1. **Negotiations, Agreements, Legal Advice and Regulatory Approvals:** With the aid of consultants, the RTC will negotiate the final acquisition price, terms and conditions with Union Pacific, negotiate and execute all of the necessary agreements for acquisition and freight rail service, obtain the necessary legal advice and secure the required regulatory approvals. This includes all of the work necessary to secure approval by the Surface Transportation Board. The Regional Transportation Commission has a contract with Miller, Owen and Trost to provide negotiating services, to oversee due diligence work, to provide legal advice, as necessary, and to help secure the required agreements and regulatory approvals. Other consulting and/or subconsulting work may be necessary for some of these duties. It is estimated that an additional \$250,000 is needed for this work element to complete a purchase transaction with Union Pacific.
2. **Hazardous Materials:** With the aid of consultants, the RTC will complete a Phase II Environmental Site Assessment of the Santa Cruz Branch Rail Line ROW, produce a plan of action for necessary remediation and/or site management, and investigate and secure any necessary hazardous materials and pollution insurance policies. The RTC has a contract with Geomatrix Consultants for the Phase II Environmental Site Assessment and any necessary action plans. It is estimated that the remaining cost for this work will be \$540,000.
3. **Appraisals, Lease Investigation and Title Review:** With the aid of consultants, the RTC will complete the appraisal work necessary for purchase of the Santa Cruz Branch Rail Line, complete the necessary title review and secure title insurance. This includes a going concern appraisal, a net liquidation valuation of equipment and improvements, an overall real estate appraisal and a review appraisal. The RTC will also produce a lease investigation to obtain information on existing leases and potential for future leases. Some appraisal and title review work has been done but it will be necessary to update at least some of that work and complete it for submittal to Caltrans Division of Right of Way for review. It is estimated that \$160,000 is needed for this work.
4. **Business and Management Plan:** Because this is an active railroad line, the RTC hired a consultant and produced a draft business plan for acquisition and ownership of the Santa Cruz Branch Rail Line. It will be necessary to update this business plan and include information produced through some of the other tasks such as the lease investigation, inspections, and short line freight service proposals. It is estimated that \$50,000 is needed to complete this work.
5. **Track and Property Inspections:** Through consultant services the RTC has already produced inspections and assessments of the structures on the Santa Cruz Branch Rail

Line. The RTC will employ consultants to conduct inspections of the track, roadbed and overall property to be acquired to ensure that the RTC is as well informed as possible on the property it will purchase and its condition. It is estimated that \$70,000 is needed to complete this work.

6. Short Line Operation: After the RTC purchases the rail line, freight service will continue on the rail line through an agreement with a short line operator. The RTC will obtain proposals, negotiate with short line operators and Union Pacific and execute a short line freight service agreement to ensure continuation of freight service. It is estimated that \$100,000 is needed for this work.

Since the RTC has been working on this acquisition for a few years, the RTC has already entered into agreements to complete most of the work listed above. Some of the work will be done directly by the consultants and some will be done by subconsultants.

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May 2008 Proposition 116 Application
Estimated Timeline, Cost and Funding Sources

Task & Activity	Estimated Timeline	Estimated Cost		Anticipated Funding Source			
		Staff	Consultant	Local	Fed Ermk	STIP	Prop 116
TASK 1							
Complete Negotiations	Apr 08 to Nov 08	60,000		60,000			
			200,000		80,000		120,000
STB Approval	July 08 to Sept 08	5,000		5,000			
			50,000		25,000		25,000
Subtotal		65,000	250,000	65,000	105,000	0	145,000
TASK 2							
Complete Phase II ESA	June 08 to Aug 08	15,000		15,000			
			90,000				90,000
Phase II ESA Action Plan & Implementation	Aug 08 to Sep 08	5,000		5,000			
			150,000		100,000		50,000
Investigate and Acquire Haz Mat and Pollution Insurance	Sep 08 to Oct 08	10,000		10,000			
			300,000		100,000	100,000	100,000
Subtotal		30,000	540,000	30,000	200,000	100,000	240,000
TASK 3							
Complete Appraisals	May 08 to July 08	10,000		10,000			
			50,000		30,000		20,000
Lease Investigation	June 08 to July 08	5,000		5,000			
			15,000		5,000		10,000
Finalize Title Review	June 08	5,000		5,000			
			20,000		10,000		10,000
Secure Title Insurance	Sept 08 to Oct 08	5,000		5,000			
			75,000			75,000	
Subtotal		25,000	160,000	25,000	45,000	75,000	40,000
Task 4							
Business & Management Plan	Aug 08 to Oct 08	10,000		10,000			
			50,000		30,000		20,000
Subtotal		10,000	50,000	10,000	30,000	0	20,000
Task 5							
Track and Property Inspections	June 08 to Sep 08	5,000		5,000			
			70,000	15,000	25,000		30,000
Subtotal		5,000	70,000	20,000	25,000	0	30,000
Task 6							
Secure Short Line Operation	July 08 to Oct 08	10,000		10,000			
			100,000		75,000		25,000
Subtotal		10,000	100,000	10,000	75,000	0	25,000
TOTAL		145,000	1,170,000	160,000	480,000	175,000	500,000