

# Panel to vote Wednesday on rail line

Transportation

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SANTA CRUZ — County leaders are eager to yell "all aboard" for long-awaited passenger service on the 32 miles of coastal rail line stretching from Davenport to Watsonville.

Two state agencies out of step over appraisal of 32-mile coastal project

But they face another big hurdle as two state agencies iron out differences over the rail line's estimated value, which appraisers have called a "bargain for the public." Hanging in the balance is a decade of hopes for local control of a rail line that could provide an alternative to vehicle-clogged Highway 1 for tourists and

commuters alike.

The California Transportation Commission approved the Santa Cruz Branch Line project in June with several conditions, the most critical of which was locking in a recreational rail service provider to qualify the project for transportation funding set aside by voters 20

years ago. The county reached an agreement with Sierra Northern in October to do a dinner train, and all other conditions have been satisfied except one — the appraised value.

Wednesday, the commission is scheduled

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## RAIL LINE

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to vote on whether to allocate \$14.8 million to buy the rail line and cover related costs. Bonds to underwrite the funding have been issued, but it's unclear what effect confusion over the appraised value and mounting anxiety over the \$25 billion state budget deficit could have on the commission's vote.

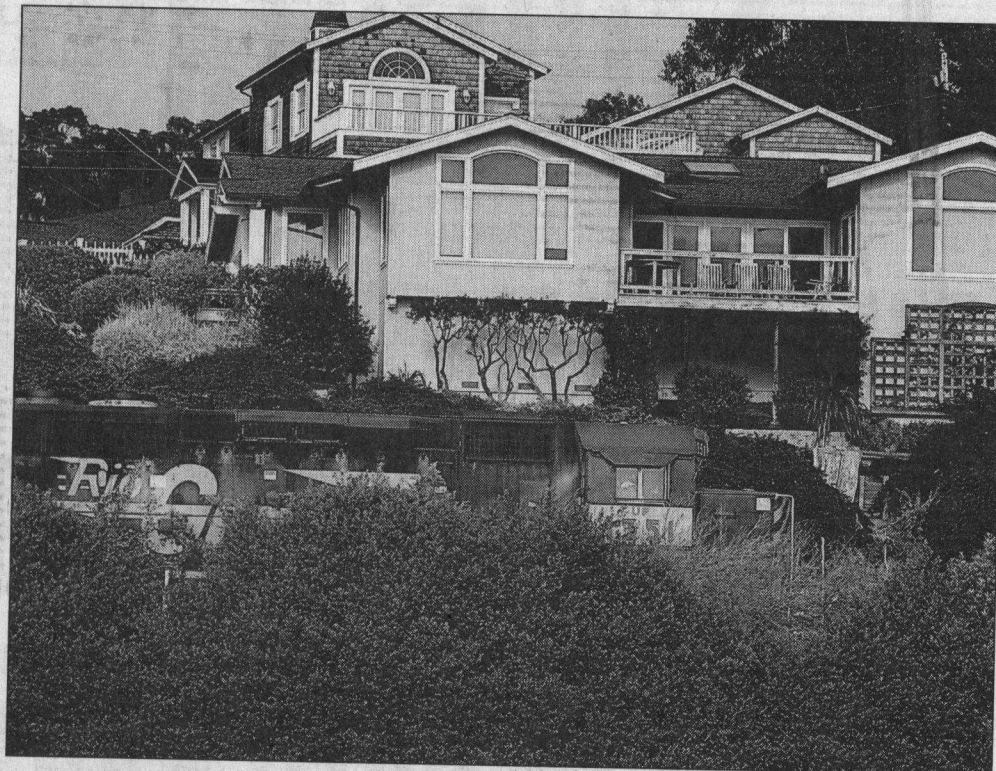
"It's hard to say how long the deal could take," said Luis Mendez, deputy director of the county's Regional Transportation Commission, which has headed up the county's 10-year effort to acquire the Union Pacific rail line.

Mendez said the county has worked with the state commission to address concerns about a \$2 million gap between the most recent appraisal and the agreed purchase price with Union Pacific. Part of the problem is that two-thirds of the rail line, more than 20 miles of it, has what officials call a "clouded title" where the right-of-way is not clear.

The county has sought to convince the state commission that, once all of the rail line and adjacent property is valued, the acquisition is worth more than \$14 million, which closely matched an initial appraisal. A second appraiser valued the acquisition at \$12.275 million, but later determined the value range could reach as high as \$16 million once other factors were considered.

Caltrans, the other agency consulted by state commissioners, updated its recommendation of the project Friday to support allocating \$14.5 million based on the second appraisal.

Robert Chung, a deputy director for the commission, said staff members originally recommended denying the allocation because Caltrans has yet to clarify whether



A Union Pacific train travels through La Selva Beach as it heads south through Santa Cruz County toward Pajaro.

SHMUEL THALER/SENTINEL FILE

the appraised value was "fair and reasonable" as required by state law. However, Chung said the staff has now decided to change its recommendation to "neutral" to give commissioners more options.

"There is confusion about what are the recommendations coming out of Caltrans," Chung said. "But we are willing to go neutral here."

In fact, the second appraiser, Tim Landes of Sierra West, whose appraisal Caltrans supports, contains a "fair and reasonable" finding.

Landes wrote that his March 2010 appraisal and one conducted in September 2009 by the first appraiser "are far below what he and I have seen rail corridors sell for and further substantiates our opinion that either at \$14.3 million or \$12.275 million, the Santa Cruz Branch Line is a bargain for the general public while meeting the requirement of 'fair and reasonable price' to be paid the railroad."

Commissioner Carl Guardino, a Silicon Valley executive from Los Gatos, said Friday he couldn't speculate on how confusion over the appraised value will color next week's vote. However, he said it has not diminished his support, saying he continues to be "bullish about it" and convinced the project will generate economic and environmental benefits.

Because the bonds have already been issued, Guardino said he doesn't expect the strapped state finances to effect the allocation vote. But Chung said bond funds for pre-approved projects could run out before Gov. Jerry Brown's pledge to halt new bond sales kicks in.

The governor's staff referred transportation budget questions to Caltrans, whose spokesman Matt Rocco said, "The nearly \$10 billion that Caltrans currently has invested in construction projects will continue to provide thousands of Californians

with jobs, and we will work diligently to ensure that we keep all construction projects moving ahead at this difficult economic time.

Union Pacific has agreed to sell the rail line for \$14.2 million, and the county has a three-year agreement with Sierra Northern to run a dinner train, manage freight service and perform maintenance. The county hopes to expand passenger service and may consider adding a trail for bicyclists and pedestrians along a portion of the line.

County officials have sought to allay concerns that plans for the trail project might progress before a viable rail passenger service is established — "a bait-and-switch," as Commissioner James Ghielmetti put it in June. There are federal funds set aside to pay for studying the trail, but the Regional Transportation Commission has made no decision about whether the trail project would move forward.