Governance and Operations Memo

January 4, 2021

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1. EXECUTIVE SUMMARY

This technical memo for the Monterey Bay Area Network Integration Study analyzes the operational needs and appropriateness of potential governance models for three service timeframes: Initial (short-term), Phased (mid-term), and Vision (long-term). Under each timeframe, operations agreements, funding for capital improvements, securing track access and funding maintenance, and administrative responsibilities will need to be arranged.

The following governing options are reviewed and compared with expanding the Transportation Agency for Monterey County's (TAMC) authority: joint powers authority (JPA); joint venture; special purpose regional transit authority or district; county / municipal transit agency; and state transit agency. Various criteria are used to analyze the five governance structures, according to their ability to: serve multiple counties; enter into contracts; secure and disperse capital and operating funds; levy taxes; own and maintain train equipment; and coordinate service schedules and fares. The primary difference among the governing structures is their ability to levy taxes, which is only available to a special purpose regional transit entity or a county / municipal transit agency, and only with voter approval.

In the short-term Initial Service timeframe, no new governance structure is proposed. TAMC would continue to serve as the project lead and would pursue contracted operations with Caltrain, negotiate a track access agreement with Union Pacific Railroad (UPRR), and coordinate with local bus agencies to provide connections at rail stations. Although no change in governance is proposed, TAMC's Rail Policy Committee may need to provide additional support for TAMC Board decisions to undertake financing, contracting, and other responsibilities involved with implementation of the Initial Service concept.

In the mid-term timeframe, the Phased Service concept will introduce greater complexity, requiring specialized skills and expertise to: acquire new bi-modal / hybrid trains; execute agreement(s) with Caltrain and/or other operator(s); negotiate agreements for track access with UPRR and the California High-Speed Rail Authority; and advance planning for the Monterey–Santa Cruz regional rail service. TAMC may be able to evolve to address these additional governance needs through interagency agreements, but a JPA or other new entity may eventually be necessary, particularly to facilitate cost sharing between the counties.

In the long-term, the Vision Service concept would establish an entirely new regional rail service between Monterey and Santa Cruz, which would require a governance model capable of: acquiring new multiple unit trains; executing an agreement with an operator or obtaining operating capability; and, negotiating agreements with UPRR for track access between Castroville and Pajaro. If a JPA were established to deliver the Phased Service concept, it could be expanded to operate regional rail service between Santa Cruz and Monterey; however, a joint venture between existing entities or a new special purpose regional transit authority or district may better suited to raise operating and capital funding.

2. OVERVIEW

The Transportation Agency for Monterey County (TAMC) has commissioned this analysis to identify potential governance and operations models as part of the Rail Network Integration Study for the Monterey Bay Area/Central Coast. This technical memorandum summarizes the results of this analysis, including a discussion of special powers and requirements, existing precedents found in other systems and regions, and other considerations for delivering the three service concepts (Initial, Phased, and Vision) for the region's future rail network.

Section 2 describes the key objectives of this effort and provides a high-level summary of the methodology for selecting potential governance models. Section 3 includes the governance needs assessment for Initial service, Phased service, and Vision service. Section 4 describes what potential governance models are available and the associated opportunities and tradeoffs. Section 5 concludes with a series of recommendations and next steps for implementation.

3. GOALS AND METHODOLOGY

3.1 Goals

The recommended governance models must address the following four key objectives:

- **Regional vision:** The recommended models must be suitable to achieve the regional vision for the Monterey Bay Area's rail network, spanning multiple counties in urban, suburban, and rural contexts and delivering different service types (e.g., commuter, regional, and intercity) to cater to distinct ridership markets.

- **Customer focus:** The recommended models must be oriented to the customer experience, and should be focused on making passengers' interactions with the system as seamless and stress-free as possible through coordinated scheduling, fare integration, and other solutions.

- **Effective administration:** The recommended models must have sufficient authority to execute the administrative duties of the service, from early planning through to day-to-day operations. This includes key tasks such as contracting and funding, and encompasses everything from rail infrastructure/equipment assets and human resources to communications/marketing and facilities/real estate.

- **Phased implementation:** The recommended models should acknowledge that there is no single answer across all planning horizons and functions. This includes aligning governance and operations models with the overarching vision under each service concept.

3.2 Methodology

The approach to identifying recommended governance and operations models consists of five basic steps or components:

- **Service plan development:** The service plan describes how service will be established and expanded over time to meet the overall goals and planning parameters. It includes specific service development phases—blueprints of what the service will look like at key stages in its evolution—as well as an associated implementation timeline. This work is documented in the *Future Service Vision Memo*.

- **Governance needs assessment:** Each service development phase is evaluated to determine the requisite legal and jursdictional authorities to implement the proposed service improvements. Key considerations in this assessment include the geographical scope (single county vs. multi-county), the ability to disburse funding and levy taxes, fleet ownership and maintenance schemes, and schedule/fare coordination.

- **Governance model review:** Existing governance models established in other regions are reviewed against each of the governance needs to identify where they align and where there may be gaps.

- **Tradeoffs analysis:** Each potential governance model is evaluated for potential strengths and tradeoffs. Part of this exercise involves identifying key constraints and determining the relative feasibiity of each model for implementation in each of the service development phases.

