

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: October 16-17, 2025

From: TANISHA TAYLOR, Executive Director

Reference Number: 4.17, Action

Prepared By: Laurie Waters
Deputy Director, Traditional Programming

Published Date: October 3, 2025

Subject: Approval of Project List to Fulfill the Transportation Agency of Monterey County's Repayment of Proposition 116 Credit to the State, Resolution G-25-62

Recommendation:

Staff recommends the California Transportation Commission (Commission) approve the Transportation Agency of Monterey County's (TAMC) project list identifying future rail investments totaling \$16,765,000 and included as Attachment B. Upon completion of these projects (acceptance of construction contract), TAMC will have fulfilled their repayment of the Proposition 116 credit to the state.

Issue:

The Commission programmed and allocated Proposition 116 funding to projects sponsored by TAMC at the August 2003 Commission meeting. Specifically, TAMC purchased right of way with the intent to establish passenger rail service. The Commission approved resolutions for the programming and allocation that included a ten-year timeframe to establish passenger rail service and entitled the Commission to receive a repayment or credit of the value of the purchased property if passenger rail service was not established.

In January 2024, the Commission was informed that TAMC did not meet the requirements of Proposition 116 and Commission resolutions for the property to be used for public passenger rail purposes; On December 5, 2024, the Commission approved the following pertinent terms for a credit in Resolution G-24-78:

- TAMC shall repay a credit of \$16,765,000 to the Commission by prioritizing local and federal funds and Senate Bill 125 Transit and Intercity Rail Capital Program formula funds to eligible rail investments in Monterey County. Eligible rail investments must be consistent with Proposition 116 and implemented in coordination with TAMC.

- TAMC shall submit a project list to the Commission by its June 2025 meeting to identify rail investments up to \$16,765,000. TAMC shall report the progress of these investments to the Commission on an annual basis until the credit is fulfilled. The investments are considered complete upon acceptance of the construction contract.
- The Monterey Branch Line project will be relieved of the Proposition 116 restrictions upon approval of the credit terms effective from the December 5-6, 2024 Commission meeting.

TAMC submitted a proposed project list to the Commission in May of 2025 to fulfill the requirement in Resolution G-24-78. Commission staff provided feedback to TAMC on the proposed project list and subsequently TAMC submitted a revised project list in August of 2025. Commission staff have determined this revised project list (included in Attachment B) meets the requirements outlined in Resolution G-24-78.

As shown on the project list, TAMC proposes to use eligible expenditures on the construction of the Pajaro/Watsonville Multi Modal Station as the mechanism for repaying the Proposition 116 credit. The Pajaro/Watsonville Multimodal Station is a cornerstone of the Monterey County Rail Extension Project, a multi-phase initiative to extend passenger rail service from Santa Clara County to Salinas. This project is a new passenger rail investment without currently identified construction funding and meets the requirements of Proposition 116.

Background:

In August 2003, the Commission programmed \$9,370,000 in Proposition 116 funds to TAMC for acquisition of the Monterey Branch Line right-of-way for the San Francisco-Monterey Intercity Rail Project (Project). The associated resolution (Resolution PA-03-06) stipulated that the Project was limited to a ten-year period to start operations, otherwise the right of way was required to be sold and the state reimbursed the then present value.

At the same August 2003 meeting, the Commission allocated the \$9,370,000 in programmed funds to TAMC. The associated resolution (Resolution BFP-03-02) stipulated that if the recipient failed or ceased to utilize the Project's property for the intended public transit purposes or sold or transferred title of the Project(s), the Commission was entitled to a then present value refund or credit at the State's option.

In September 2009, the Commission approved moving \$131,525 in savings from Proposition 116 funds from the Right of Way phase to the Project Approval & Environmental Document phase (Resolution PA-09-05). In the resolution allocating the funds (Resolution BFP-09-01), the Commission stipulated that in the event the recipient or successor public entities failed or ceased to utilize the Project for the intended public passenger rail purposes or sold or transferred title to the Project, the Commission was entitled to a then present value refund, or credit, at State's option, equivalent to the proportionate funding participation by the State towards the property acquisition and project construction.

At the time the Commission allocated the Proposition 116 funding for the Monterey Branch Line Project, TAMC was committed to establishing passenger rail in that corridor. However, for various reasons, including insufficient funding, TAMC did not establish passenger rail within the ten-year period. TAMC is now pursuing a Bus Rapid Transit project in this corridor using the right of way purchased with the Proposition 116 funds. The Bus Rapid Transit project has committed federal and Transit and Intercity Rail Capital Program funding and has started construction.

