



**VENTURA COUNTY TRANSPORTATION COMMISSION
SANTA PAULA BRANCH LINE ADVISORY COMMITTEE
(SPBLAC)**

**MONDAY, April 8, 2013
2:00 – 4:00 PM**

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AGENDA*

**Actions may be taken on any item listed on the agenda*

**VENTURA COUNTY TRANSPORTATION COMMISSION CONFERENCE ROOM
950 COUNTY SQUARE DRIVE - SUITE 108
VENTURA, CA 93003**

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in a Commission meeting, please contact the Clerk of the Board at (805) 642-1591 ext 101. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting.

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. PUBLIC COMMENTS** (For items not on the agenda)– *Each individual speaker is limited to speak three (3) continuous minutes or less. Any written documents to be distributed or presented to the Commission shall be submitted to VCTC SPBLAC staff. This policy applies to Public Comments and comments on Agenda Items.*

Under the Brown Act, SPBLAC should not take action on or discuss matters raised during Public Comment portion of the agenda which are not listed on the agenda. SPBLAC members may refer such matters to staff for factual information or to be placed on the subsequent agenda for consideration.

- 4. APPROVE SUMMARY FROM 10/17/2012 SPBLAC MEETING – PG. 3**

5. COMMITTEE MEMBER/STAFF REPORT

This item provides the opportunity for the SPBLAC members VCTC staff to report on attended meetings and any other items related to SPBLAC activities.

6. ADDITIONS/REVISIONS – *The SPBLAC may add an item to the Agenda after making a finding that there is a need to take immediate action on the item and that the item came to the attention of the SPBLAC subsequent to the posting of the agenda. An action adding an item to the agenda requires 2/3 vote of the SPBLAC. If there are less than 2/3 of the SPBLAC members present, adding an item to the agenda requires a unanimous vote. Added items will be placed for discussion at the end of the agenda.*

7. SPBL REVENUE AND EXPENDITURE REVIEW FISCAL YEAR 2001/2002 THROUGH FISCAL YEAR 2011/2012 – PG. 5

Recommended Action:

Receive and file report

Responsible Staff: Steve DeGeorge

8. SPBL INITIAL ASSESSMENT – PG.9

Recommended Action:

Receive and file update report from Egan Consulting Group.

Responsible Staff: Darren Kettle/Egan Consulting

9. POTENTIAL FREIGHT OPERATIONS ON THE SPBL – PG.11

Recommended Action:

Receive and file oral report from Darren Kettle, VCTC executive Director and Fillmore and Western on potential freight operations.

Responsible Staff: Darren Kettle / Fillmore & Western

10. FUTURE MEETINGS

Recommended Action:

Approve tentative date for next SPBLAC meeting.

Responsible Staff: Mary Travis

11. ADJOURNMENT



Item # 4

Summary of 10/17/12 SPBLAC Meeting

- Item # 1 **Call to Order:**
The meeting was called to order at the VCTC Conference Room at 3:30 PM by County Supervisor Kathy Long.
- Item # 2 **Roll Call:**
Attending the meeting in addition to Commissioner Long, were Commissioners Jamey Brooks (Fillmore), and Ralph Fernandez (Santa Paula). Also attending were Dave Wilkinson, Bill Bartels and Ray Morquecho from Fillmore & Western Railway (F&W), Dave Fleisch and Kathy Connell from Ventura County Public Works Transportation, Martin Hernandez (Supervisor Long's office), VCTC Legal Counsel Mitch Kahn, and, VCTC staff Darren Kettle and Mary Travis.
- Item # 3 **Public Comments for items not on the agenda:**
There were no public comments.
- Item # 4 **Approval of 5/16/12 SPBLAC Meeting Summary:**
The meeting summary was approved as submitted.
- Item # 5 **Committee/Staff Report:**
There were no Committee or staff reports.
- Item # 6 **Additions/Changes to Agenda:**
There were no changes or additions to the agenda.
- Item # 7 **Update on Federal Railroad Administration (FRA) Bridge Inventory Project:**
Mary Travis, VCTC staff, briefly reviewed the FRA rail bridge inventory requirement. As reported to SPBLAC in May, there are four bridges that need immediate repair, and two of them had to be taken out of service. Dave Wilkinson with F&W mentioned they had already repaired one bridge because it was needed back in service for their operations. The other red-tagged bridge is over Ellsworth Barranca and is needed for freight operations.
- Darren Kettle noted that UP has ceased SPBL freight operations when International Paper closed in Santa Paula. Because UP has halted freight service, VCTC has no obligation to repair the Ellsworth Bridge. However, Darren noted there is a federal program with loans available for railroad rehabilitation projects, and that VCTC could work with F&W on obtaining this money. He also mentioned that VCTC has State Transit Assistance (STA) funds that the Commission could loan F&W for the work. Dave Wilkinson with F&W responded he would be glad to work with VCTC on this but operation of the line has to be a partnership, and he felt VCTC should fund all four of the bridges needing immediate repair. He also mentioned that as requested by SPBLAC, he is actively seeking new freight customers to increase SPBL revenues.