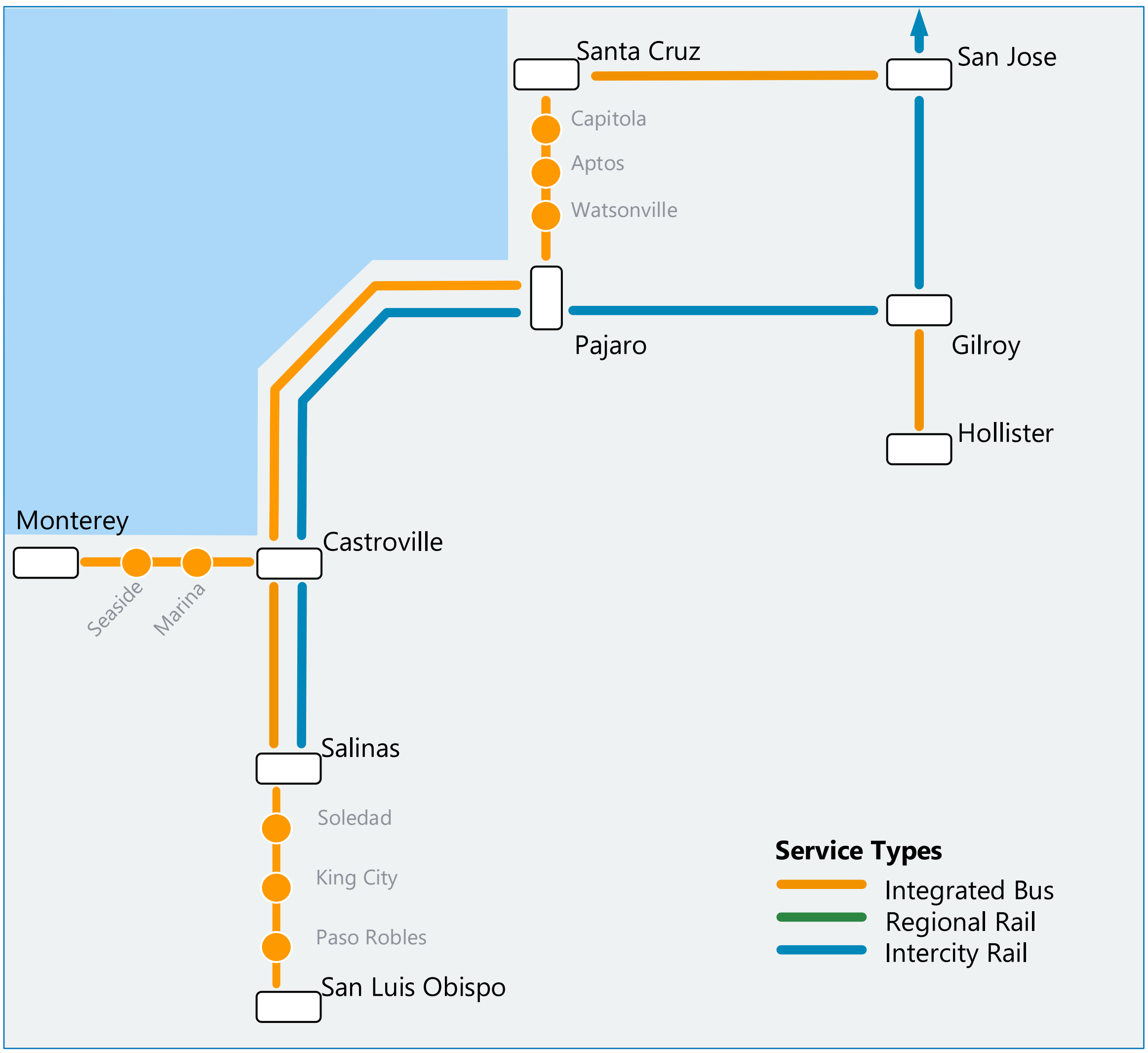
- **Recommendations and next steps:** A final series of recommendations and next steps are identified for phased implementation of the Future Service Vision. This includes more detailed analysis in later stages of service development to narrow down preferred models for implementation.

4. GOVERNANCE NEEDS ASSESSMENT

4.1 Initial Service

The Initial Service concept is illustrated in **Figure 4.1.1**, and encompasses three daily round trips connecting Salinas and the Bay Area using existing infrastructure and equipment.

Figure 4.1.1 – Initial Service Concept



Operations

Prior to the COVID-19 pandemic, Caltrain operated three commute-oriented round trips to and from Gilroy each weekday. The Initial Service concept is achieved by extending these round trips to Salinas. As the Initial Service concept relies on existing infrastructure and equipment, an operations agreement would be needed with Caltrain to extend these round trips into Monterey County. This agreement would determine the responsibilities of each party in implementing and operating the service, including key aspects such as funding/financing.

Funding for Capital Projects

The Initial Service concept includes infrastructure investments associated with extending service south to Salinas, including new hub stations at Pajaro and Castroville. Therefore, the governing body must identify potential funding sources (and subsequently apply for and secure funding) for the planning, design, and construction of these improvements.

Track Access and Maintenance

As the right-of-way south of Tamien is owned by the Union Pacific Railroad (UPRR), the Initial Service concept requires an agreement with UPRR and payment of a track access fee. The agreement could be administered by the State or TAMC. The fee could be bundled together with the operations contract or could be paid directly to UPRR.