Pursuant to Resolution PA-03-06, the Proposition 116 funding approved by the Commission was to establish rail service for the Monterey Branch Line within 10 years. The rail service was not established, therefore, pursuant to Resolution BFP-03-02, TAMC is required to refund or credit the state the then-present value of the property. Staff met with TAMC and reached agreement for the credit option. On October 6, 2024, an appraisal determined the then-present value to be \$16,765,000.

Proposition 116, the Clean Air and Transportation Improvement Act of 1990, designated \$1.99 billion for specific projects, purposes, and geographic jurisdictions, primarily for passenger rail capital projects. Of this amount, Proposition 116 authorized \$1.852 billion for the preservation, acquisition, construction, or improvement of rail rights of way, rail terminals and stations, rolling stock acquisition, grade separations, rail maintenance facilities, and other capital expenditures for rail purposes.

California Public Utilities Code 99638 authorized \$17,000,000 in total for the extension of Caltrain service and other rail projects within Monterey County. The Commission committed the \$17,000,000 to the following projects: \$7,180,000 to the Rail Extension to Monterey County (Caltrain service); \$450,000 to SF/Seaside Monterey Intercity; and \$9,370,000 to the Monterey Branch Line.

Attachments:

- Attachment A: Resolution G-25-62
- Attachment B: Transportation Agency for Monterey County 2025 Proposition 116 Repayment Annual Report

CALIFORNIA TRANSPORTATION COMMISSION
Approval of Project List to Fulfill the Transportation Agency of Monterey County's
Repayment of Proposition 116 Credit to the State

RESOLUTION G-25-62

- 1.1 **WHEREAS**, in August 2003, the California Transportation Commission (Commission) approved Resolution PA-03-06 which programmed \$9,370,000 in Proposition 116 funds to the Transportation Agency of Monterey County (TAMC) for the acquisition of the Monterey Branch Line Project (Project); and
- 1.2 **WHEREAS**, Resolution PA-03-06 stipulated that the Project was limited to a ten-year period to start operations, otherwise the right of way was required to be sold and the state reimbursed the then value; and
- 1.3 **WHEREAS**, Resolution BFP-03-02, which allocated the \$9,370,000 at the same August 2003 Commission meeting, stipulated that in the event the recipient failed or ceased to utilize the projects property for the intended public transit purposes, or sold or transferred title of Project(s), the Commission was entitled to a then present value refund or a credit at the State's option; and
- 1.4 **WHEREAS**, Resolution PA-09-05 stipulated that in the event the recipient failed or ceased to utilize the Project for the intended public passenger rail purposes, or sold or transferred title to the Project, the Commission was entitled to a then present value refund, or a credit at the State's option, equivalent to the proportionate funding participation by the State towards the property acquisition and project construction; and
- 2.1 **WHEREAS**, in January 2024, the Commission was informed that TAMC did not meet the requirements of Proposition 116 and Resolution PA-09-05 for the property to be used for public passenger rail purposes; and
- 2.2 **WHEREAS**, in October 2024, TAMC obtained an appraisal, with oversight by the California Department of Transportation, to determine the then-present value which was identified as \$16,765,000; and
- 2.3 **WHEREAS**, at the December 2024 Commission meeting, the Commission approved a credit of \$16,765,000 from TAMC to the Commission for the Monterey Branch Line property under Resolution G-24-78; and
- 2.4 **WHEREAS**, as part of that approval, the Commission required that TAMC submit a project list to the Commission by its June 2025 meeting to identify rail investments up to \$16,765,000 to fulfill TAMC's repayment of Proposition 116 funds to the state; and

- 2.5 **WHEREAS**, TAMC submitted a project list to the Commission in May of 2025 and a revised list in August of 2025; and
- 2.6 **WHEREAS**, Commission staff determined the that the revised list met the requirements outlined in the December 2024 Commission action;
- 2.7 **NOW THEREFORE, BE IT RESOLVED**, that the Commission hereby approves the project list as reflected in Attachment B; and
- 2.8 **BE IT FURTHER RESOLVED**, that all provisions stipulated in Resolution G-24-78 will remain in effect until all the credit terms have been fulfilled.



