State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

# Memorandum

**To:** CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

**Date:** June 22-23, 2011

**Reference No.:** 4.12
Action Item

**From:** NORMA ORTEGA
Chief Financial Officer

**Prepared by:** William D. Bronte
Chief
Division of Rail

**Subject:** **AMENDMENT TO PROPOSITION 1B INTERCITY RAIL PROJECT LIST RESOLUTION ICR1B-P-1011-05, AMENDING RESOLUTION ICR1B-P-0708-01**

## RECOMMENDATION:

The California Department of Transportation (Department) requests that the California Transportation Commission (Commission) provide its consent to amending Resolution ICR1B-P-0708-01 to amend the funding plan for the Sacramento Maintenance Facility project and add the Oakley to Port Chicago double-track project to the project list in order to facilitate the State's purchase of Right of Way (ROW) for the Sacramento Maintenance Facility project. In addition, the Department requests that the San Onofre-Pulgas Double Track Project in San Diego County be renamed the San Onofre to Pulgas Double Track Project - Phase 1 and that the project funding plan be amended.

## ISSUE:

The Proposition 1B Intercity Rail Improvement (ICR1B) project list includes $392.157 million in intercity rail projects and $7.843 million in bond issuance costs. The Department requests that this list be amended to change the funding plan for the Sacramento Maintenance Facility and add the Oakley to Port Chicago double track project. This list also illustrates a change in scope and name to the San Onofre-Pulgas Double Track Project in San Diego County.

Sacramento Maintenance Facility Project
There can be challenges, such as public-private use and the tax-exempt status of bonds, when using bond funding for the purchase of ROW. The Sacramento Maintenance Facility project is currently programmed with $30,000,000 of ICR1B funding, most of which is for ROW. Under its guidelines, the project is eligible to be included in the State Transportation Improvement Program (STIP). Therefore, the Department proposes that this project be amended in the ICR1B program and programmed into the STIP.

Oakley to Port Chicago Double Track Project
The Oakley to Port Chicago double track project is currently programmed in STIP for $25,450,000. The project fits the ICR1B program guidelines. Therefore, the Department proposes that this project be deleted out of the STIP and amended into the ICR1B program.

A concurrent STIP amendment for action is being submitted at the June Commission meeting to reflect the proposed changes.

| | Current Funding in $1,000s | | Proposed Funding in $1,000s | |
|---|---|---|---|---|
| **Project Name** | **ICR1B $** | **STIP $** | **ICR1B $** | **STIP $** |
| Sacramento Maintenance Facility | $ 30,000 | $ - | $ 4,550 | $ 25,450 |
| Oakley to Port Chicago | $ - | $ 25,450 | $ 25,450 | $ - |

San Onofre-Pulgas Double Track Project in San Diego

The San Onofre-Pulgas Double Track Project in San Diego would be split into two phases due to funding challenges identified by the San Diego Association of Governments (SANDAG). The original budget for this project anticipated using federal and local funds to augment State funds. However, efforts to seek Federal Railroad Administration (FRA) funds were not successful and SANDAG Legal Counsel has determined that the project is not eligible for the local transportation sales tax, *TransNet*. The voter-approved *TransNet* Ordinance specifies the eligible limits of the San Diego segment of the Los Angeles-San Diego-San Luis Obispo (LOSSAN) corridor to rail service currently operated by the Coaster Commuter Rail. The geographic area of San Onofre to Pulgas is north of the existing service area and deemed ineligible. The proposed San Onofre to Pulgas Double Track Project - Phase 1 would construct 4.2 miles (MP 212.3 to MP 216.5) of double track and complete both the environmental and design phases covering the entire Phase 1 and Phase 2 project areas. Phase 2 would construct the remaining 1.6 miles (MP 216.5 to MP 218.1) of double track. As soon as additional funds become available, Phase 2 could begin construction.