Administration

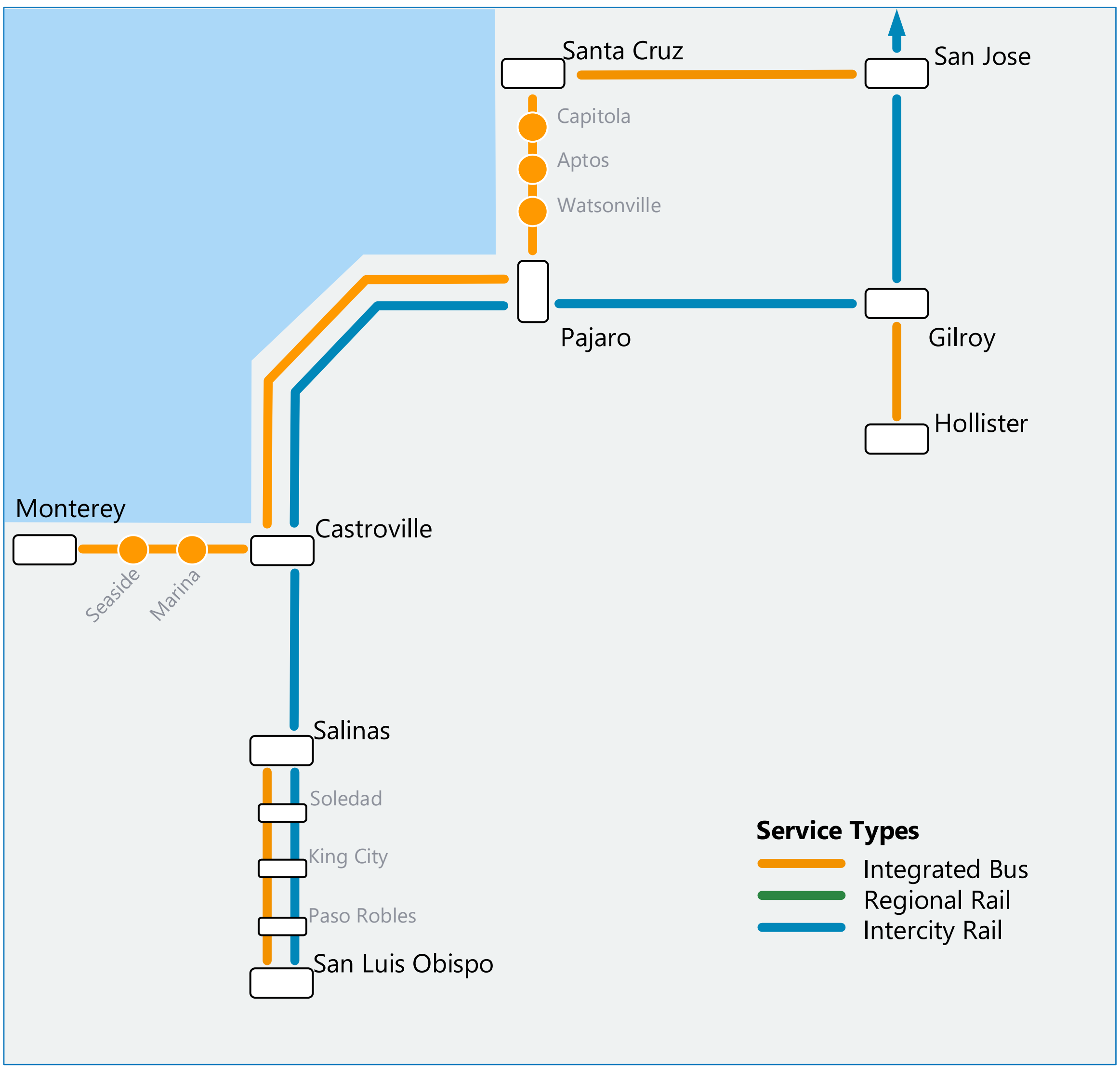
Administrative duties for the Initial Service concept would involve several basic components:

- **Schedule and fare coordination:** Participation in the development of a coordinated timetable and integrated fare structure with other rail services and operators (e.g., Caltrain, Amtrak).
- **Local transit coordination**: Coordination with local transit providers (e.g., Monterey–Salinas Transit, Santa Cruz METRO) to provide bus service at stations to facilitate intermodal transfers and facilitate critical first-mile/last-mile connections. Enhanced bus service operating on new infrastructure (bus-on-shoulder in Santa Cruz County and the SURF! busway in Monterey County) is expected during implementation of the Initial Service concept.
- **Communications and marketing:** Conducting all facets of outward-facing messaging, such as public outreach (e.g., for service changes), service alerts (e.g., for service disruptions), promotional efforts (e.g., to attract new riders), and other communications.
- **Insurance:** Mitigation of financial risk through the purchase of property, casualty, and liability insurance.
- **Law enforcement:** Establishment of law enforcement policies and structures to ensure public safety and security, both for riders and the general public. This can encompass a variety of duties, including fare enforcement (e.g., proof-of-payment sweeps), parking/traffic enforcement, crisis interventions, and other emergency response (e.g., criminal activity). Law enforcement needs for the Initial Service concept would largely be addressed within existing frameworks.

4.2 Phased Service

The Phased Service concept is illustrated in **Figure 4.2.1**, which includes two rail services – hourly trains between Salinas and the Bay Area and trains every four hours south of Salinas to/from San Luis Obispo. Connecting bus rapid transit (BRT) service utilizing infrastructure developed during the Initial Service concept phase (bus-on-shoulder in Santa Cruz County and the SURF! busway in Monterey County) would be implemented for "around the bay" regional bus service between Santa Cruz and Monterey. Each of the three services (two rail and BRT) may require a different governance approach.

Figure 4.2.1 – Phased Service Concept



Operations

In contrast to the Initial Service concept, the Phased Service concept includes substantially expanded service south of Gilroy. The operations model would need to evolve accordingly, and could involve trains being operated by Caltrain and/or the Capitol Corridor (as an extension of their existing service), by another public or private mainline operator, by a new operating entity formed expressly to operate the proposed service, or through a combination of one or more of these options. In the case of contract operations, the governing body could issue separate contracts for Gilroy-Salinas service and for Gilroy-San Luis Obispo service, or could bundle both services under a single contract.

Implementing a new BRT service spanning two counties would require an evolution in governance capability.