**RESOLUTION NO. 2025-08 OF THE
TRANSPORTATION AGENCY FOR MONTEREY COUNTY (TAMC)
TO APPROVE THE REVISED PROPOSITION 116 REPAYMENT ANNUAL REPORT**

WHEREAS, in June 1990 the voters approved Proposition 116, the Clean Air and Transportation Improvement Bond Act of 1990, authorizing the sale of general obligation bonds for rail transit capital purposes; and

WHEREAS, Public Utilities Code Section 99638 authorized \$17,000,000 to the Transportation Agency for Monterey County (TAMC) for the following: (a) extension of the Caltrain service; or (b) other rail projects within Monterey County, contingent upon approval by the California Transportation Commission (Commission); and

WHEREAS, in August 2003, the Commission approved Resolution PA-03-06 which programmed \$9,370,000 in Proposition 116 funds for the acquisition of the Monterey Branch Line Project and stipulated that the Project was limited to a ten-year period to start operations, otherwise the right of way was required to be sold and the state reimbursed the then value; and

WHEREAS, Commission Resolution BFP-03-02, which allocated the \$9,370,000 at the same August 2003 Commission meeting, stipulated that in the event the recipient failed or ceased to utilize the projects property for the intended public transit purposes, or sold or transferred title of Project(s), the Commission was entitled to a then present value refund or a credit at the State's option; and

WHEREAS, the Commission informed TAMC that the requirements of Proposition 116 and Resolutions PA-03-06 and BFP-03-02 for the property to be used for public passenger rail purposes were not met; and

WHEREAS, in October 2024, TAMC obtained an appraisal, with oversight by Caltrans, to determine the then-present value which was identified as \$16,765,000; and

WHEREAS, in December 2024, the Commission approved Resolution G-24-78 which authorized a credit of \$16,765,000 to be paid from TAMC to the Commission for the Monterey Branch Line property with local, federal and certain state funds on eligible rail investments consistent with Proposition 116; and

WHEREAS, Commission Resolution G-24-78 further required that TAMC submit a project list to

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the Commission to identify rail projects up to \$16,765,000 and report the progress of these investments on an annual basis until the credit is fulfilled;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Transportation Agency for Monterey County hereby approves the 2025 Proposition 116 Repayment Annual Report included as Attachment 1; and

BE IT FURTHER RESOLVED that the Board of Directors authorizes the Executive Director, or their designee, to submit the Annual Report to the California Transportation Commission for consideration at an upcoming meeting.

PASSED AND ADOPTED by the Transportation Agency for Monterey County, State of California this September 24, 2025, by the following votes:

AYES: Alejo, L; Askew, W; Baron, J; Carbone, M; Church, G; Daniels, K; Delgado, B; Donaldson, S; LeBarre, M; Oglesby, I; Ortiz, R; Poduri, C; Ramos, P; Sandoval, A; Velasquez, A; Worthy, L

NOES:

ABSENT: Smith, E.



[Wendy Root Askew \(Sep 27, 2025 09:46:11 PDT\)](#)

**WENDY ASKEW, CHAIR
TRANSPORTATION AGENCY FOR MONTEREY COUNTY**

ATTEST: 

**TODD MUCK, EXECUTIVE DIRECTOR
TRANSPORTATION AGENCY FOR MONTEREY COUNTY**

ATTACHMENT 1
TRANSPORTATION AGENCY FOR MONTEREY COUNTY
2025 PROPOSITION 116 REPAYMENT ANNUAL REPORT

Background

The Transportation Agency for Monterey County (TAMC) is required to repay Proposition 116 funds to the California Transportation Commission (CTC) as a form of credit toward future rail investments. This obligation stems from TAMC's previous receipt of Proposition 116 bond funds, which were originally allocated under the Clean Air and Transportation Improvement Act of 1990 to support passenger rail capital projects across California.

Due to TAMC's inability to initiate rail service within the timeframe required by the CTC, the Commission determined that the original use of the funds did not meet the statutory requirements of Proposition 116.

As a result, TAMC must repay the current market value of the Monterey Branch Line through credit in future rail investments in Monterey County up to \$16.765 million. This credit mechanism allows TAMC to fulfill its repayment obligation while continuing to advance regional rail priorities. The following is a list of eligible future rail investments, ensuring that the credit is applied transparently and in alignment with state transportation goals.

Pajaro / Watsonville Multi Modal Station

The Pajaro/Watsonville Multimodal Station is a cornerstone of the Monterey County Rail Extension Project, a multi-phase initiative to extend passenger rail service from Santa Clara County to Salinas. Located in the unincorporated community of Pajaro—approximately 1.5 miles from downtown Watsonville—the station will serve as a critical regional hub, connecting Santa Cruz County residents to the Coast mainline and the greater Bay Area rail network.

