




January 30, 2019

To: Members of the Board of Directors

From: Jennifer L. Bergener, Managing Director 

Subject: Cooperative Agreement for On-Time Performance Incentive Program with North County Transit District

Overview

As part of the 2018 Transit and Intercity Rail Capital Program grant awarded by the California State Transportation Agency, funding was provided to initiate an On-Time Performance Incentive Program between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and the North County Transit District. The Program will provide incentive-based performance payments to the North County Transit District for meeting Pacific Surfliner on-time performance goals and provide additional funding to support the on-going railroad right-of-way maintenance on the infrastructure over which the Pacific Surfliner operates. Staff has worked with the North County Transit District and Amtrak to draft an agreement establishing the roles, responsibilities, and performance terms of the program. Staff is seeking Board of Directors' approval to negotiate and execute the agreement with the North County Transit District.

Recommendation

Authorize the Managing Director to negotiate and execute Agreement No. L-9-0002 between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and North County Transit District to implement an On-Time Performance Incentive Program.

Background

The Pacific Surfliner service operates over four different host railroads (Union Pacific Railroad, Metrolink, BNSF Railway, and North County Transit District) along the 351-mile Los Angeles – San Diego – San Luis Obispo (LOSSAN) rail corridor. These host railroads are responsible for dispatching trains and maintaining the right-of-way (ROW) on which the Pacific Surfliner operates.

To help address the high costs for operating and maintaining the railroad, many of the host railroads and ROW owners enter into agreements with the “guest” rail services operating on their railroad. These agreements generally cover access fees to contribute to the ongoing operations and maintenance of the railroad, and sometimes incentive payments to help ensure a certain level of on-site performance is maintained. This is a common arrangement across the country for most railroads on which intercity passenger rail service operates (whether State-supported or Amtrak funded).

Amtrak has agreements with all host railroads that are governed by the Rail Passenger Services Act of 1970 (Act), including those over which the Pacific Surfliner operates, but the regulations presented as part of the Act set limits on the amount Amtrak can pay to the host railroads. This amount is typically lower than current fair market value and the actual cost to maintain the railroad. To increase the payments to levels more commensurate with the actual cost of maintenance, and to incentivize the host railroads, some intercity passenger rail services, like the Capitol Corridor Joint Powers Authority in Northern California, have implemented capitalized access and incentive payments to improve the prioritization of the passenger rail service operating over the host railroad.

Discussion

Of the \$188.3 million of Transit and Intercity Rail Capital Program (TIRCP) funding awarded to the LOSSAN Rail Corridor Agency (Agency) in April 2018, approximately \$45 million was to implement capitalized access and On-Time Performance (OTP) Incentive programs with the Union Pacific Railroad and North County Transit District (NCTD). In October 2018, the California Transportation Commission allocated the TIRCP funding to implement the OTP Incentive Program (Program) with NCTD.

Currently, 24 Pacific Surfliner trains operate each day along the San Diego Subdivision, which is dispatched and maintained by NCTD. These 24 trains comprise 46 percent of the total weekday train movements along this subdivision and 63 percent of the total weekend train movements. With the proposed increases in Pacific Surfliner service planned between Los Angeles and San Diego, this percentage could increase to 50 percent of total weekday and 67 percent of total weekend train movements by 2021. The Program will increase access fees provided to NCTD to a level more commensurate with the Pacific Surfliner share of the actual costs for maintaining the railroad, which includes tie and rail replacement, bridge rehabilitation, stabilization of the Del Mar bluffs and other tasks necessary to keep the railroad operating safely.

The Program is also intended to help achieve the 90 percent OTP metric required by the State of California. Reliability of the Pacific Surfliner service along the San Diego Subdivision has consistently failed to meet the metric, with

an average OTP in fiscal year 2017-18 of 78 percent. The Program will allow for incentivized payments to NCTD based on achieving the OTP goal. Additionally, the incentive payments would be reduced as OTP diminishes utilizing a methodology agreed to by NCTD. The incentive payments can also be adjusted as Pacific Surfliner service is added in San Diego County.

To implement the Program, LOSSAN Agency staff, working in coordination with NCTD, have prepared a draft cooperative agreement consistent with the terms of the TIRCP grant award and the assumptions and objectives presented above. The term of the agreement is 28 months consistent with the available funding, February 1, 2019 through June 30, 2021.

Summary

With funding provided by the 2018 Transit and Intercity Rail Capital Program, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency has prepared a draft cooperative agreement with North County Transit District to implement an On-Time Performance Incentive Program. The Program will provide incentive payments to the North County Transit District for meeting Pacific Surfliner on-time performance goals and provide additional funding to support the operations and maintenance of the right-of-way to a level that is more commensurate with the actual costs for maintaining the railroad on which the Pacific Surfliner operates. Staff is seeking Board of Directors' approval to negotiate and execute an agreement with the North County Transit District to implement this program.

Attachment

- A. (DRAFT) Cooperative Agreement No. L-9-0002 between Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and North County Transit District for Increased Service Frequencies Including On-Time Performance Payment

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