Procurements and Funding for Capital Projects

To support these service expansions, the governing body will need to procure operating equipment (six trainsets plus spares) and fund several major capital projects, including two new stations (Soledad and King City); signal and track improvements and potentially a new siding south of Salinas; and infrastructure, fleet, and facility requirements for the regional BRT service.

Track Access and Maintenance

In addition to the track access fees for the UPRR Coast Subdivision south of Gilroy, the governing body would need to negotiate and pay access fees for use of the new high-speed rail (HSR) infrastructure between Gilroy and San Jose at such time that it becomes available for service to/from the Central Coast. Similar to the UPRR fees, the HSR access fees could be bundled with the overall operations contract or could be paid directly to the California High-Speed Rail Authority (CHSRA).

Administration

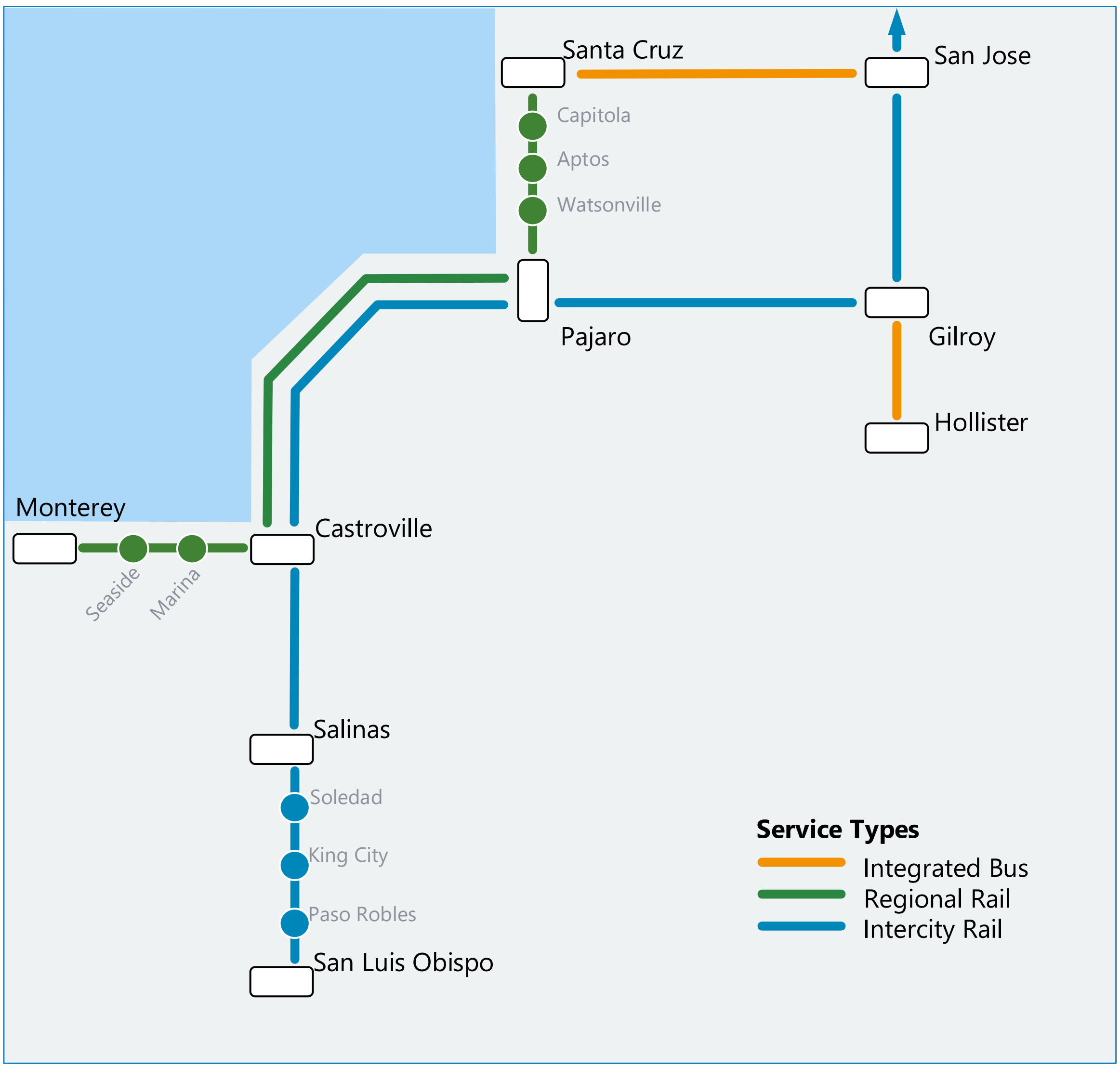
Administrative responsibilities for the Phased Service concept would include the same duties as for the Initial Service concept, such as schedule and fare coordination, local transit coordination, communications and marketing, insurance, and law enforcement. However, these responsibilities would become more complex, with more service to coordinate and administer.

In addition, the larger scope of duties and responsibilities for the governing body under the Phased Service concept would likely require more robust oversight to protect the public interest and ensure fiscal responsibility and ethical integrity. This would include establishing fiscal and ethical standards and protocols, conducting regular financial audits, and taking disciplinary action, if needed.

4.3 Vision Service

The Vision Service concept is illustrated in **Figure 4.3.1**, which includes the two rail services of the Phased Service concept. Train service would continue to operate every hour between Salinas and the Bay Area, while service south of Salinas to/from San Luis Obispo would be increased to bi-hourly operations. The regional BRT service between Monterey and Santa Cruz would be replaced by an hourly rail service. Each of these three rail services may require a different governance approach.

