



**November 15, 2021**

**To:** Members of the Board of Directors *Donna DeMartino*

**From:** Donna DeMartino, Managing Director

**Subject:** New Cooperative Agreement for Railroad Operations and Maintenance Reimbursements and On-Time Performance Incentives Programs 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 Railroad Operations and Maintenance Reimbursements and On-Time Performance Incentives Programs between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and the North County Transit District. The Programs, which were approved by the Board of Directors in January 2019, provide supplemental funding to support the on-going railroad right-of-way maintenance on the infrastructure over which the Pacific Surfliner operates on the San Diego Subdivision, and performance-based incentive payments to North County Transit District for meeting Pacific Surfliner on-time performance goals. Staff is seeking Board of Directors' approval to negotiate and execute a new agreement to continue the Programs with the North County Transit District through June 2025.

### **Recommendation**

Authorize the Managing Director to negotiate and execute a new Agreement between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and the North County Transit District with a not-to-exceed contract value of \$13,776,523, to fund Railroad Operations and Maintenance Reimbursements and On-Time Performance Incentives Programs from January 1, 2022, through June 30, 2025.

### **Background**

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

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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 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).

In April 2018, the Transit and Intercity Rail Capital Program (TIRCP) awarded over \$188 million to the LOSSAN Rail Corridor Agency (Agency), including approximately \$45 million to implement capitalized access and On-Time Performance (OTP) Incentive programs with the Union Pacific Railroad and NCTD. In January 2019, the Board of Directors (Board) authorized the negotiation and execution of an agreement for OTP incentives and capitalized access fees with the NCTD.

***Discussion***

When the Railroad Operations and Maintenance Reimbursements and OTP Incentives Programs with NCTD were approved by the Board, the initial agreement was planned for a three-year term, ending June 30, 2021. In June 2021, the LOSSAN Agency and NCTD extended the agreement term through December 31, 2021. The LOSSAN Agency and NCTD desire to continue the Programs under a new agreement with refined terms.

**Next steps**

The TIRCP funding provided for the program runs through 2025. Staff is currently working with NCTD to refine the terms for the next agreement that will cover the remainder of the available funding.

***Summary***

Approximately \$45 million in Transit and Intercity Rail Capital Program funds was awarded to implement a capitalized access and On-Time Performance Incentive program with the North County Transit District. In January 2019, the Board of Directors authorized the negotiation and execution of an agreement with the North County Transit District to provide supplemental funding to support the operations and maintenance of the right-of-way and incentive payments for meeting on-time performance goals. Staff is seeking Board of Directors' approval to execute a new agreement with refined terms and a not-to-exceed value of \$13,776,523, to cover costs from January 1, 2022, through June 30, 2025.

***Attachment***

None.

**Prepared by:**



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