

COUNTY SECURES RAIL LINE FUNDING

STATE COMMISSIONER GETS UNION PACIFIC TO DROP ASKING PRICE BY \$400K

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SACRAMENTO — The California Transportation Commission voted 10-1 on Wednesday to grant the county \$14.2 million to acquire 32 miles of rail line from Watsonville to Davenport after a commissioner cut a surprising, last-minute deal for Union Pacific to drop its price.

The panel approved the county Regional Transportation Commission's plans for the project in late June, but needed to take a separate vote Wednesday to allocate state transportation funds. The county requested \$14.85 million to buy the rail line for \$14.2 million and cover \$650,000 in related costs.

But Commissioner Joseph Tavaglione of Riverside, in an effort to allay concerns on the panel about granting state funds that exceeded the purchase price and appraised value, bartered with Union Pacific in public to drop its price by \$400,000 and ask Santa Cruz County to find another \$250,000.

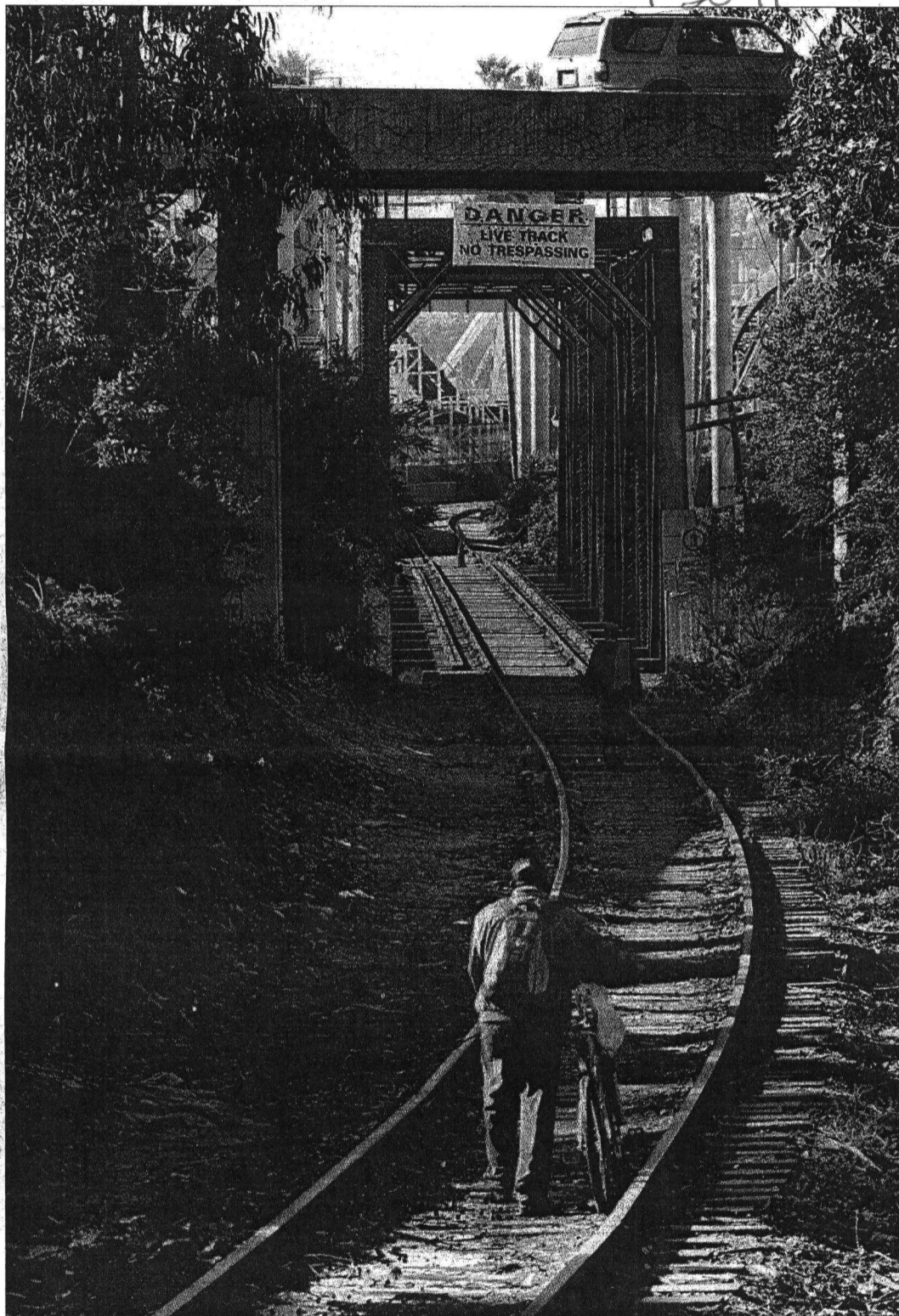
Calling it a once-in-a-lifetime move, county supervisors and transportation officials said they couldn't believe the negotiated sale price, struck several years ago, with the railroad was changed in a matter of minutes.

"You could spend 20 years going to meetings and never see a negotiation like that ever," said Supervisor John Leopold, a member of the Regional Transportation Commission. "I've never seen anything like it."

The railroad's vice president of public affairs, Scott Moore, said he had no idea Commissioner Tavaglione was going to ask him to drop the price in front of a public audience. At first, Moore agreed to \$300,000, but under nudging from Tavaglione for \$500,000, agreed to \$400,000.

Moore, after the meeting, said he agreed to drop the price because "there needed to be give on both sides" in order to seal the deal with commissioners.

