

Memorandum

To: Chair and Commissioners

Date: August 5, 2003

From: Diane C. Eidam
Executive Director

File No:
Book Item 2.1e.(2)
Action

Ref: Project Approval for \$9,370,000 to the Transportation Agency for Monterey County for the San Francisco-Monterey Intercity Rail Project

Issue:

Should the California Transportation Commission (Commission) approve the Transportation Agency for Monterey County's (TAMC) Proposition 116 Rail Bond Program application to use \$9,370,000 for acquisition of right of way for the San Francisco-Monterey Intercity Rail project?

Recommendation:

Commission staff has reviewed the Proposition 116 application, as well as subsequent clarifications that appear to meet all the basic requirements specified in the Proposition 116 Rail Bond Program as well as the Commission's policy and guidelines. Staff recommends that the Commission approve the attached resolution, which would grant approval for TAMC's project application for \$9,370,000 in Proposition 116 funds for the acquisition of right of way.

Background:

The Proposition 116 Rail Bond Program in PUC Section 99638 authorizes \$17,000,000 to be allocated to TAMC for (a) the extension of CalTrain service or (b) other rail projects within Monterey County. The total estimated project cost is estimated at \$38,098,319 and the funding breakdown is as follows:

\$ 420,800	AB 2206
\$ 200,000	PVEA
\$14,000,000	Prop. 116
\$ 420,800	RSTP
\$ 400,000	CMAQ
\$ 3,269,400	STIP
<u>\$19,387,319</u>	Federal Demo
\$38,098,319	

In September 1998, the Commission approved \$450,000 in Proposition 116 funds (PUC Section 99638[a]) to complete preliminary engineering, environmental studies and clearance leading to the implementation of the San Francisco-Monterey Intercity Rail Project; contingent upon TAMC addressing the following issues during the project development process and reporting to the Commission prior to approval of a capital improvement Proposition 116 application for this project (TAMC's response to the issues are included below):

- Whether "full service" in this corridor will require acquisition of full fee title or whether the private railroad will allow passenger service at less than fee. For either option, at what cost?

TAMC has engaged in extension conversations with representatives of the Union Pacific Railroad (UPRR) regarding the restoration of passenger rail service on the Monterey Branch Line. The UPRR was explicit that the only way that passenger rail service would occur on this segment would require TAMC to purchase the full fee title and make the necessary capital improvements once it became public property. The UPRR was not willing at any time to allow passenger service at "less-than-fee". The cost of the "full fee title" is \$9,370,000. There is no available cost for the "less-than-full" fee title.

- What funding sources TAMC intends to commit for short- and long-term operations of the proposed service, particularly in light of the structural shortfalls facing the funding sources currently used for existing and other projected increases in intercity rail operation.

Caltrans has confirmed that the San Francisco-Monterey rail service is included in the California 10-Year Intercity Rail Plan and the Amtrak 20-Year Plan. Caltrans has also indicated its expectation that the funding shortfalls that currently exist are not expected to persist to 2009, when the service is planned to start.

However, if these intercity rail funds should fall short, TAMC is in the process of developing a transportation sales tax measure for the November 2004 ballot, which could include operational subsidies for the intercity passenger rail service. TAMC is also pursuing the use of additional transit operational revenues from the passage of Proposition 42.

TAMC is proceeding along this path despite the fact that no other local jurisdiction in the State of California provides such subsidies for intercity rail service.

- Whether the public investment for the capital improvements and operating subsidies is worthwhile and justified over the long term, solely for a four-day-per-week-service. Also, the time frame in which service expansion is both feasible and likely?

TAMC's current proposal provides passenger rail service for a full 7-days-per-week when service starts in 2009. Two roundtrips are planned Monday through Friday and three roundtrips are planned on Saturdays, Sundays and holidays. TAMC has adopted this approach because it makes the best utilization of the available capital improvements and provides the greatest transportation service to the traveling public.

- Whether sufficient capacity existing on the Caltrain Corridor (San Francisco to Gilroy) to permit both Caltrain and Monterey service to operate initially and at ultimate “build out” of both services and what, if any, compensation to Caltrain would be required.

TAMC has participated in the Northern California Network Rail Capacity Analysis, as required by the UPRR for any passenger rail service expansion. The result of this modeling effort is the report “Rail Capacity Analysis, Northern California Network, TAMC-CRCC Additional Trains: Monterey-Salinas-Coast Daylight” by Washington Infrastructure Service, Inc., January 14, 2003. This modeling exercise has concluded that there is sufficient capacity to provide service for the majority of the corridor.

Caltrain staff has indicated their willingness to work with TAMC to provide service in the Caltrain corridor. The planned system capacity expansion from San Jose to San Francisco should be accomplished by 2007, well in advance of the beginning of the San Francisco-Monterey service.

Caltrain staff stated that the compensation for service would be the standard amount required for track maintenance.

The UPRR has expressed concern that they will require some additional capacity improvements between Gilroy and Coyote, depending on the number of trains added and the time schedule for the service. TAMC is involved in negotiations with the UPRR on this topic and UPRR has signed an “Agreement to Corporate” which has been made a part of the Proposition 116 application.

- Provide a comparative analysis of dedicated bus service with passenger rail.

