

**SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION**1523 Pacific Ave., Santa Cruz, CA 95060-3911 • (831) 460-3200 FAX (831) 460-3215 EMAIL info@sccrtc.org

March 8, 2019

Susan Bransen
Executive Director
California Transportation Commission
1120 N Street, MS-52
PO Box 942873
Sacramento, CA 94273-0001

RE: Santa Cruz County Rail Project Updates

Dear Director Bransen and Commissioners:

The Santa Cruz County Regional Transportation Commission (RTC) appreciates the opportunity to update you and the California Transportation Commission (CTC) regarding the RTC's recently completed Unified Corridor Investment Study (UCS) and plans for rail service on the Santa Cruz Branch Rail Line. As you know, the Santa Cruz Branch Rail Line is a very important transportation facility for our county and we greatly appreciate the CTC's longstanding support of projects on the corridor.

This 32-mile corridor, which has been used since the mid-1870s, is within a mile of approximately half of the county's residents and major businesses, and it runs parallel to often congested Highway 1 and arterial roadways. The rail line runs from the coastal town of Davenport in the north, through Santa Cruz, Live Oak, Capitola, Seacliff, Aptos, Watsonville, and ends at Pajaro, in northern Monterey County where it connects to regional and state rail lines.

The RTC understands that state law (PUC §99640) requires Proposition 116 bond funds to be used for: (a) intercity passenger rail projects connecting the City of Santa Cruz with the Watsonville Junction, or (b) other rail projects within Santa Cruz County which facilitate recreational, commuter, intercity and intercounty travel. **The RTC is committed to meeting the requirements set by Proposition 116 and CTC Resolutions.** The attached Fact Sheet (Attachment 1) provides a summary of RTC's plans for rail service. Attachment 2 describes how RTC has met the conditions outlined in CTC Resolution PA-10-06.

The RTC purchased the rail corridor from Union Pacific in 2012 and consistent with Proposition 116 and CTC conditions, the short line operator continued freight rail service and immediately initiated recreational passenger service after the close of escrow. The RTC and short line operators have also made significant repairs and upgrades to railroad infrastructure and Santa Cruz County voters approved Measure D in 2016, which includes funds for rail line maintenance and repairs. Since that time, the RTC has evaluated service options for public transit service in

the corridor, including potential station locations, costs, ridership projections, and schedules. While there have been proposals by some community members and groups to railbank or remove the railroad tracks, in January 2019, after extensive analysis and public input conducted through the Unified Corridor Study, **the RTC board unanimously affirmed its commitment to leave the railroad infrastructure in place, maintain freight rail service, and institute high-capacity public transit service.**

While initiating high-capacity public transit service in the rail corridor is part of the preferred scenario approved by the RTC on January 19, 2019, it will not happen immediately. The RTC wants to get it right and is working with the bus transit operator, Caltrans Division of Rail, partners in Monterey County and the Coast Rail Coordinating Council to discuss critical network integration. The RTC will need to conduct environmental review and most importantly secure funding for capital and operations. The State Rail Plan, SB1-Solutions for Congested Corridors Program, Transit and Intercity Rail Capital Program (TIRCP) provide significant opportunities to expand transit service in our county. We look forward to partnering with the CTC, Caltrans, CalSTA and FTA to do so.

As previously discussed, the RTC purchased the rail line to increase mobility options for our community, visitors, and businesses. The rail corridor provides an alternative to congested roadways, it connects our major cities and towns, connects to rail lines serving the rest of the state, supports more compact development and more predictable travel times, and can help us meet state greenhouse gas reduction targets. We appreciate the CTC's ongoing commitment to preserve existing transportation systems and improve transit, goods movement, bicycle and pedestrian facilities, and local and state roadways.

Please let me know if you have any questions or need additional information. As always, we look forward to working with you and your staff to improve and expand transportation options in Santa Cruz County and welcome you, CTC Commissioners and/or staff to meet with me or the RTC board to discuss the Santa Cruz Branch Rail corridor.