Figure 4.3.1 – Vision Service Concept



Operations

Under the Vision Service concept, train operations could be provided through a combination of contract operations and/or a new self-operating entity. In the case of contract operations, the governing body could issue separate contracts for the mainline service (Gilroy–San Luis Obispo) and for the regional service (Monterey–Santa Cruz), or could bundle the two services under a single contract.

Procurements and Funding for Capital Projects

Procurement needs under the Vision Service concept would include one new train for the mainline service (Gilroy-San Luis Obispo) and four new multiple unit trains for the regional service (Monterey-Santa Cruz). The governing body would need to identify and secure funding for capital projects to support the expanded service, including signal and track improvements and potentially two sidings south of Salinas; and new stations and a storage and maintenance facility for the Monterey–Santa Cruz regional service.

Track Access and Maintenance

For mainline service, track access and maintenance needs under the Vision Service concept would be similar to those under the Phased Service concept. For the regional service between Monterey and Santa Cruz, however, the right-of-way is largely under public ownership, thus obviating track access fees, except for the segment from Pajaro to Castroville, which is owned by UPRR. Track maintenance would either be performed directly or bundled as part of the operations contract for the service.

Administration

Administrative duties under the Vision Service concept would be similar to those under the Phased Service concept, and would generally include oversight, schedule and fare coordination, local transit coordination, communications and marketing, insurance, and law enforcement. However, these responsibilities would have additional complexity, with more service and two types of service to coordinate and administer.

5. GOVERNANCE MODELS

5.1 General Approach

Based on existing precedents in California and elsewhere in the U.S., five potential governance models were identified for implementation of the Monterey Bay Area rail network, as shown in **Table 5.1.1**:

- Joint powers authority (JPA)
- Joint venture
- Special purpose regional transit authority or district
- County / municipal transit agency
- State transit agency

Table 5.1.1: Matrix of Governance Models

Evaluation criteria / characteristic	Governance model				
	Joint Powers Authority	**Joint Venture**	**Special Purpose Regional Transit Authority or District**	**County / Municipal Transit Agency**	**State Transit Agency**
Multi-county composition	Yes	Yes	Yes	Yes, as extension of service	Yes
Contracting authority	Yes	Yes	Yes	Yes	Yes
Ability to secure and disburse capital funding	Yes	Yes	Yes	Yes	Yes
Ability to secure and disburse operating funding	Yes	Yes	Yes	Yes	Yes
Ability to levy taxes to support funding	No	No	Yes, with voter approval	In jurisdiction only, with voter approval	No
Ownership and maintenance of train equipment	Yes, though no corridor JPA in California currently does	Yes	Yes	Yes	Yes
Schedule coordination	Yes	Yes	Yes	Yes	Yes
Fare coordination	Yes	Yes	Yes	Yes	Yes

<u>Legend</u>

■ = Fully meets goals and governance requirements
■ = Partially meets goals and governance requirements
■ = Does not meet goals and governance requirements

Each governance model was then evaluated against a series of characteristics and criteria to identify the key opportunities and tradeoffs of each model. The following characteristics and criteria were selected for this evaluation:

- Multi-county composition
- Contracting authority
- Ability to secure and disburse capital funding
- Ability to secure and disburse operating funding
- Ability to levy taxes to support funding
- Ownership and maintenance of train equipment
- Schedule coordination
- Fare coordination

The results of this assessment are summarized in matrix form in **Table 5.1.1.**

5.2 Tradeoffs Analysis

5.2.1 Joint Powers Authority

A joint powers authority (JPA) is a new, separate government organization created by member agencies, but is legally independent from them. A JPA shares powers common to the member agencies, and those powers are outlined in a joint powers agreement. These powers may include eminent domain authority and the power to hold or dispose of property. JPAs provide maximum flexibility in the formation and responsibility of a governing body and save the member agencies — and their taxpayers — time and money by sharing resources and combining services. However, this may result in potential overlap in responsibilities among or within representative entities.

A JPA does not require legislative authority, but has no taxing authority, and it relies on funding through constituent members. Each participating entity would be required to secure its own funding source(s) through annual appropriations and other financing mechanisms, which may result in less stable funding.

JPAs have become the most popular governance model for corridor and commuter rail service in California, with many examples across the state in a variety of contexts:

- Caltrain (Peninsula Corridor Joint Powers Board)
- Capitol Corridor (Capitol Corridor Joint Powers Authority)
- Altamont Corridor Express (San Joaquin Regional Rail Commission)
- Metrolink (Southern California Regional Rail Authority); and
- Pacific Surfliner (LOSSAN Rail Corridor Agency).

Precedent Analysis

The LOSSAN Rail Corridor Agency ("LOSSAN" is an acronym for Los Angeles–San Diego–San Luis Obispo) was formed in 1989 by the transportation agencies along the route of what is now the Pacific Surfliner. The 11-member Board of Directors is composed of elected officials representing rail owners, operators, and planning agencies along the rail corridor, as summarized in **Table 5.2.2**.

Table 5.2.2: Sample Joint Powers Authority Composition (LOSSAN)

Entity type	LOSSAN Board of Directors		
	Voting Members	**Alternates**	**Ex officio members**
Metropolitan Planning Organizations	(1) San Luis Obispo Council of Governments (1) Santa Barbara County Association of Governments (1) San Diego Association of Governments	*Same as voting member structure*	
Counties	(2) Orange County Transportation Authority (2) Los Angeles County Metropolitan Transportation Authority (1) Riverside County Transportation Commission (1) Ventura County Transportation Commission	*Same as voting member structure*	
Transit agencies	(1) North County Transit District (1) San Diego Metropolitan Transit System	*Same as voting member structure*	
Others			(1) Amtrak (1) Caltrans (1) California High-Speed Rail Authority (1) Southern California Association of Governments

LOSSAN receives all of its operating funding support from the State, and any contributions from member agencies are on a voluntary basis. LOSSAN contracts with Amtrak to operate and maintain locomotives and passenger cars.

