



AGENCY:	City Council
MEETING DATE:	July 9, 2018
DEPARTMENT:	Community Development
PRESENTED BY:	M Jones
EMAIL ADDRESS:	mjones@fortbragg.com

AGENDA ITEM SUMMARY

TITLE:

Receive Report and Consider Adoption of City Council Resolution to Submit a Department of Transportation BUILD Grant for the Skunk Train to Repair Its Tunnel and Track Components

ISSUE:

California Western Railroad ("CWR") (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. In 2015, one of CWR's tunnels collapsed, cutting the railroad in two and preventing the CWR 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 \$5 to \$6 million. Additionally, in order to effectively serve the freight and passenger community with faster train times, CWR will need to replace more than 30,000 chromated copper arsenate railroad ties installed by a prior owner with new strong and environmentally safe railroad ties.

CWR is seeking assistance from the City of Fort Bragg to submit and administer a \$6.5 million BUILD grant (matched 50% by CWR) to repair the collapsed tunnel and to replace the bad ties.

ANALYSIS:

The Better Utilizing Investments to Leverage Development, or BUILD Transportation Discretionary Grant program, provides a unique opportunity for the Department of Transportation (DOT) to invest in road, rail, transit and port projects that promise to achieve national objectives. Previously known as TIGER Discretionary Grants, Congress has dedicated nearly \$5.6 billion for nine rounds of National Infrastructure Investments to fund projects that have a significant local or regional impact. In each competition, DOT will receive hundreds of applications to build and repair critical pieces of freight and passenger transportation networks. The BUILD program enables DOT to examine these projects on their merits to help ensure that taxpayers are getting the highest value for every dollar invested.

BUILD allows project sponsors at the State and local levels to obtain funding for multi-modal, multi-jurisdictional projects that are more difficult to support through traditional DOT programs. BUILD can fund port and freight rail projects, for example, which play a critical role in our ability to move freight, but have limited sources of Federal funds. Projects for BUILD will be evaluated based on merit criteria that include safety, economic competitiveness, quality of life, environmental protection, state of good repair, innovation, partnership, and additional non-Federal revenue for future transportation infrastructure investments.

The Consolidated Appropriations Act of 2018 made available \$1.5 billion for BUILD Transportation Discretionary grants through September 30, 2020. For the current round of BUILD Transportation grants, the maximum grant award is \$25 million, and no more than \$150 million can be awarded to a single State, as specified in the FY 2018 Appropriations Act. At least 30 percent of funds must be awarded to projects located in rural areas. DOT intends to award a greater share of BUILD Transportation grant funding to projects located in rural areas that align well with the selection criteria than to such projects in urban areas.

This will be a highly 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 July 16, 2018, 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 (see Attachment 1).

Project Description

CWR 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. CWR commissioned an engineering analysis to identify a comprehensive fix for the tunnel. The engineering company developed a detailed \$5.5 million plan to properly fix and secure the entire tunnel. An additional \$7.5 million is required to address deferred maintenance and 30,000 failing green ties. CWR will contribute a 50% match of the combined \$13 million in funds. The grant request will be for \$6.5 million.

Once Tunnel 1 is reopened and the deferred maintenance of the railroad line is addressed, CWR is poised to:

- 1) Haul logs from the forest via rail to the Willits sawmill;
- 2) Undertake significant freight operations including hauling: goods from a local brewery and other 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, or over 1,000 annual carloads.
- 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. This once popular service would be possible once the 40 miles of line are upgraded.
- 4) Restart the very popular tourist passenger train which attracts visitors from around the world and is an anchor destination for the region. 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.

City’s Role

The submittal of the grant is a simple matter and would require little staff time. However if the grant is awarded the City would be responsible for administering the grant (grant invoicing, grant & project reporting, payment of contractors, etc.) and for ensuring that the project complies with all state and federal law (permitting, competitive bidding, prevailing wage, Francis-Bacon, etc.).

RECOMMENDED ACTION:

Adopt a Resolution to Submit a Department of Transportation BUILD Grant for the Skunk Train to Repair Its Tunnel and Track Components

ALTERNATIVE ACTION(S):

Take no action at this time.

FISCAL IMPACT:

Grant Administration of this large multi-year project would require the commitment of significant staff resources and technical expertise. If the grant is awarded it includes funds to cover these costs, and if current staffing is insufficient to complete this work and other City Council priorities, the City could hire a temporary consultant or staff person to complete the work.

CONSISTENCY:

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

IMPLEMENTATION/TIMEFRAMES:

The grant would be submitted by staff by July 16, 2018, with an award occurring sometime in 2018. The construction project would occur from 2019 through 2024, with the City engaging in grant administration and project management throughout this period.

ATTACHMENTS:

1. Resolution

NOTIFICATION:

1. Skunk Train Robert Pinoli and Chris Hart
2. Economic Development Notify Me List
3. Mill Site Notify Me List