Sincerely,



Guy Preston
Executive Director

Attachment 1
Fact Sheet
Santa Cruz Branch Rail Line

SCCRTC is meeting the conditions of the Prop 116 funds:

- Short line Railroad operator in place; 10-year ACL executed between SCCRTC and Progressive Rail, Inc.
- Active freight service
- Passenger Rail Service requirement is met by recreational passenger rail service until commuter rail service is implemented

Passenger Rail Implementation:

- Adoption of the Unified Corridor Investment Study in January 2019:
 - Unanimously affirmed leaving railroad infrastructure in place
 - Preserving corridor for future high-capacity public transit service
 - Freight service continuing and excursion passenger rail service in the near term
- High capacity transit service is planned for the rail corridor
- An alternatives analysis will be conducted to narrow down transit options to be studied under CEQA. This will simplify the future CEQA analysis, as well as reduce cost and duration.

Ongoing Efforts:

- Storm Damage Repairs ongoing; completion 2020
- Bridge Inspections of 29 bridges ongoing; repairs needed to timber trestles.
- Monterey Bay Sanctuary Scenic Trail within the corridor adjacent to the rail (Rail Trail)
- Working with Caltrans Rail
 - Will pursue Network Integration Study funds
 - Participating in regional and statewide Network Integration Study efforts

Attachment 2

CTC Conditions (Resolution PA-10-06, Amending Resolution PA-08-01)

1. Provide the CTC a copy of the executed Administration, Coordination and License Agreement between the RTC and operator
 - ✓ Approved and executed by the SCCRTC on October 14, 2010, and delivered to CTC staff same day. The initial rail operator (Iowa Pacific Holdings) is no longer operating on the rail line and after a public competitive process the RTC selected a new operator (Progressive Rail) who took over from Iowa Pacific. The RTC entered into an Administration Coordination and License Agreement with Progressive Rail which is very similar to the agreement with the initial operator.
2. Explain the use of Net Liquidation Value (NLV) as the methodology for the appraisal valuation to support the request of \$10.2 million in Proposition 116 funds and \$4 million in State Transportation Improvement Program (STIP) funds;
 - Information was provided to CTC in 2009-2011 via appraisals, supplemental information, and various written and oral communications with Caltrans and CTC staff;
 - Caltrans Division of Right-of-Way recommended approval of the \$14.2 million funding for purchase of the rail line following review of the appraisal and supplemental information provided
3. Commit, by resolution, to be responsible for initiating recreational passenger rail service, in accordance with Public Utilities Code (PUC) Section 99640;
 - ✓ Resolution 04-11 approved by the SCCRTC on August 5, 2010.
 - ✓ The rail corridor has been used for **expanded excursion passenger rail service**. Within weeks of RTC taking ownership in 2012, RTC's short-line operator, Iowa Pacific Holdings initiated the "Train to Christmas Town." Additionally, historic steam trains, demonstration trains, and other holiday trains have operated on the line ever since. However, due to significant storm damage to some sections of the line during the 2017 storms that impacted facilities statewide, expanded recreational service has been on hold until repairs are made (expected completion 2020). The current rail operator was granted the license for recreational passenger rail service and will put together an operating plan for such service for consideration by the SCCRTC.
4. Commit, by resolution, to be responsible for continuing freight rail service for as long as would be required by the Surface Transportation Board (STB);
 - ✓ Resolution 04-11 approved by the SCCRTC on August 5, 2010.
 - ✓ **Freight operations have continued** on the Santa Cruz Branch Rail Line. The line remains in "common carrier status" under the Surface Transportation Board and freight services will continue as required by the STB.