LOSSAN is managed by the Orange County Transportation Authority (OCTA) through an Agreement for Administrative Support and is responsible for day-to-day operational management of the service and administrative support to the LOSSAN Board. There are 14 full-time agency staff, plus shared administrative staff at OCTA for contracting, risk management, government relations, and accounts payable/receivable.

Key Findings

The LOSSAN Corridor offers relatively comprehensive schedule and fare integration between intercity (Pacific Surfliner) and regional/commuter (Metrolink, COASTER) and local (SPRINTER) rail services. Reciprocal pass programs allow COASTER or Metrolink passengers to take Pacific Surfliner trains, and vice versa.

LOSSAN leads funding and legislative pursuits and has historically been successful in securing Federal and State funding, including $271 million in Transit and Intercity Rail Capital Program funds. However, the agency's $4.9 billion capital improvement program is largely unfunded, and member agencies or the host railroad are generally responsible for funding and implementation of their respective capital improvement projects, such as new stations. The Pacific Surfliner operations are currently funded through farebox revenues and the State's Public Transportation Account, but it has no long-term source of operating funds.

5.2.2 Joint Venture

Joint ventures are not a common model in public transportation but allow for shared risk and returns and are relatively easy to create, like a JPA. Unlike a special district, there is no need for legislative action at the State level, and the only requirement is for an agreement between the joint venture partners to establish and fund the entity.

A joint venture has authority to execute contracts and secure and disburse both capital and operating funds. However, it has no direct ability to levy taxes, although individual partners (such as cities or counties) may have the ability to secure funding. Similarly, joint ventures do not directly have land use authority but partner agencies may have the right to eminent domain or own property.

A joint venture typically allows the solid relationships with State and Federal partners developed by existing entities to be leveraged. In contrast, a new governing body would have to start building new relationships from the ground up.

Examples of joint venture models in the United States include Trinity Railway Express (discussed in further detail below) and Virginia Railway Express, a commuter rail service connecting northern Virginia and Washington, D.C. operated jointly by the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission.

Precedent Analysis

The Trinity Railway Express (TRE) is a commuter rail line in the Dallas–Fort Worth metro area, operating on right-of-way that was originally part of the former Chicago, Rock Island, and Pacific Railroad. The project was established as a joint venture of the City of Dallas and the City of Fort Worth, with each city owning a 50-percent interest in the right-of-way. The cities transferred ownership of the rail corridor property to their respective public transportation providers, Dallas Area Rapid Transit (DART) and Trinity Metro, who are the joint owners and operators of TRE.

Oversight is provided primarily by the six-member TRE Advisory Committee, which is composed of three seats each from DART and Trinity Metro. Actions must be approved by the individual Boards of Directors of DART and Trinity Metro. While TRE owns its train equipment, many other responsibilities are fulfilled through contracts with service providers or procurements with vendors of materials and supplies. Track maintenance, for example, is under contract to the host railroad, BNSF Railway, while dispatching and operations is under contract to a third party, Herzog Transit Services.

There are no separate financial statements for the TRE. DART and Trinity Metro each include its share of revenues, operating costs and capital assets in its own financial statements. The cost of operating TRE is shared between DART and Trinity Metro based on revenue seat miles operated in their respective counties, and capital maintenance of TRE assets are split evenly between the two agencies. Passenger fares, sales tax and operating grant revenues provide the main sources of operating revenues. Capital expenditures are funded largely from sales tax revenue and federal grants.

Key Findings

For the Monterey–Santa Cruz regional rail service, existing transit operators (e.g., Monterey–Salinas Transit, Santa Cruz METRO) could form a joint venture to govern the service, in lieu of creating a new agency. However, negotiating partnership/ownership agreements under a joint venture may be difficult if the potential partners have different levels of commitment or substantially different expectations and needs. In addition, joint ventures may not offer much cost savings over other, more common governance models, such as JPAs.

5.2.3 Special Purpose Regional Transit Authority or District

Special purpose regional transit authorities or districts are created by a special act of the State legislature, involving agreements to transfer assets and liabilities to the regional transit authority or district (including agreements addressing ownership and lien rights in the rail corridor), and funding agreements. The resulting authority or district typically only has jurisdiction within a specific, single area or region of the State, and has an expressly designated function (“special purpose”), such as construction and operation of a new transit service. This singular focus may help ensure success by minimizing competition for resources that may otherwise need to be shared with other transit modes or other transportation projects.

A special district would, in theory, anticipate a more streamlined budget approval process falling within the sole authority of the special district governing board, in contrast with a JPA or joint venture structure that necessitates member agency action to approve annual operating and capital budgets. With creation of new funding mechanisms, all funding partners would be equally represented from the outset. Eminent domain authority and property ownership rights would reside with the special district, rather than having to rely upon its member agencies to exercise those powers.

There are several potential drawbacks with special districts, including the creation of an additional layer of governance that may complicate project execution. The cost and start-up time to form a new authority may be greater than under other governance models, and close coordination with partner agencies would be required to ensure an integrated regional transit system. If the special authority or district is formed by popular vote, it would not be able to serve jurisdictions which do not vote to join, potentially leaving gaps in representation and service.

Examples of special purpose transit authorities or districts in California include the North County Transit District (COASTER and SPRINTER), Tri-Valley–San Joaquin Valley Regional Rail Authority (Valley Link), and Sonoma-Marin Area Rail Transit District, discussed below.

