

# Greenway's Response to RTC Staff Report of 12.8.16 regarding Trail Only Option

## Background

On December 8, 2016, staff for the Santa Cruz County Regional Transportation Commission (RTC) presented [a report](#) outlining possible uses of the rail corridor. The three options are: rail-with-trail, trail-only, and Bus Rapid Transit with trail. The report was meant to be the beginning of an “*open and transparent*” process to determine the highest and “*best use*” of the corridor. However, the numbers included in the report, with little attribution or factual reference, don't add up, and the analysis is so biased against a trail-only solution that it lacks credibility.

All things being equal, a [conservative estimate](#) shows \$60 million in savings when comparing trail-only and rail-with-trail. Rather than making any attempt to corroborate these savings, the RTC report focused solely on the incremental costs associated with changing current policy.

## Rebuttal

The following is a rebuttal to the RTC report and highlights its shortcomings. The numbers below correlate to those for the trail-only portion of the [December 8, 2016 report](#) (“the report”).

1. The report references proponents of a trail-only approach. However, no attempt was made to contact these proponents, and the report was created with **no public input**. This is not consistent with the goal of an “*open and transparent*” public process.
2. A potential buyout of Iowa Pacific would be a function of future earnings through the end of the licensing agreement in 2022. As part of the agreement, Iowa Pacific provides quarterly income statements to the RTC. Annual gross revenue for the railroad have averaged only \$240,000 per year since 2011. These figures are available to the public for review. Omitting this information again shows a lack of transparency. It is clear that Iowa Pacific makes little if any profit on the Santa Cruz Branch line. Any buyout would be small when calculated based on the future earnings potential of the line.
3. The report implies that if the RTC does not implement passenger rail service, then the CTC and/or Caltrans would step in and help the RTC make a fresh attempt to implement rail service. However, **no source is provided** for this determination. In a [letter dated September 8, 2015](#), the California Transportation Commission (CTC) stated that once the funds are returned, the RTC may use the rail line and/or any of its facilities for any lawful purpose. There is no mention of the CTC or Caltrans making a “fresh attempt” at implementing rail service.
4. The report indicates that repayment of the CTC funds is from a source yet to be determined. That said, the Measure D Expenditure Plan states: “*If the Regional Transportation Commission determines that the best use of the corridor is an option other than rail transit, funds may be utilized for other transportation improvements along*

*and near the corridor.*” So it appears that we could use Measure D funds, and there are other sources of potential funds, such as private fundraising. Needless to say, the cost savings from NOT implementing rail or building a 3x as expensive trail would dwarf any CTC repayment.

5. Abandonment of the rail line is a precursor to railbanking and falls under the jurisdiction of the Surface Transportation Board (STB). The RTC report implies that the abandonment is a lengthy and uncertain bureaucratic process. However, the RTC themselves hired an expert to explore potential abandonment of the corridor. In a [memorandum dated October 13, 2005](#), the consultant concluded that there is “*no chance*” the STB would deny an application for abandonment. Additionally, the memo indicates that abandonment can be completed through a streamlined process. If the RTC wanted to provide information on the abandonment process, why would they omit any reference to their own document?
6. SCCRTC was presented with [documentation in March 2004](#) that addressed railroad track and tie removal. The document was completed by The Woodside Consulting Group at the request of the RTC. Yet, no reference to this information was included in the report.
7. The RTC references potential hazardous materials “*in the vicinity of*” the railroad tracks. That said, this same issue applies to building a trail directly adjacent, or “*in the vicinity of,*” the railroad tracks. This is another example where the RTC implies the issue is exclusive to trail-only, when it applies to both trail types. In addition, the RTC’s [Rail Transit Feasibility Study](#) states in Section 6.1.2 (Existing Conditions) that nearly all of the steel rails and the ties will need to be replaced should a passenger rail system ever be implemented. The RTC makes no reference to this significant point in its report.
8. As mentioned above, documentation was already provided to the RTC on the removal of the railroad track and ties. Moreover, the [March 2004 report](#) prepared for the RTC shows a **net gain** of \$419,000 given the salvage value associated with the track. This was not mentioned by the RTC on December 8th.
9. As noted in the report, costs for surveying property boundaries are applicable to both trail-only and rail-with-trail. The cost is estimated at \$5.4 million. Building a trail adjacent to property lines—versus down the middle—increases the likelihood of encroaching on adjacent parcels. This is exemplified with Segment 7 as New Leaf Market is required to reconfigure their parking lot to make way for the trail. The additional expenditure would not be required with a trail-only approach. This point was not addressed by the RTC.
10. While the [Final Environmental Impact Report](#) does reference the [Monterey Bay Sanctuary Scenic Trail Master Plan](#), the analysis makes no significant distinction between a rail-with-trail or trail-only solution. Hypothetically, if the MBSST Master Plan were to represent a trail-only solution, the EIR would have little if any substantive changes.
11. With regards to funding, the RTC assumes [Measure D funding](#) is available only to construct and maintain a trail built next to the tracks. This assumption is false. The 17%