Questions were raised about VCTC liability risks if the bridges aren't repaired, and whether the repairs to the bridges are "maintenance" and thereby the responsibility of F&W to repair or "capital improvements" which would be the responsibility of the Commission. The question was also asked if F&W had been paid by VCTC to do this type of repair work in the past. The issue was also raised if prevailing wages would need to be paid for the bridge repair work. F&W said they were qualified to do the work and had done projects like this in the past for the Commission. F&W also distributed a July 12, 2000 legal opinion that F&W as a "common carrier" is not subject to this requirement. Staff and Legal Counsel will follow-up on all these issues.

Additional discussion took place about whether VCTC could fund the repairs and be recompensed when freight service returns to the SPBL or if a low-interest loan might be arranged with F&W. F&W responded that the SPBL is a public asset and should be maintained as such by VCTC as the owner. Questions were asked again about how past repairs were handled and why should the rail bridge repairs be any different?

SPBLAC concluded the discussion by recommending to the Commission that it was appropriate for the Ellsworth Barranca bridge to be repaired using up to \$75,000 in STA funds, and that repairs to the other three urgent bridges continue to be reviewed in greater detail. SPBLAC also requested that staff investigate whether the bridge repairs in the future could be funded with the revenues that might result if freight service resumes on the SPBL.

Item # 8

Administrative Oversight on the SPBL:

Darren Kettle summarized the staff and Legal Counsel efforts to sort out the various administrative and operating agreements on the SPBL that have been in place for the last eighteen years. It has become apparent that specialized railroad expertise is needed, and he will be recommending to the Commission that consultant Thomas Egan be retained under Darren's funding authority to complete redrafting the necessary operating agreements to guide the SPBL in the future.

Item # 9

Schedule Future Meeting:

No future meeting was scheduled.

Item # 10

Adjournment:

The meeting was adjourned at 5 PM.



Item # 7

April 8, 2013

MEMO TO: SANTA PAULA BRANCHLINE ADVISORY COMMITTEE
FROM: STEVE DEGEORGE, PLANNING AND TECHNOLOGY DIRECTOR
**SUBJECT: SANTA PAULA BRANCH LINE REVENUE AND EXPENDITURE REVIEW,
FISCAL YEAR 2001/2002 THROUGH FISCAL YEAR 2011/2012**

RECOMMENDATION:

- Receive and file Santa Paula Branch Line (SPBL) revenue and expenditure review presentation.

BACKGROUND:

VCTC purchased the SPBL in 1995 for \$8.5 million comprised of \$4 million in federal Surface Transportation Program (STP) funds, \$3.5 million in federal Transportation Enhancement Activities (TEA) funds and \$1 million in local match provided by Fillmore, San Buenaventura, Santa Paula, and the County of Ventura. The SPBL right-of-way extends from Montalvo in the west to the Los Angeles County line in the east and while the right-of-way is generally 100 feet wide, it varies in places from 30' to 250' wide.

Along with the 32 miles of real property and the serviceable rail line there were a substantial number of active leases, including oil pipelines, water crossings, and agricultural leases associated with the purchase of the SPBL. These active leases factored into both the purchase agreement and the long term funding strategy of the SPBL. In the purchase agreement, the County of Ventura received a small number of non-operating leases in consideration of advancing the funds to purchase the property and the VCTC and Southern Pacific Rail Road (SPRR) entered into a lease revenue sharing agreement giving SPRR and subsequently Union Pacific (UP) a portion of the lease revenue until Fiscal Year 2015/2016.