Precedent Analysis

Sonoma-Marin Area Rail Transit (SMART) is a commuter rail system serving Sonoma and Marin counties in northern California. The 12-member Board of Directors consists of members from city and county governments along the route and representatives from the Golden Gate Bridge, Highway and Transportation District, as summarized in **Table 5.2.3**. The Board is responsible for all aspects of agency operations and policy and appoints the General Manager of the organization.

Table 5.2.3: Sample Special Purpose Transit Authority or District Composition (SMART)

Entity type	SMART Board of Directors
County Board of Supervisors	(2) Marin County (2) Sonoma County
Appointed City Council members	(3) Marin County* ** 2 members currently serve on the Transportation Authority of Marin Board of Commissioners* (3) Sonoma County
Other	(2) Golden Gate Bridge, Highway and Transportation District

The SMART District was formed in 2002 and is funded primarily by the Measure Q two-county sales tax, which passed in 2008. Nearly all system operations, train equipment, and track maintenance, as well as signal maintenance and repair, are managed directly by agency staff. Local agencies do not contribute funding directly to SMART operations or capital needs, apart from small local capital projects. Operations are funded mostly by District voter-approved sales tax and fare revenue, while capital projects are funded mostly through Federal and State sources.

Key Findings

SMART was formed as a special district, rather than a JPA, to put a sales tax on the ballot and to provide autonomy and longevity for the agency. The sales tax provides a relatively stable, long-term source of operating funds, although it can be susceptible to larger economic trends and voter whims. The District's proposed sales tax extension (Measure I) on the March 2020 ballot failed in both counties, jeopardizing the completion of the rest of the system and potentially requiring cuts in staffing and service levels.

Although SMART possesses requisite legal authority to contract out system operations, its enabling legislation contains unique labor protection provisions guaranteeing employment priority (together with wage and benefit protections) for employees of the Golden Gate Bridge, Highway and Transportation District bus division, who might have been adversely affected by the commencement of parallel commuter rail service in the same transportation corridor.

SMART's governance and operating context, involving two counties working together to restore passenger service on lightly-used or disused rail right-of-way, are very similar to the vision for the Monterey–Santa Cruz regional rail service.

5.2.4 County / Municipal Transit Agency

Under the county / municipal transit agency model, transit services are assumed by an existing local government as part of its municipal functions, without the need for special state legislation. This is a common governance model, particularly among small-scale transit operations and in small and mid-sized urban areas. This model has the powers of county government, which includes the authority to develop, operate, and contract for public transportation services, own property and exercise the powers of eminent domain, and offers opportunities to address regional needs and coordination.

Expanding financing methods and authority under an existing county / municipal transit agency to outlying service areas, however, can involve a cumbersome political process and create equity issues. While the transit agency would have access to funding, such as using county excise taxes (with voter approval), the ability to levy taxes are limited to the city or county's jurisdiction only.

Precedent Analysis

The Redlands Passenger Rail Project will establish new passenger rail service (Arrow) along a nine-mile route connecting San Bernardino and Redlands. The project is being led by the San Bernardino County Transportation Authority (SBCTA), which is responsible for cooperative regional planning and furthering an efficient multi-modal transportation system countywide. SBCTA is governed by a 29-member Board of Directors representing each municipality and supervisorial district, as summarized in **Table 5.2.4**.

Table 5.2.4: Sample County / Municipal Transit Agency Composition (SBCTA)

Entity type	SBCTA Board of Directors
Municipalities	(24) One representative from each of the county's 24 incorporated cities and towns
County	(5) One representative from each of the county's 5 Board of Supervisors districts

The passage of Senate Bill 1305 in 2016 consolidated multiple statutorily-designated functions for San Bernardino County under the SBCTA:

- County Transportation Commission (allocates and programs State and Federal funds for regional transportation projects)
- Local transportation authority (administers voter-approved half-cent sales tax and funds major transportation improvements)
- Service authority for freeway emergencies (manages freeway call boxes and roving tow trucks)
- Congestion management agency (implements the congestion management plan to address traffic congestion and related air quality effects)

The Arrow service was originally envisioned to be operated by Omnitrans, the public transportation agency serving the San Bernardino Valley. By October 2019, Omnitrans faced increasing deficits and reduced service. Therefore, the San Bernardino County Transportation Authority Transit Committee voted to transfer the operation and construction duties to Metrolink.

The locally proposed financial plan for Arrow capital costs is composed of sales tax revenue and Federal Transit Administration Small Starts funding (nearly one-third each), as well as other Federal, State, and local sources. Anticipated funds to operate and maintain Arrow include Federal formula grants, State Low Carbon Transit Operations Program and Transit Assistance funds, and sales tax, farebox and advertising revenues.

Key Findings

The county / municipal transit agency framework provides an opportunity to ensure that infrastructure and service improvements benefit local interests. When further combined with a larger transportation planning and programming focus (such as in SBCTA's case), this framework can establish a stronger, clearer nexus between funding sources (e.g., local taxes) and improvements and allow for more efficient, effective coordination in multi-modal transportation, land use planning, and other key areas.

The Arrow's operating context is similar to the Monterey Bay Area vision, with mainline service (Metrolink to/from Los Angeles) sharing infrastructure with more localized service (between San Bernardino and Redlands). The correlation to this region would have TAMC as the administrator for the Coast mainline service (Gilroy-south) and TAMC and Santa Cruz County Regional Transportation Commission sharing responsibilities for the Monterey-Santa Cruz service.

