

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
7	06/27/11	Open	Action	06/21/11

Subject: Whether or not to delegate authority to the General Manager/CEO to execute a Track 150 Lease Agreement with the Union Pacific Railroad Company for the Green Line to the River District Project

ISSUE

Whether or not to delegate authority to the General Manager/CEO to execute a Track 150 Lease Agreement between the Union Pacific Railroad and Sacramento Regional Transit District for the Green Line to the River District Project.

RECOMMENDED ACTION

Adopt Resolution No. 11-06-_____, Delegating Authority to the General Manager/CEO to Approve and Execute the Track 150 Lease Agreement between Union Pacific Railroad and Sacramento Regional Transit District.

FISCAL IMPACT

Budgeted:	No	FY 2011:	\$ 0
Budget Source:	Operating	FY 2012:	\$453,000*
Funding Source:	Operating Revenues	Annualized:	\$453,000
Cost Cntr/GL Acct(s)	CC 35 GL 680002 - \$ 3,000 CC 47 GL 660044 - \$450,000	Total Amount:	\$453,000
Estimated Cost:	\$453,000		

*includes initial estimate for \$400 million of liability coverage.

DISCUSSION

The Green Line to the River District Project will extend the existing Light Rail System 1.1 miles from the downtown area at H Street between 7th and 8th Streets to the River District at 7th Street and Richards Boulevard. The project includes a track-to-track crossing of the Light Rail Alignment and the Union Pacific Railroad (UPRR) Yard Track 150. Included as part of the design is a fully interlocked signaling system to ensure the safety of both UPRR and RT operations and to prevent a train-to-train incident.

The proposed track-to-track crossing falls under the Federal Railroad Administration (FRA) -1999-56-5685, Notice no. 7, Policy Concerning Jurisdiction Over the Safety of Railroad Passenger Operations and Waivers Related to the Shared Use of Track of the General Railroad System by Light Rail and Conventional Equipment, which requires UPRR and RT to enter into a agreement for operations and maintenance. UPRR Track 150 currently serves the California State Museum and a lumber yard with 0 to1 trips per month. RT and the UPRR have agreed to enter into a

Approved:

Presented:

Final 6/22/11

General Manager/CEO

Director, Civil and Track Design

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Lease Agreement that allows RT to operate and maintain 174' of Track 150 to ensure that the segment RT will share with UPRR is safe for passenger operations.

The lease agreement also describes how each of the systems will operate (first-come-first-serve basis) and whom to contact if both light rail and freight trains are present on the limited track connection. The cost to lease Track 150 would be \$10 annually, but the Lease Agreement would require RT maintenance staff to inspect and address any problems with Track 150 within lease area. The operating and maintenance cost is estimated to be less than \$3,000 annually.

The Lease Agreement would require RT to indemnify and hold harmless UPRR for any claims arising out of RT's newly-installed crossing, including claims resulting from the negligence of UPRR or anyone authorized by UPRR to use the crossing. For instance, if UPRR disregards a red signal and there is a train-to-train accident or an accident involving someone maintaining RT's track, RT would assume liability for all damage and claims resulting from such an incident. After considering the limited risk to RT due to the low frequency of use of Track 150, the fact that Track 150 will be taken out of service after relocation of the UPRR mainline track, and the requirement in the Lease Agreement that UPRR notify RT of any intended use of crossing, Staff believes the benefit to RT of expeditiously executing the Lease Agreement outweighs the risk of the indemnity provision.

The Lease Agreement also contains insurance requirements. There are separate requirements and limits for construction of the crossing and operation of light rail. For the construction phase, UPRR will require General Liability insurance in the amount of \$50 million per occurrence and \$100 million of aggregate coverage. These limits are consistent with RT's current coverage.

During operation of light rail, RT would be required to maintain Railroad Liability insurance in the amount of at least \$200 million per occurrence and \$400 million aggregate, as well as several other coverages. RT has obtained an estimate from its insurance broker for this coverage. This will increase coverage cost by up to \$450,000 per year. Coverage will be required when the Green Line begins revenue operations. The Fiscal Year 2012 Operating Budget will be revised upward for this additional insurance cost at mid-year when the final cost increase is known.

The term of the Lease Agreement will continue until UPRR ceases operations on Track 150. UPRR has stated to RT that it intends to cease operation on Track 150 after the UPRR mainline is relocated, which could happen as soon as mid-2012. This will help mitigate the increased insurance cost.

Staff is in the process of negotiating with UPRR to reduce the maximum insurance requirements for this location, given the infrequent use of the track. For that reason, Staff is requesting that the Board delegate authority to the General Manager/CEO to execute the Lease Agreement, subject to agreement on the insurance limit.

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To construct and connect the light rail track with Track 150, both parties must execute the agreement. Currently the Lease Agreement is on the critical path for completion of the Green Line to the River District Project.

Staff has reviewed the Lease Agreement and recommends delegating authority to the General Manager/CEO to execute a Track 150 Lease Agreement between Union Pacific Railroad and Sacramento Regional Transit District for the Green Line to the River District Project.

RESOLUTION NO. 11-06-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

June 27, 2011

DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO APPROVE AND EXECUTE THE TRACK 150 LEASE AGREEMENT BETWEEN UNION PACIFIC RAILROAD AND SACRAMENTO REGIONAL TRANSIT DISTRICT.

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby delegates authority to the General Manager/CEO to approve and execute the Track 150 Lease Agreement between Union Pacific Railroad, therein referred to as "UPRR," and the Sacramento Regional Transit District, therein referred to as "RT," whereby UPRR agrees to lease Track 150 to RT for operations and maintenance as required for construction of the Green Line to the River District Project as further set forth therein, subject to mutual agreement of the parties regarding insurance limits..

DON NOTTOLI, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary