

December 6, 2016

To: RTC Commissioners

Fr: Bud Colligan

Re: Options for the Rail Corridor

George Dondero's memo of December 8 to the Commissioners regarding "Options for Use of the Rail Corridor," lays out many issues as facts or informed assertions with which we strongly disagree based on an examination of available evidence. The aforementioned memo makes it clear that the Commissioners need to appoint an independent group of community stakeholders to undertake a fact-based and fair examination of the best use of the rail corridor, as envisioned by Measure D. What is more important than examining technical details and tactics is what transit strategy fits the scale of our community and provides the ability to move the most people at an affordable cost for the taxpayers, while considering environmental, equity and aesthetic concerns. It is my belief that the Commissioners should step back and ask this question first. We need to get the first order question answered before discussing tactics. I would remind the Commissioners that this question has been asked and answered in every decade starting in the 1980s.

Notwithstanding the foregoing, it is important to respond to the point in Mr. Dondero's memo.

Rail Transit

The timeframe for completion of rail transit, given the likely legal hurdles and environmental issues noted extensively in *other* sections of the memo is more than 15 years, probably closer to 20 years (2037). Let's also be clear that we are talking about a 3/8's cent sales tax on top of Santa Cruz County's new current rate of 9.25% to fund operating subsidies. Over a 30-year period, the total amount of subsidy based on the most likely Scenario G from the Rail Transit Feasibility Study is \$330 million. The assumption on capital is that the RTC will secure it from state and federal grants, but certainly some local match will be involved. The \$176M of capital does not include unbudgeted items like parking lots, fences, quiet zones and other elements. The statement that the "time frame aligns with experience in other locations for a similar project of a similar size" also pertains to cost overruns, which past state projects have shown run 40% over what is budgeted. So add 40% to whatever capital number is presented.

Trail Only

1. We agree—long-term mobility needs of the county are critical. However, we are not convinced that “fixed rail” will be the future transportation option we choose given rapid changes in technology in all transit modalities. A train cannot be implemented for 20 years, but **we have a transportation crisis today**. Wouldn’t it be wise to preserve our long-term options on the corridor while maximizing transit today? We are in favor of preserving future transit options, but we prefer to maximize the utility of the corridor for the next 20 years while future options are examined. Since the RTC’s own study says most of the tracks will need to be removed and upgraded, let’s take this opportunity to fully use the corridor in the next 20 years..
2. We expect Iowa Pacific Holdings (IPH) to want a buyout from the Administration, Coordination and Licensing (ACL) Agreement if a Trail Only option is the direction set by the Commissioners. However, such a buyout should be relatively straightforward since IPH is currently making no money on the rail line north of Watsonville. A buyout would also be easier if it was the expressed policy of the Commissioners and a directive was given to staff to terminate the contract. That said, with the recent fiasco around the Polar Express train, I believe that IPH is in breach of Section 5.2.1 of the ACL and the contract could be terminated by the RTC at no cost to taxpayers.
3. In communications with the CTC, it has been made clear that there are several options to consider around Proposition 116 funds. In fact, the CTC letter of September 8, 2015 states: “The CTC is willing to work with RTC to develop a solution to any issues affecting this transportation corridor.” Besides the CTC flexibility, there is broad support in the community to raise funds privately if necessary. It is ironic that there is such a fixation with repaying \$11M, when the costs savings over the current MBSST trail would be \$70M, let alone the \$575M+ for the capital costs and 30 year operating subsidies of the train. Finally, it is laughable to suggest that the CTC or Caltrans would be interested in taking over the provision of rail service on the Santa Cruz Branch Rail Line! Believe me, they have better things to do!
4. It appears that repayment for Prop 116 funds could be between zero and \$11M. As mentioned above, funds saved from the MBSST trail plan would more than make up for this repayment. As it relates to funds raised by the Land Trust and its letter accompanying this agenda, I am certain from blog posts by and discussions with members of the Land Trust, that most of them are interested in seeing a trail, whatever form it may take. It is also instructive to note that most Measure D communications emphasized

“unprecedented bike and pedestrian investment,” knowing those words would resonate with the public. And they thankfully did (and will)!

5. We have spoken to the Surface Transportation Board (STB) who informs us that they regularly and favorably process tens of railbanking and abandonment requests each year. In 2005, the RTC hired Woodside Consulting Group to assess the probability that the corridor could be abandoned (a precursor to railbanking). The expert from Woodside Consulting Group concluded that the STB would not deny an application for abandonment. Sure, federal bureaucracies can take time and effort, but once the RTC sets a clear direction, these applications are approved regularly by the STB. IPH should have no incentive to continue to want to lease the rail line, since it is making no money doing so. Freight operations can continue uninterrupted in the southern portion of the rail line anyway (as they are today).

6 – 11. It is hard to believe that a contaminated rail line would not present equal challenges to a Rail with Trail scenario as it does a Trail Only scenario. What happens when tracks are moved to accommodate the Rail with Trail plan? I would think that the same contamination issues would be in play. What if a trail is built alongside the tracks—are we saying we are not concerned with high levels of contamination in railroad ties and soil right next to our children using the pedestrian and bike path? Without responding to each point in these sections, what is clear to me is that the Coastal Commission and the County Environmental Services should be more amenable to a low impact, no tree cutting, no greenhouse gas emission alternative than one that enables up to 60 diesel trains per day and its resulting pollution and soil and groundwater contamination to continue. If the price of that result is the clean-up from past train contamination and pollution, so be it. We will need to address it at some point, so let's use some of the savings from not building an expensive narrow trail next to continuing polluting trains and clean up the mess from prior rail use. Lastly, it's well known that there is substantial salvage value associated with recycling the steel rail line, which could be used to offset these costs.

12 – 13. There will be legal challenges under any scenario. They are not exclusive to Trail Only, but not surprisingly are listed under Trail Only. Please include the legal cost of defending lawsuits in all scenarios!

Finally, we appreciate the RTC staff showing the dramatic cost difference between the Rail with Trail scenario and the Trail Only scenario. The Rail with Trail scenario results in a total cost of \$127M + \$176M + 40% average cost overruns for this type of project and timeframe, and \$330M operating subsidies for the first 30 years = \$700M and twenty years vs. a Trail Only cost of \$50M – \$60M and whatever you believe about points 1 – 13 above. The RTC believes

these costs are \$32M; I believe they are a fraction of that amount. Even if you take the RTC's number, we are comparing projects that cost approximately \$90M and \$700M+, for something that is not scalable without adding cost, and does not deliver as much ridership. That is why rail has been considered and rejected for the last 40 years. Let's make the right decision now and put this debate to rest for good.