A concurrent STIP amendment for action is being submitted at the June Commission meeting for this project. This amendment, in conjunction with the ICR1B change of project scope, would fully fund the San Onofre-Pulgas Double Track Project – Phase 1 by programming this project into the STIP in place of two other SANDAG projects, which would be removed from the STIP and funded with local *TransNet* dollars by SANDAG.

| | Current Funding in $1,000s | | Proposed Funding in $1,000s | |
|---|---|---|---|---|
| **Project Name** | **ICR1B $** | **STIP $** | **ICR1B $** | **STIP $** |
| San Onofre to Pulgas Double Track Project- Phase 1 | $ 30,000 | $ - | $ 30,000 | $ 7,397 |
| San Luis Rey Bridge and Second Track | $ - | $ 3,000 | $ - | $ - |
| Cardiff to Craven Double | $ - | $ 4,397 | $ - | $ - |

These actions would not increase or decrease the overall amount of bond funding programmed in the ICR1B program.

**BACKGROUND:**

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by voters as Proposition 1B, provides $400 million, upon appropriation by the Legislature, to the Department for intercity passenger rail improvement projects. A minimum of $125 million is designated for procurement of additional intercity passenger railcars and locomotives. This $400 million program is part of the $4 billion Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). This account is to be used to fund public transportation projects. Pursuant to paragraph (2) of subdivision (c) of Section 8879.50 of the Government Code, the Department is the administrative agency for the PTMISEA.

At its December 2007 meeting, the Commission approved the guidelines for intercity passenger rail projects in the PTMISEA. The guidelines allow the Department, if necessary, to return to the Commission to request its consent to modify the project list.

The necessary changes are reflected in strikethrough and bold underline in the revised Proposition 1B Intercity Rail Projects list.

**RAIL PROPOSITION 1B BOND PROJECTS AMENDMENT (Proposed)**

| Project/Description | Corridor | Funding Request |
|---|---|---|
| **New Projects** | | |
| **Procure New Rail Cars:** Purchase bi-level intercity rail cars and locomotives (est. 36 cars and 6 locomotives). | Capitol Corridor, Pacific Surfliner, San Joaquin | $ 150,000,000 |
| **Commerce/Fullerton Triple Track:** Construct 8 miles of triple track between Commerce/ Fullerton | Pacific Surfliner, Metrolink | $ 70,000,000 |
| **New Station Track at LA Union Station:** [2.] Build new track, platform and renovate canopies. | Pacific Surfliner, Metrolink | $ 35,100,000 |
| ~~**San Onofre – Pulgas Track Project in San Diego County**~~ – **San Onofre to Pulgas Double Track Project - Phase 1:** ~~Construct double track~~. Design and environmental work for Phases 1 and 2 of project, plus construction of Phase 1 | Pacific Surfliner | $ 30,000,000 |
| **Sacramento Maintenance Facility:** Design and build storage track and maintenance facility. | Capitol Corridor, San Joaquin | ~~$ 30,000,000~~ **$ 4,550,000** |
| **Oakley to Port Chicago:** Construct double track. | San Joaquin | **$ 25,450,000** |
| **Coast Daylight Track and Signal:** Track and signal project to allow Pacific Surfliner extension to San Francisco Bay Area. | Pacific Surfliner, Coast Daylight | $ 25,000,000 |
| **Mid-Route Layover Facility:** Design and build layover facility. | San Joaquin | $ 14,601,000 |
| **Kings Park Track and Signal Improvements:** Improve track and signals along San Joaquin Intercity rail line near Hanford in Kings County. | San Joaquin | $ 3,500,000 |
| **Wireless Network for Northern California IPR Fleet:** Install a wireless communication network on the Northern California IPR fleet for passenger amenity, support of safety and security, and expand ADA compliance for on-train communications. | Capitol Corridor, San Joaquin | $ 3,750,000 |
| NEW PROJECTS SUBTOTAL | | $ 358,201,000 |
| **Projects Reprogrammed from 2006 STIP** | | |
| **Santa Margarita Bridge and Double Track:** [2.] Replace bridge with 2-track bridge and construct additional double track. | Pacific Surfliner | $ 16,206,000 |
| **Emeryville Station and Track Improvements:** [2.] Extend siding track with associated signal and other track. | Capitol Corridor, San Joaquin | $ 6,250,000 |
| **Bahia Benicia Crossover:** [2.] Construct crossover between two mainline tracks and additional track improvements and upgrades including frog replacement and tie tamping on the Capitol Corridor. | Capitol Corridor | $ 4,750,000 |
| **SCRRA Sealed Corridor:** [2.] Enhance safety of grade crossings and Railroad Right of Way. | Metrolink | $ 3,000,000 |
| **STIP Projects Subtotal** | | $ 33,956,000 |
| **SUB-TOTAL ALL PROJECTS** | | **$ 392,157,000** |
| Bond Issuance Costs - Loan admin costs, arbitrage rebates, etc.[1] | | **$ 7,843,000** |
| **TOTAL RAIL BOND FUNDS** | | **$ 400,000,000** |