- ✓ On June 14, 2018, the RTC approved the Administration, Coordination and License Agreement with Progressive Rail to serve as the new short-line operator - Progressive Rail - for rail operations on the Santa Cruz Branch Rail Line. Progressive Rail is replacing Iowa Pacific Holdings (IPH) as the short-line operator. Unfortunately, the financial situation for IPH changed and IPH became unable to fulfill all the terms of its administration, coordination and license agreement with the RTC. IPH worked with the RTC to transition the operation to the new operator. The RTC's agreement with Progressive Rail ensures that the RTC, as the owner of the rail line, meets its obligations to the California Transportation Commission, Caltrans, the Surface Transportation Board, the Federal Railroad Administration, the California Public Utilities Commission and the local businesses who depend on rail service for goods movement.
5. Commit, by resolution, to be responsible for hazardous waste clean-up and not seek State transportation funds for any clean-up costs and to indemnify the State for both present and future hazardous waste clean-up liabilities; and
- ✓ Resolution 29-10 approved by the SCCRTC on May 6, 2010.
6. If the RTC ceases to use the Branch Line for the original purpose as approved by the CTC, RTC commits, by resolution, to reimburse the State the allocated amount or the then fair market value of the property.
- ✓ Resolution 04-11 approved by the SCCRTC on August 5, 2010.
 - ✓ RTC board understands this requirement and reaffirmed its commitment to maintaining the railroad infrastructure on January 19, 2019.
 - ✓ In 2013-15, the RTC utilized \$5.3 million in STIP funds allocated by the CTC for **structures and other rail infrastructure upgrades** needed to maintain and expand passenger and freight rail service. Construction included replacement of the 340-foot-long steel La Selva Bridge, replacement of a small timber bridge with a culvert and rehabilitation of three other timber bridges.
 - ✓ In 2012, 2013 and 2016 Iowa Pacific Holdings **upgraded different sections of the track from excepted track to Class 1** in advance of running excursion trains. In total this includes about 15 miles of the 32-mile rail line.
 - ✓ In 2015, the RTC completed a **Rail Transit Feasibility Study** that looked at a range of transit service options for the corridor. The study found that rail transit service on the branch line is feasible, with strong partnership with the state. The RTC appreciates CTC Commissioner Ghielmetti's suggestion earlier this year for RTC and other potential and existing transit operators to continue discussions about opportunities for funding new transit services statewide.
 - ✓ In 2016, more than 2/3rds of voters in Santa Cruz County approved Measure D. The **Measure D Expenditure Plan dedicates 8% of revenues from the half-cent sales tax for the Rail Corridor** - infrastructure preservation and analysis of future potential uses of the corridor to better serve Santa Cruz County residents and visitors. Projects include maintaining and repairing the publicly-owned Santa Cruz Branch Rail Line and analysis (including environmental and economic analysis) to answer important community

questions about possible future transit and other transportation uses of the corridor through an open, transparent public process.

- ✓ Consistent with Measure D, a Caltrans Planning Grant, and the Senate Bill 1 Congested Corridor program, the **RTC prepared a comprehensive Unified Corridor Investment Study (UCS)**. Through the UCS, the RTC examined how a range of transportation improvements work together to make the most effective use of the community's north/south transportation corridor including three parallel routes: Highway 1, Soquel Ave/Dr-Freedom Blvd, and the Santa Cruz Branch Rail Line. As requested by the community, the range of options evaluated included trail with transit and trail-only options. This study builds on analysis done in the **2015 Rail Transit Feasibility Study**, the Monterey Bay Sanctuary Scenic Trail Network (MBSST) Master Plan, and the Highway 1 corridor plans. While there are members of the community who would like to see the track removed, the RTC has maintained that it wants to maximize the transportation benefits of the line.
- ✓ Sections of the Monterey Bay Sanctuary Scenic Trail Network (MBSST) – rail trail which are currently under development are being built adjacent to, and not in place of, the railroad tracks.
- ✓ In April 2018, the RTC established a list of on-call consultants to provide assistance with **civil engineering, structure inspections and engineering, and construction management**; as well as assessment and/or execution of civil engineering reports, design, cost estimates and related work, traffic engineering related to grade crossing concerns, inspection of rail bridges and culverts, right of way engineering, and other tasks required for the upkeep of the Santa Cruz Branch Rail Line Property.