In June of 2001 the Ventura County Transportation Commission (VCTC) was party to a package of 20 year agreements with the Fillmore Redevelopment Agency and with Fillmore and Western Railway Company (Fillmore & Western) to lease a segment of the SPBL between milepost 405.31 near Montgomery Avenue in the City of San Buenaventura to milepost 435.07 at Rancho Camulos. The lease agreements were for the purpose of still and motion picture production, television filming, commercials, and other still and video promotional activities, freight service, mail and express service and for public excursions, charter and dinner train operations. The lease included land lying within fifteen (15) feet of the centerline of any track and required Fillmore and Western to perform certain maintenance items as described in the Agreement dated June 25, 2001.

The Agreement provided that Fillmore & Western pay rent to VCTC in the amount of Six Hundred Dollars \$600 per month subject to Consumer Price Index adjustments. Fillmore and Western currently pays Seven Hundred Sixty Nine Dollars (\$769) to the VCTC monthly and five percent (5%) of fees charged for each day of still and motion picture production use of the lease property. The rental rate may be reviewed and renegotiated on biennial basis.

In consideration of the maintenance that Fillmore & Western was required to perform, Fillmore and Western was entitled to receive the lesser amount of One Hundred Seventy Thousand Dollars (\$170,000) or the total of its grade crossing signal maintenance funds and the annual income derived by VCTC from its property leases at the time of the effective date of the Agreement. This Agreement with Fillmore & Western has been amended twice, first in May of 2004 adjusting the maintenance allowance upward to a maximum of \$264,000 and again in September of 2007 adjusting the maintenance allowance upward to the current maintenance allowance of the lesser amount of \$312,000 or the total of its grade crossing funds and the annual income derived by VCTC from its property leases.

Across the years there have been additional payments made to Fillmore & Western for repairs, construction or maintenance activities outside of the terms of the Agreement. Since the inception of the Agreement, expenditures from VCTC to Fillmore & Western have exceeded revenues with VCTC funding the gap with State Transit Assistance (STA). In recent years VCTC initiated a closer examination of the SPBL to determine whether the SPBL could be made self-sufficient.

DISCUSSION:

As part of the on-going investigation of SPBL self-sufficiency, VCTC staff undertook a thorough review of all revenues and expenses occurring during the past eleven years under the Agreement dated June 25, 2001. At the April 8th SBLAC meeting, VCTC staff will be providing a summary worksheet containing revenues, expenses and the Net Position of the SPBL for each year between Fiscal year 2001/2002 and Fiscal Year 2011/2012, staff will also have the detailed worksheet from which the summary was derived available for review.

Some revenues and expenses which caused unusual spikes or were unrelated to SPBL operations have been removed from the summary work sheet. Specifically work due to flooding and reimbursed by the Federal Emergency Management Agency (FEMA) and the Mill restoration have been removed from the summary work sheet to give a more representative view of the year-to-year operational costs of the SPBL.

The review revealed that over the eleven year life of the Agreement between the VCTC and Fillmore & Western the SPBL generated average annual revenues of \$325,133, average annual expenses of \$656,155, leaving an annual average annual Net Position of negative \$331,022, see Table 1 below. The deficit has largely been funded by STA with some amounts of Local Transportation Funds (LTF) for VCTC staff time. Over the past eleven years the SPBL has generated revenues of \$3,576,466, expenses of \$7,217,713, with a deficit of \$3,641,247.

Eleven Year Averages		
Revenues	Expenses	Net Position
\$325,133	\$655,155	- \$331,022
Eleven Year Total		
\$3,576,466	\$7,217,713	-\$3,641,247

Table 1

Revenues, excluding FEMA and the Mill restoration, have been compiled into one of five categories and are shown with their eleven year totals and relative proportion in Table 2 and Chart 1 below.