1. Bond Issuance Cost is 2 percent of the Bond amount.
2. Projects with CTC allocations.

**RAIL PROPOSITION 1B BOND PROJECTS AMENDMENT (Amended)**

| Project/Description | Corridor | Funding Request |
|---|---|---|
| **New Projects** | | |
| **Procure New Rail Cars:** Purchase bi-level intercity rail cars and locomotives (est. 36 cars and 6 locomotives). | Capitol Corridor, Pacific Surfliner, San Joaquin | $ 150,000,000 |
| **Commerce/Fullerton Triple Track:** Construct 8 miles of triple track between Commerce/ Fullerton | Pacific Surfliner, Metrolink | $ 70,000,000 |
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| **San Onofre to Pulgas Double Track Project – Phase 1:** Design and environmental work for Phases 1 and 2 of project, plus construction of Phase 1. | Pacific Surfliner | $ 30,000,000 |
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2. Projects with CTC allocations.

Attachment

**CALIFORNIA TRANSPORTATION COMMISSION**

**Commission Advice**
**Proposition 1B Intercity Rail Capital Program Amendment**

**Resolution ICR1B-P-1011-05,**
**Amending Resolution ICR1B-P-0708-01**

1.1 WHEREAS, Proposition 1B, passed by California voters on November 7, 2006, called for $4 billion to be deposited into the Public Transportation Modernization, Improvement, and Service Enhancement Account; and

1.2 WHEREAS, of the $4 billion, $400 million was designated, to be available upon appropriation by the Legislature, for intercity rail capital projects, including at least $125 million for the purchase of additional rail cars and locomotives; and

1.3 WHEREAS, the initial intercity rail Proposition 1B project list was approved at February 2008 California Transportation Commission (Commission) meeting; and

1.4 WHEREAS, the Commission approved at its December 2007 meeting, the "Guidelines for Intercity Passenger Rail Projects in the Public Transportation Modernization, Improvement, and Service Enhancement Account", that provide guidance on the implementation of the Proposition 1B Intercity Passenger Rail Program; and

1.5 WHEREAS, the guidelines state the California Department of Transportation (Department) can return to the Commission to request formal approval to modify the project list and project scope; and

1.6 WHEREAS, the amended intercity rail Proposition 1B projects list includes $392.2 million in intercity rail projects and $7.8 million in bond issuance costs; and

1.7 WHEREAS, all projects on the attached amended Proposition 1B project list are consistent with the guidelines.

2.1 NOW THEREFORE BE IT RESOLVED, that the Commission does hereby provide its advice to the amended list of intercity rail Proposition 1B projects; and

2.2 BE IT FURTHER RESOLVED that the Department shall report on a quarterly basis to the Commission on the allocation status of the Proposition 1B intercity passenger rail projects as part of the Department's quarterly delivery report.