



AGENCY: City Council
MEETING DATE: May 11, 2020
DEPARTMENT: City Manager
PRESENTED BY: T. Miller
EMAIL ADDRESS: tmiller@fortbragg.com

AGENDA ITEM SUMMARY

TITLE:

Receive Report and Consider Adoption of City Council Resolution Approving Submittal of a BUILD grant on behalf of the Mendocino Railway / California Western Railroad / Skunk Train (Skunk Train) to Fund the Following Activities: Repair of Tunnel #1, Repair of the Noyo Canyon Train Tracks, Repair of the Engine House, and Various Maintenance and Safety Improvements

ISSUE:

Mendocino Railway / California Western Railroad / Skunk Train (aka the Skunk Train) has served the Mendocino region since 1885, providing freight, passenger, and mail service to businesses and residents in and around Fort Bragg and Willits, California. CWR has also long operated a world-renowned tourist train, one of our nation's Top Ten, attracting millions of visitors to the region.

1. In 2015, one of Skunk Train's tunnels collapsed, cutting the railroad in two and preventing the Skunk Train from operating between Fort Bragg and Willits. The tunnel collapse has severely constrained the effectiveness of railroad operations, effectively cutting off all freight and passenger services, except for a very short tourist excursion experience. The tunnel repair will cost an estimated \$6 million.
2. Additionally, in order to effectively serve the freight and passenger community with faster train times, Skunk Train will need to replace railroad ties installed by a prior owner with new strong and environmentally safe railroad ties.

In August of 2018 the City submitted an \$8.5 Million Better Utilizing Investments to Leverage Development (BUILD) grant on behalf of Skunk Train (which was matched with \$8.5 million from Skunk Train) to repair the collapsed tunnel and to replace the bad ties. This grant was not funded. In July of 2019 the City submitted an \$18.2 Million BUILD grant on behalf of Skunk Train. This grant was not funded.

The Skunk Train would like to submit a BUILD grant application with the scope of work to include:

1. Repair of Tunnel #1,
2. Replacement of chromated copper arsenate (CCA) Railroad Ties in Noyo Canyon,
3. Repair of the Engine House, and
4. Various Maintenance and Safety Improvements.

Staff is seeking direction from City Council regarding the submittal of a grant request for these items on behalf of the Skunk Train. If awarded the grant would be monitored and administrated by City of Fort Bragg staff.

ANALYSIS:

The 2020 Fiscal Year (FY) Better Utilizing Investments to Leverage Development, or BUILD Transportation Discretionary Grant program makes available \$1 billion in discretionary transportation funds. The FY 2020 BUILD Transportation grants are for planning and capital investments in surface transportation infrastructure and are to be awarded on a competitive basis for projects that will have a significant local or regional impact. BUILD funding can support roads, bridges, transit, rail, ports or intermodal transportation.

Projects for BUILD will be evaluated based on merit criteria that include safety, economic competitiveness, quality of life, environmental sustainability, state of good repair, innovation, and partnership. To better address the needs of rural America, which has historically been neglected, DOT intends to award 50% of BUILD Transportation grant funding to projects located in rural areas that deliver positive benefits for these communities, consistent with the Department's R.O.U.T.E.S. initiative.

Eligible Applicants for BUILD Transportation grants are State, local and tribal governments, including U.S. territories, transit agencies, port authorities, metropolitan planning organizations (MPOs), and other political subdivisions of State or local governments. Thus, the City is applying on behalf of the Skunk Train.

Repairing the tunnel, the engine house and the rail tracks benefits the City and surrounding community in the shorter term by infusing \$18.8 million into our local economy. The Skunk Train has committed to provide 51% of those costs as matching funds. Over the long term, the grant funds will restore infrastructure assets in the community that support jobs and continued growth.

This will be a competitive grant cycle, and DOT anticipates thousands of applications. CWR has hired the consulting firm of Baker & Miller to prepare the BUILD application. That firm will complete the application by May 17, 2020, giving the City two days to submit it through the DOT website portal. As part of the applicant submittal the sponsoring agency (the City) must submit a resolution of support.

Project Description

The Skunk Train railway consists of 40 miles of track connecting Fort Bragg and Willits. The line passes through two mountain tunnels and over 31 bridges. In 2015, Tunnel 1 collapsed, damaging the western portal and cutting the railroad in two. Skunk Train commissioned an engineering analysis to identify a comprehensive fix for the tunnel.

Once Tunnel 1 is reopened and the deferred maintenance of the railroad line is addressed, Skunk Train has indicated that they will be able to:

- 1) Haul logs from the forest via rail to the Willits sawmill;
- 2) Undertake freight operations including hauling goods from local manufacturers, automobile fuels and propane, and municipal solid waste (MSW). The project would result in a freight business of 20 MSW carloads per week.

- 3) Enter into an agreement with the Mendocino Transit Authority (MTA) to transport passengers on a “commute” basis from Willits to Fort Bragg and vice versa.
- 4) Restart the tourist passenger train. Forty-five percent of the Skunk’s 60,000 annual customers came to the region specifically to ride the train. Skunk Train customers have an average visitation of 2.4 days and spend roughly \$30 million in the region.

RECOMMENDED ACTION:

Adopt a Resolution to Submit a Department of Transportation BUILD Grant for the Mendocino Railway / California Western Railroad / Skunk Train to Repair the Tunnel, Repair the Train Tracks, Repair the Engine House, and Various Maintenance and Safety Improvements.

ALTERNATIVE ACTION(S):

1. Take no action at this time or provide alternative direction to staff.

FISCAL IMPACT:

The submittal of the grant is a simple matter and would require little staff time. However, grant administration and project management of this large multi-year project would require the commitment of significant staff resources and technical expertise. The City would be responsible for administering the grant, including the following activities:

1. Grant invoicing and reporting;
2. Project bidding;
3. Payment and management of contractors; and
4. Ensuring that the project complies with all state and federal law (permitting, competitive bidding, prevailing wage, Francis-Bacon, etc.).

If the grant is awarded it includes funds to cover these costs. If current staffing is insufficient to complete this work and other City Council priorities, the City could hire a consultant or staff person to complete the work.

CONSISTENCY:

This project is consistent with City Council Goal: Foster and help sustain local businesses.

This project is also consistent with the City’s Economic Development Strategy: Priority 1.2 Actively Grow and Retain Business and Priority 2.6 Support the Skunk Train.

GREENHOUSE GAS EMISSIONS IMPACT:

Greenhouse gas emissions will increase during the construction and repair work on the tunnel, the rail tracks and the engine house.

IMPLEMENTATION/TIMEFRAMES:

The grant would be submitted by staff by May 18, 2020 with an award occurring sometime later in 2020. The construction project would occur from 2021 through 2025, with the City engaging in grant administration and project management throughout this period.

ATTACHMENTS:

1. Resolution

NOTIFICATION:

1. Skunk Train, Robert Pinoli
2. Economic Development Notify Me List
3. Mill Site Notify Me List