



# City of Palo Alto

## City Council Staff Report

(ID # 4664)

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**Report Type: Inter-Governmental Legislative Affairs    Meeting Date: 4/21/2014**

**Summary Title: Dumbarton Rail Funding**

**Title: Discussion and Direction to Staff on Additional Action the City Should Take on the Metropolitan Transportation Commission's Proposed Changes to the Regional Measure 2 Program Specifically Related to Dumbarton Rail Funding**

**From: City Manager**

**Lead Department: Planning and Community Environment**

### **Recommendation**

Receive report regarding Regional Measure 2 Program letter submitted to Metropolitan Transportation Commission and provide direction regarding whether additional comments related to allocation of transportation funding should be submitted.

### **Executive**

### **Summary**

The Metropolitan Transportation Commission (MTC) is currently in the process of conducting a public hearing for a proposed amendment to the Regional Measure 2 (RM2) program. In April 2013, the MTC Programming & Allocations Committee (MTC PAC) directed MTC staff to develop a delivery strategy for the approximately \$225 million in unallocated RM2 funds. This amendment would reassign \$88.2 million of the \$225 million in RM2 funds among several projects, modify the scope (without redirection) on one project, and modify prior conditions on two projects including the forgiveness of a \$91 million loan made to the BART Warm Springs extension project from funds identified for the Dumbarton Rail project. The Dumbarton Rail project is scheduled to be repaid in Alameda County Regional Transportation Improvement Program (RTIP) funds between FY 2019 and FY 2027.

The BART Warm Springs Extension will add 5.4 miles of new tracks from the existing Fremont Station south to a new station in the Warm Springs District of the City of Fremont, with an optional station to be located approximately midway, in the Irvington District. The optional Irvington Station is dependent upon future funding through the City of Fremont and may be added at a later date. The total project budget for the Warm Springs Extension is approximately \$890 million. Major construction on the Warm Springs Extension began in August of 2009 and is expected to open for revenue service in the fall of 2015.

A public hearing was conducted by the MTC PAC at their April 9, 2014 meeting to take comments on the proposed amendment. At the meeting, City of Palo Alto staff submitted preliminary input in writing on the program (Attachment A) acknowledging that the Palo Alto City Council would have the opportunity to provide additional direction on the program at their April 21, 2014 meeting. Public comment closes April 23, 2014.

## **Background**

On March 2, 2004, voters passed RM2, raising the toll on the seven state-owned toll bridges in the San Francisco Bay Area by \$1.00. This extra dollar is to fund various transportation projects within the region that have been determined to reduce congestion or to make improvements to travel in the toll bridge corridors, as identified in SB 916 (Chapter 715, Statutes of 2004). Specifically, RM2 establishes the Regional Traffic Relief Plan and identifies specific transit operating assistance and capital projects and programs eligible to receive RM2 funding.

The RM2 program reached its 10th anniversary in March 2014. Over \$1.2 billion in RM2 capital funds of the \$1.5 billion available have been allocated. In April 2013, the MTC PAC directed staff to develop a delivery strategy for the approximately \$225 million in unallocated RM2 funds. Initial staff recommendations were presented to the MTC PAC in February 2014. At its March 5, 2014 meeting, the MTC PAC approved the release of the public hearing notice and the opening of the comment period to consider amending the RM2 program.

Pursuant to California Streets and Highway Code Section 30914(f), the MTC is to hold a public hearing when considering changing the scope or reassigning funding of projects included in RM2. Based on the information submitted by project sponsors, and the draft recommendations presented in February and March 2014, the MTC is seeking public input on proposed changes to 16 RM2 projects and a shift of \$88.2 million between RM2 projects.

The comment period opened on March 19, 2014 and, as stated above, a public hearing was conducted by the MTC PAC at their April 9, 2014 meeting to take comments on the proposed amendment. At the meeting, City of Palo Alto staff submitted preliminary input on the program acknowledging that the Palo Alto City Council would have the opportunity to provide additional direction on the program at their April 21, 2014 meeting.

The public comment period on the program closes on April 23, 2014 at 4:00 PM. MTC staff will then return to the full MTC in May with a summary of comments received and with recommendations for adoption.

Caltrain is still in support of the Dumbarton Rail project but does not have a specific project plan in place or a project timeline. To date, Caltrain has not taken a public position against forgiveness of the \$91 BART Warm Springs extension loan.

The City of Menlo Park is on record opposing forgiveness of the loan.

## **Discussion**

The letter from the City Manager submitted to the MTC PAC at their April 9, 2014 meeting covered the four broad points noted below. The exact language can be found in the attached letter:

- The City supports the improvements to the Dumbarton Express bus service as East-West connections are one of the primary challenges of our region.
- The City supports the \$20 million allocation to Caltrain Electrification. A modernized Caltrain system is critical to the Peninsula's overall transit strategy.
- The City Manager expressed an expectation that the Council would want the MTC to reconsider forgiveness of the \$91 million BART Warm Springs loan due to the critical importance of the Caltrain system.
- MTC could also consider partial forgiveness of the Warm Springs loan to allow MTC greater funding flexibility in the future.

Staff requests that the Council provide direction on whether the City should submit additional comments on the RM2 program beyond what staff has provided. Those comments would likely be provided to MTC in the form of a letter. For example, additional comments could range from whether the City supports forgiveness of the \$91 million loan to specific Dumbarton Express service improvements the City would like to achieve.

### **Attachments:**

- Attachment A: MTC Dumbarton Rail Loan Repayment Letter dated 4-9-2014 (PDF)



OFFICE OF THE CITY MANAGER

CITY OF  
**PALO  
ALTO**

250 Hamilton Avenue, 7th Floor  
Palo Alto, CA 94301  
650.329.2392

April 9, 2014

Chair Federal Glover  
MTC Programming and Allocations Committee  
101 Eighth Street  
Oakland, California 94607

**Re: City of Palo Alto Preliminary Position on the Proposed RM2 Funding Allocations**

Dear Chair Glover:

On behalf of the City of Palo Alto I am writing you today to provide preliminary input on the proposed RM2 funding allocations. The Palo Alto City Council will provide additional direction to staff on this matter at their April 21<sup>st</sup> meeting but in order to provide input at the Committee level staff has prepared these preliminary remarks for your meeting, today, April 9, 2014 which we learned about recently.

First, the City of Palo Alto would like to support the proposed improvements to Dumbarton Express service. East/west transit is a challenge in our region and a reliable and improved Dumbarton Express service helps address that challenge. The City of Palo Alto also supports the \$20 million allocation to Caltrain Electrification. With over 52,000 weekday riders an improved, modernized Caltrain is critical to the Peninsula's overall transit strategy.

Because east/west transit and Caltrain improvements are critically important to our regional transit system, I expect my City Council will want you to reconsider the proposal to remove the repayment condition associated with the \$91 million BART Warm Springs extension loan.

If that does not happen the City will want to ensure that at least a portion of the loan not be forgiven to allow further planning. Partial forgiveness of the loan will provide the MTC flexibility going forward and the opportunity to reevaluate our important commuter rail needs in the future.

Thank you for your time and effort and we look forward to your response.

Sincerely,



James Keene  
City Manager

c: Palo Alto City Council  
Palo Alto Director of Planning Hillary Gitelman  
Metropolitan Transportation Commission  
Peninsula Corridor Joint Powers Board  
Peninsula City Mayors



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