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CALIFORNIA TRANSPORTATION COMMISSION

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September 8, 2015

Supervisor Zach Fried
Supervisor Bruce McPherson
County of Santa Cruz
Governmental Center
701 Ocean Street, Suite 500
Santa Cruz, CA 95060-4069

RE: Santa Cruz Branch Line

Dear Supervisors Fried & McPherson,

The California Transportation Commission (CTC) received your letter dated August 7, 2015, requesting information regarding the Santa Cruz County Regional Transportation Commission's (RTC) Santa Cruz Branch Line project. At our meeting on August 21, 2015, I committed to meet your request for a response to your letter by September 15.

In your letter, you pose the following questions:

1. Is a "trail only" option something that would be allowed by the CTC?
2. If so, what are the repercussions relative to Proposition 116 funds? What are the various options available to the RTC to mitigate these?
3. Is there any other relevant information the CTC would like to provide to the RTC regarding options for our rail line?

The CTC programmed and allocated \$11 million in Proposition 116 bond funds to the Santa Cruz Branch Line project. Proposition 116 (PUC Section 99640) requires that the allocated funds be used to establish passenger rail service to facilitate recreational, commuter, intercity and intercounty travel in Santa Cruz County. In its April 12, 2010 Proposition 116 funds application, RTC committed that the funds for the Santa Cruz Branch Line project would serve to initiate recreational passenger rail service and continue freight rail service for as long as required by the Surface Transportation Board. Further, RTC committed that, if utilization of the Santa Cruz Branch Line for the original purpose as approved by the Commission were to cease, RTC would

reimburse the State of California the amount of Proposition 116 funds allocated by the CTC. Therefore, to answer your question, it is state statute and not the CTC that precludes the use of Proposition 116 funds for a "trail only" use of the Santa Cruz Branch Line.

A "trail only" or a combination trail and bus rapid transit use as opposed to passenger rail service would require RTC to refund the Proposition 116 funds allocated by the CTC. Once the funds are refunded RTC may use the Santa Cruz Branch Line and/or any of its facilities for any lawful purpose. Refund of any other Commission allocated funds would require examination of applicable programming and allocation guidelines by the grant administrator (Caltrans), but Proposition 116 funds are the only funds we are aware of that carry the passenger rail service restriction.

There is no other relevant information to provide at this time, as the comments to your questions are straightforward. However, the CTC is willing to work with RTC to develop a solution to any issues affecting this transportation corridor.

If you have any questions, please contact the Commission's Deputy Director/Chief Engineer, Stephen Maller, at (916) 653-2070.

Sincerely,

A handwritten signature in blue ink that reads "Will Kempton". The signature is fluid and cursive, with a long horizontal line extending from the end.

WILL KEMPTON
Executive Director

c: Carl Guardino, CTC Commissioner
James Dutra, Councilmember, City of Watsonville
Dennis Norton, Mayor, City of Capitola
Cynthia Chase, Councilmember, City of Santa Cruz