Mark Stone, chairman of the county Board of Supervisors and the Regional Transportation Commission, told the state panel he would find the additional \$250,000, after which applause erupted from the audience. About two dozen county residents, many of



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ABOVE: The railroad tracks between Seabright Avenue and the San Lorenzo River trestle are used as a pedestrian path. The state on Wednesday approved funding for the county's purchase of 32 miles of rail line from Davenport to Watsonville.

LEFT: From left, Scott Moore, a vice president of Union Pacific, laughs with Santa Cruz County supervisors Mark Stone and John Leopold after a surprising twist during the California Transportation Commission meeting. A commissioner got the railroad to lower its price and the county to cover some related costs.



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With the Cemex plant's closure and the rail line no longer in use, train cars are stored on the tracks south of Davenport.

RAIL

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whom rode the train from San Jose to support the move, tossed their navy-and-white railroad engineer caps in the air when the vote was taken and Stone shook hands with Moore in front of the commission.

Stone said the Regional Transportation Commission will have to find the additional \$250,000, but said he did not want to say no and hold the project up any further. Because the state panel cleared the way for the \$14.2 million sale, Stone said the county should be able to complete the purchase by April 1 and come up with the additional expenses, such as closing costs, later.

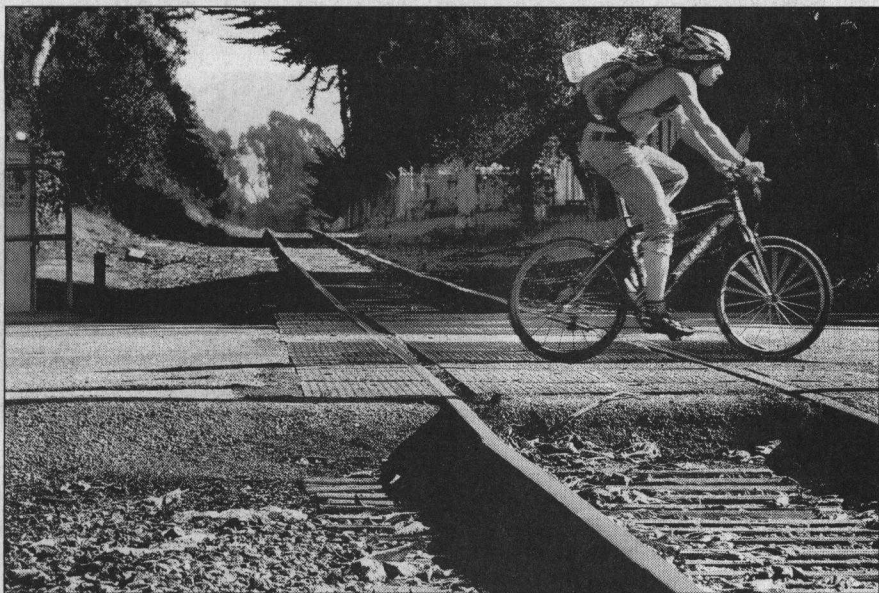
Stone, Leopold and other officials were prepared to make comments to the commission, but as the 5 p.m. cutoff time for the meeting neared, the late-minute deal brokered with Union Pacific made the speeches unnecessary.

Earlier in the meeting, however, Assemblyman Bill Monning, D-Carmel, told commissioners he gave his "wholehearted support" to the project because it provides the potential to link with other regional rail lines and support tourism, the county's second largest industry.

"This is a win-win solution to advance passenger and tourism reliance on light rail, reduce congestion on highways and to make positive contributions to lowering our impact on carbon emissions and climate change," Monning said.

Commissioner James Ghielmeti of Pleasanton, who has questioned whether the county just wants the rail line to create an adjacent pedestrian and bicycle corridor, was the sole dissenting vote.

The county signed a three-year deal in October with Sierra Northern to operate a coastal dinner train, haul freight and perform maintenance, which qualified the project for state transportation funding. After the sale of the rail line goes through, county transportation leaders must still return to the state commission to request \$5 million for repairs to the railway. There is funding to study a rail



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A cyclist crosses the railroad tracks at 17th Avenue on Wednesday.

trail, but the county has yet to agree to those plans.

In winning the vote, the Regional Transportation Commission overcame a neutral recommendation by staff members of the state panel, who raised questions about the appraised value of the rail line. Two-thirds of the 32 miles has an unclear right of way, making it difficult to determine a fair and reasonable price as required by state law.

An initial appraisal valued the line at \$14.3 million, which matches the purchase price agreed to by the county and Union Pacific, but a second appraisal came in at \$12.2 million. The values reflect what the appraisers believe the county could get for the rail line if liquidation was needed.

However, to complicate matters in favor of the county, the second appraiser said he and the first evaluator agreed the value could reach as high as \$16 million when other factors, including nearby properties, were taken into consideration. The two appraisers agreed \$14 million was a fair and reasonable price that represented a bargain for the public.

Caltrans did not support the allocation for the project until county officials met with top agency officials recently to convince them that the right of way's value met or exceeded the sale price when the full rail line was considered.

Caltrans changed its recommendation from negative to neutral then to supportive last week. The commission's staff, however, only changed its recommendation from negative to neutral.

"We would not be here if we felt the price negotiated between the railroad and the county was unreasonable," Caltrans Director Cindy McKim told the Sentinel during a break in the proceedings. "Initially there were questions but we believe we can support the allocation."

The total estimated cost of the project is \$23.5 million, which includes the rail line purchase, improvement costs and pre-construction expenses. In addition to the Proposition 116 funds, the county will draw on \$10 million in State Transportation Improvement Program funds, as well as money from federal and other sources. Proposition 116 is a 1990 ballot measure approved by California voters to fund rail projects.