allocation for the Active Transportation component makes no distinction between trail-only or rail-with-trail. Moreover, the 8% allocation for the Rail Corridor component explicitly states: *“If the Regional Transportation Commission determines that the best use of the corridor is an option other than rail transit, funds may be utilized for other transportation improvements along and near the corridor.”*

12. The RTC implies that developing a trail-only solution, meant to be used by emissions free pedestrian and bicyclists, may be legally challenged as the RTC would not be meeting existing commitments to provide transportation options to reduce greenhouse gas emissions. Apparently, the RTC does not believe in the benefits of clean, healthy, active transportation alternatives. This is political gamesmanship at its worst and an additional indicator of the RTC’s bias towards developing a train.
13. It’s stated by the RTC that a trail-only solution may result in potential legal challenges from a variety of public agencies and concerned community members. Legal challenges are not exclusive to a trail-only solution and should be considered for both approaches.

In the end the RTC indicates a total time of 8 years or more but provides **no support** for the conclusion. Of the 13 items noted, time frames ranged from six months to six years. Most are less than three years and the longest (6 years) relates to the Iowa Pacific contract (where the possibility of a buyout is not explored). Moreover, many items can be completed concurrently. So how was the 8 year time frame calculated? A more realistic time frame to adopt a trail-only policy is likely 2 to 5 years.

Additionally, the RTC states a total cost of \$32.0 million but provides **no support** for that cost. Of the costs specified in their report, the low is \$11.4 million and the high is \$21.1 million. This range does not include \$5.4 million for surveying which is applicable to both options. So how is the \$32 million calculated? Again, this is meant to be the beginning of an “open and transparent” process. Nonetheless, the report lacks any transparency as there is no way of determining how its numbers are calculated.

One last distinction the RTC never addressed: the rail-with-trail plan does not include a solution for the Capitola Trestle, trail-only does. The Capitola trestle is located directly in the middle of the corridor and maintaining a continuous path is paramount to the integrity of the trail. However, building a parallel bridge is economically infeasible and the rail-with-trail plan calls for surface street reroute through the Capitola Village.

## Conclusion

As of now, the RTC is letting prior expenditures (time, money, effort) prevent it from making a clear, objective decision (known as the [Sunk Cost Fallacy](#)). Prior to spending \$127 million+ on a trail designed to accommodate a train, common sense dictates we should:

1. Determine the true likelihood that we’ll ever have passenger rail, including the likelihood of raising all of the money necessary to pay capital costs which will exceed \$300M and

passing another sales tax by two-thirds vote to fund annual subsidies totaling \$300M+ over 30 years, amidst organized and well funded anti-train group opposition.

2. Truly estimate the costs of a trail-only design. This would include paying back the CTC, buying out Iowa Pacific, and amending the existing Master Plan..
3. Weigh the costs/benefits of a trail-only design against costs/benefits of passenger rail, including the likelihood that it could ever be paid for or approved by voters.

Only by completing these three steps can we move forward with an informed decision. Not doing so is fiscally irresponsible and a disservice to our community.

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#### References:

1. [Report from George Dondero, RTC Executive Director, December 8, 2016](#)
2. [Cost Analysis – Rail-With-Trail versus Trail-Only, December 16, 2016](#)
3. [Letter from California Transportation Commission to County Supervisors, September 8, 2015](#)
4. [Memorandum from Woodside Consulting Group regarding rail abandonment, October 13, 2005](#)
5. [Cost estimate for removal of tracks from Woodside Consulting Group, March 2004](#)
6. [Santa Cruz Branch Rail Line Rail Transit Feasibility Study, December 2015](#)
7. [Final Environmental Impact Report - Monterey Bay Sanctuary Scenic Trail Network Master Plan, November 7, 2013](#)
8. [Monterey Bay Sanctuary Scenic Trail Master Plan, February 6, 2014](#)
9. [Exhibit A: Santa Cruz County 2016 Transportation Improvement Plan - Expenditure Plan, June 16, 2016](#)