Woodside Consulting, Inc. completed “A Comparison of Transportation Alternatives to the Proposed Monterey County-San Francisco Bay Area Intercity Rail Passenger Service, including a Local Market Analysis”. The report provides a detailed comparison of dedicated bus service and passenger rail service. The report concludes that the passenger rail service is very competitive with dedicated bus service.

TAMC has requested Woodside Consulting, Inc. to revise the ridership estimates to be consistent with the Amtrak/Department ridership figures, then provide a cost comparison with the dedicated service to provide consistency throughout the entire document.

In July 2003, Commission staff received an application requesting \$9,370,000 in Proposition 116 funds (PUC Section 99638[a]) to be used for the purchase of the Monterey Branch Line from Castroville to the Seaside City limits. Costs in this purchase include 12.65 miles of railroad right of way, track access fees and real estate closing costs.

TAMC as indicated that a final application for the remainder of Proposition 116 will be submitted in the future for rehabilitation of the Salinas River Bridge, track upgrades, improvements to grade crossings and grade crossing signals, street improvements, landscaping, lighting, fencing, signing and other construction improvements as needed to begin intercity passenger rail service from San Francisco to the Monterey Peninsula.

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A condition has been placed in the attached resolution that once the right of way has been purchased, TAMC or its successor, is limited to a ten-year period to start operations or the right of way must be sold and the state reimbursed then value.

Approval of the attached resolution will authorize \$9,370,000 in Proposition 116 Program funds (PUC Section 99638[a]) for the acquisition of right of way for the San Francisco-Monterey Intercity Rail Service project.

CALIFORNIA TRANSPORTATION COMMISSION

Commission Project Application Approval
Transportation Agency of Monterey County
Proposition 116 Application for
San Francisco-Monterey Intercity Rail Service

Resolution PA-03-

- 1.1 WHEREAS, in June 1990 the voters approved Proposition 116, the Clean Air and Transportation Improvement Act, for \$1.99 billion for rail and mass transportation purposes; and
- 1.2 WHEREAS, the California Transportation Commission is designated in Proposition 116 to oversee the five grant programs over the 20-year term of the Proposition; and
- 1.3 WHEREAS, Proposition 116 calls for the Commission to establish an application process and develop and adopt guidelines to implement those programs; and
- 1.4 WHEREAS, Proposition 116 establishes as a purpose of the application process that it “facilitate implementation of improved cost-effective transit service to the maximum number of Californians and to prevent the funds provided for by this part of being spend on needlessly costly features”; and
- 1.5 WHEREAS, Proposition 116 requires application to specify full and complete capital plans; financial plans; and operating plans, including schedules and funding sources; and
- 1.6 WHEREAS, in December 1990 the Commission adopted policy and application guidelines (#G-90-23) for the Proposition 116 rail program; and
- 1.7 WHEREAS, pursuant to PUC Section 99638, and contingent upon approval by the Commission of an application for funding, \$17,000,000 shall be allocated to the Transportation Agency of Monterey County for the following: (a) extension of Caltrain service; or (b) other rail project within Monterey County; and

- 1.8 WHEREAS, PUC Section 99665(a) requires applicants for grants pursuant to PUC Section 99638 subdivision (b), to match on a dollar-for-dollar basis, the amount of the grant from other public or private sources, and to demonstrate to the satisfaction of the Commission, the availability of those other funds; and
- 1.9 WHEREAS, the Transportation Agency of Monterey County will pursue intercity passenger rail service within the corridor, as described in PUC Section 99638 subdivision (a), that calls for no local match; and
- 1.10 WHEREAS, Proposition 116 specifies that local agencies shall not adopt new or increased development taxes, fees, or exactions or permit fees to pay the local match or for operating costs of new service established with funds provided pursuant to PUC Section 99638; and
- 1.11 WHEREAS, in July 2003, the Commission has received and reviewed an application from the Transportation Agency of Monterey County requesting approval of \$9,370,000 in Proposition 116 funds for right of way acquisition for the San Francisco-Monterey Intercity Rail Service project; and
- 1.12 WHEREAS, the July 2003 application, including all supplemental information, has been reviewed by Commission staff, and appears to meet all the basic requirements as specified in Proposition 116 and the Commission's policies and guidelines.
- 2.1 BE IT FURTHER RESOLVED, that the Commission hereby approves the July 2003 Proposition 116 project application from the Transportation Agency of Monterey County for right of way acquisition totaling \$9,370,000 in Proposition 116 fund (PUC Section 99638[a]).
- 2.2 BE IT FURTHER RESOLVED, once the right of way has been purchased, the Transportation Agency of Monterey County or its successor is limited to a ten-year period to start operations or the right of way must be sold and the state reimbursed then value.
- 2.3 BE IT FURTHER RESOLVED, that a Proposition 116 project application approval by the Commission reserves the State funding within the program, and allows project development work to be undertaken by the application agency, which will be subject to state reimbursement pursuant to the "Commission's Financial Guidelines for Local Agency Reimbursement" and subsequent fund transfer agreement; and
- 2.4 BE IT FURTHER RESOLVED, that Commission approval of the Proposition 116 project application further constitutes approval for a local agency to begin expending local funds for use as future local match for state reimbursement as authorized by the "Commission's Financial Guidelines for Local Agency Reimbursement" and consistent with the Commission's adopted guidelines for approval of advance expenditure for future local match, pursuant to Chapter 993, Statutes of 1990 (SB 2800).