5.2.5 State Transit Agency

State transit agencies are a common model in small states with one dominant metro area. Examples including the following systems:

- New Jersey Transit Corporation (NJ Transit), which operates rail and bus service throughout New Jersey and connecting areas of New York and Pennsylvania. NJ Transit's rail services include commuter/intercity trains serving the New York–Newark and Philadelphia (Delaware Valley) metropolitan areas, as well as three local light rail systems, consisting of two modern lines — one electrified (Hudson-Bergen Light Rail) and another using diesel multiple units (River Line) — and a legacy surface and underground streetcar system (Newark Light Rail).

- Maryland Transit Administration (MTA), which operates rail and bus service in Maryland and commuter service to/from Washington, D.C. MTA's rail operations include Metro SubwayLink and Light RailLink serving metropolitan Baltimore, and MARC commuter rail connecting Maryland communities with Washington, D.C.

- Connecticut Department of Transportation (discussed in further detail below).

The state transit agency model offers direct state oversight and funding. The model has powers as delegated by the State in enabling legislation, which may include the authority to own property and exercise the powers of eminent domain. Top officials are typically appointed by the Governor, which may add a political layer based on each administration's objectives.

Precedent Analysis

The Connecticut Department of Transportation (CTDOT) provides three main passenger rail services across the state: the New Haven Line, Shore Line East, and the Hartford Line. They are all governed by unique contract agreements, reflecting the distinct contexts of each service:

- The New Haven Line is operated under the Amended and Restated Service Agreement. CTDOT is part of this joint operating agreement with New York's Metropolitan Transportation Authority, which established Metro North Railroad. As part of the agreement, each agency owns fixed infrastructure along the route within their respective States, and splits ownership of the train equipment that operates along these routes.

- Shore Line East is fully subsidized by CTDOT, with Amtrak under contract to operate the service as well as perform maintenance throughout the system. Amtrak owns all fixed infrastructure along this route, while CTDOT owns the train equipment and is the lessee to five of the seven Shore Line East stations that are owned by Amtrak.

- The Hartford Line is served by both Amtrak trains and CTrail trains, which are contracted out to a third-party operator. The fixed infrastructure is fully owned by Amtrak along this route, and CTDOT has supplemented significant investment into this corridor. Train coaches are leased from the Massachusetts Bay Transit Authority, which are powered by CTDOT-owned locomotives and maintained by Amtrak. CTDOT's third-party operator is responsible for managing and maintaining the three CTDOT-owned stations.

Key Findings

A State-level framework may allow for greater opportunities in interregional or intercity coordination. As part of the Northeast Corridor between Washington and Boston, both New Haven Line and Shore Line East stations are also served by long-distance Amtrak Northeast Regional and Acela trains.

The state transit agency model may not be suited to larger states such as California, where it may result in less focus on regional issues. For example, state officials are accountable to constituents across California and may not share the goals specific to the Monterey Bay and Central Coast region.

In addition, California has walked away from State operation of corridor services over the last few decades. Legislation in 1998 created the Capitol Corridor Joint Powers Authority, which took over Caltrans' operational role in the Capitol Corridor. LOSSAN and the San Joaquin JPA followed in 2015, taking over operations of the Pacific Surfliner and San Joaquins after subsequent legislation. Having shifted from operator to funder, Caltrans is unlikely to take up operation of new rail service in the Monterey Bay Area or Central Coast.

6. RECOMMENDATIONS

6.1 Initial Service

In the short-term timeframe, no new governance structure is proposed. TAMC would continue to serve as the project lead and would pursue contracted operations with Caltrain, negotiate a track access agreement with UPRR, and coordinate with local bus agencies to provide connections at rail stations. Although no change in governance is proposed, TAMC's Rail Policy Committee may need to provide additional support for TAMC Board decisions to undertake financing, contracting, and other responsibilities involved with implementation of the Initial Service concept.

As implementation moves into the Phased (mid-term) and Vision (long-term) Service concepts, TAMC's Board of Directors will need to consider the legal implications and fiscal impacts of any governance models proposed.

6.2 Phased Service

In the mid-term timeframe, the Phased Service concept will introduce greater complexity, requiring specialized skills and expertise to:

- acquire new bi-modal / hybrid trains;
- execute agreement(s) with Caltrain and/or other operator(s);
- negotiate agreements for track access with UPRR and the CHSRA; and
- advance planning for the Monterey–Santa Cruz regional rail service.

As noted previously, each of the three services – rail service to/from Salinas, rail service to/from San Luis Obispo, and BRT service between Monterey and Santa Cruz – may require a different governance approach.

TAMC may be able to evolve to address these additional governance needs through interagency agreements, but a JPA or other new entity may eventually be necessary, particularly to facilitate cost sharing between the multiple counties involved. The inter-regional Coast Rail Coordinating Council — an existing body with representation from the Santa Cruz County Regional Transportation Commission, TAMC, the San Luis Obispo Council of Governments, the Santa Barbara County Association of Governments, and the Ventura County Transportation Commission — may provide a basis for creation of an eventual JPA or other new entity.

6.3 Vision Service

In the long-term timeframe, the Vision Service concept would establish an entirely new regional rail service between Monterey and Santa Cruz. This would require a governance model capable of:

- acquiring new multiple unit trains;
- executing of an agreement with an operator or obtaining operating capability for the new regional rail service; and
- negotiating agreements with UPRR for track access between Castroville and Pajaro for the regional trains.

As noted previously, each of the three rail services – mainline trains to/from Salinas, mainline trains to/from San Luis Obispo, and regional trains between Monterey and Santa Cruz – may require a different governance approach.

A JPA established to deliver the Phased Service concept could be expanded to include operation of the regional service proposed under the Vision Service concept. However, differences between mainline and regional service suggest consideration of other options for the new service, which could include a joint venture between existing entities (such as TRE) or a new special purpose regional transit authority or district (such as SMART).