Revenues Eleven Year Totals		
Revenue Type	Amount	Percentage of Revenue
Lease and Signal Revenue	\$3,060,904	42%
Film Revenue	\$98,589	1%
Special Project Revenue	\$353,000	5%
Other and Interest Revenue	\$63,972	1%
STA/LTF Subsidies	\$3,641,247	51%

Table 2

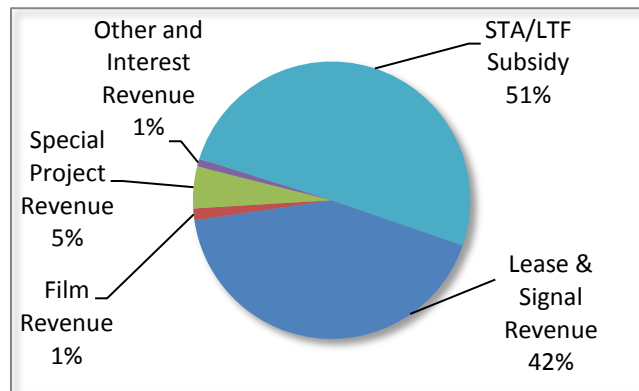


Chart 1

Expenses, excluding FEMA and the Mill restoration, have been compiled into one of five categories and are shown with their eleven year totals and relative proportion in Table 3 and Chart 2 below.

Expenses Eleven Year Totals		
Revenue Type	Amount	Percentage of Revenue
F & W Monthly Maintenance	\$2,802,829	39%
Other F & W Payments	\$2,496,528	35%
UPRR Lease Revenue Share	\$1,037,308	14%
Other Expenses	\$269,996	4%
Staff Expenses	\$611,050	8%

Table 3

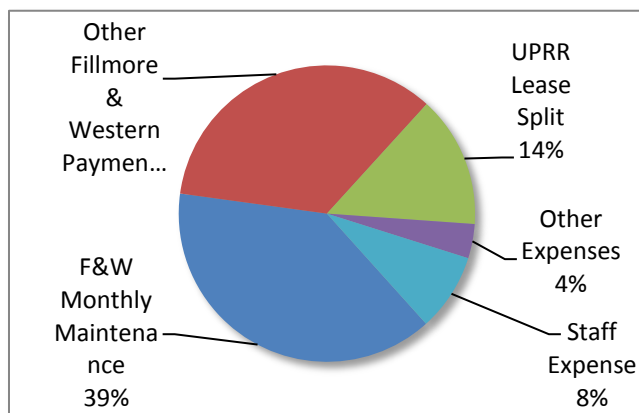


Chart 2

Projecting forward under the current conditions the only significant increase in revenue will come in Fiscal Year 2016/2017 after the UPRR lease revenue split expires and VCTC will realize an increase of approximately \$105,000 in revenues. Under the current condition that would leave a little over \$200,000 to be subsidized by other funds. Unfortunately under the current conditions, it is unlikely that expenses will remain flat and the deficit between available revenues and expenses will continue to grow.



Item # 8

April 8, 2013

MEMO TO: SANTA PAULA BRANCH LINE ADVISORY COMMITTEE (SPBLAC)

FROM: DARREN KETTLE, EXECUTIVE DIRECTOR

SUBJECT: SANTA PAULA BRANCH LINE INITIAL ASSESSMENT

RECOMMENDATION:

- Receive and file presentation from Egan Consulting Group assessing Santa Paula Branch Line (SPBL) management agreements.

DISCUSSION:

To fairly assess the management agreements and operations of the SPBL, VCTC retained Egan Consulting Group because of their in depth knowledge of Short Line Railroads. Mr. Tom Egan, Principal of Egan Consulting has nearly 40 years of experience working for CSXT and its predecessor railroads, Conrail, Penn Central, and New Haven Railroad. Mr. Egan has an extensive history of working with and advising Short Line Railroads and will present his initial findings from his site visit, high rail trip and document review of the Santa Paula Branch Line.

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Item # 9

April 8, 2013

MEMO TO: SANTA PAULA BRANCH LINE ADVISORY COMMITTEE (SPBLAC)

FROM: DARREN KETTLE, EXECUTIVE DIRECTOR

SUBJECT: UPDATE ON SPBL FREIGHT OPERATIONS

RECOMMENDATION:

- Receive and file oral reports on potential for freight operations.

DISCUSSION:

VCTC Executive Director, Darren Kettle and a representative from Fillmore & Western will provide updates on the potential for freight operations on the Santa Paula Branch Line.