The station is designed to support transit-oriented development, revitalizing a currently underutilized area by attracting housing, retail, and community services. It will provide seamless multimodal access to Caltrain, Amtrak Coast Starlight, Monterey-Salinas Transit, and Santa Cruz Metro, offering a viable alternative to Highway 101 congestion and improving access to jobs, education, and healthcare.

Importantly, the Pajaro/Watsonville Station is included in the 2018 California State Rail Plan, which identifies the Monterey County Rail Extension as part of its near-term (2022) scenario for expanding interregional rail connectivity. This inclusion highlights the project's alignment with statewide goals for sustainable transportation, equity, and economic development.

The broader rail extension project is being implemented in three phases:

- **Phase 1: Salinas Kick Start Project** – Completed improvements to the Salinas station and Gilroy track upgrades.
- **Phase 2: Pajaro/Watsonville Multimodal Station** – Currently in environmental review and design.
- **Phase 3: Castroville Multimodal Station** – Planned future connection to the Monterey Peninsula.

Once operational, the Pajaro/Watsonville Station is projected to serve 60,200 riders annually, significantly enhancing regional mobility and reducing greenhouse gas emissions.

Project Status and Estimated Timeline

- **Environmental Review:**
 - Timeline: FY24/25–FY25/26
 - Estimated Cost: \$2.274 million
 - Status: Environmental documentation underway.
- **Design and Engineering:**
 - Timeline: FY26/27–FY27/28
 - Estimated Cost: \$17 million
 - Status: To begin following completion of environmental review.
- **Right-of-Way and Permitting:**
 - Timeline: FY27/28–FY28/29
 - Estimated Cost: Included in design phase.
- **Construction (Initial Service):**
 - Timeline: FY29/30–FY31/32
 - Estimated Cost: \$86 million
 - Status: Funding to be determined from the potential sources listed below.
- **Construction (Vision Service):**
 - Timeline: Post-FY31/32 (dependent on demand and funding)
 - Estimated Cost: \$30 million
 - Status: Long-term infrastructure expansion.

Note: Construction funding has not yet been identified. However, the Pajaro/Watsonville Multimodal Station is listed on the constrained project list in the Monterey County Regional Transportation Plan, signifying that it is expected to be funded and completed by 2045. The Transportation Agency proposes to use eligible expenditures on the construction of the Initial Service phase as the mechanism for repaying the Proposition 116 credit.

Service Phasing: Initial vs. Vision Service

Initial Service

- Single-track station configuration.
- Limited train frequency focused on peak commute periods.
- Basic station amenities and multimodal access.
- Integration with MST and Santa Cruz Metro.
- Service to Salinas and the Bay Area via existing Coast mainline.

Vision Service

- Double-tracked station configuration.
- Island platforms for cross-platform transfers.
- Expanded train frequency (bi-hourly or hourly).
- Enhanced station facilities and accessibility.
- Full integration into a regional rail network.

Potential Funding Sources

Local and Regional Sources

- **Measure X** – Local sales tax supporting transportation infrastructure (rail projects would need to be amended into the program).
- **AB 2766 Motor Vehicle Fee Revenues** – Funds projects that reduce vehicle emissions.

Federal Sources

- **FTA Section 5307 – Urbanized Area Formula Grants:** Capital and operating assistance for transit in urban areas.
- **FTA Section 5339 – Bus and Bus Facilities Program:** Supports capital improvements for bus and multimodal infrastructure.
- **FTA Section 5311 – Formula Grants for Rural Areas:** Assists transit services in rural communities.
- **FRA CRISI – Consolidated Rail Infrastructure and Safety Improvements:** Funds rail safety and infrastructure upgrades.
- **FRA Federal-State Partnership for Intercity Passenger Rail:** Supports capital investments in intercity rail systems.
- **USDOT RAISE – Rebuilding American Infrastructure with Sustainability and Equity:** Competitive grants for multimodal and community-focused infrastructure.

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- **USDOT INFRA – Infrastructure for Rebuilding America:** Supports freight and passenger projects of regional significance.
- **USDOT MEGA – National Infrastructure Project Assistance:** Funds large-scale transformative infrastructure projects.

These funding programs are identified in the Regional Transportation Plan’s Financial Element and will be critical to delivering regional rail priorities.










RESOLUTION NO

Final Audit Report

2025-09-27

Created:	2025-09-25
By:	Elouise Rodriguez (elouise@tamcmonterey.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAA8EK_9SUBEAB5KesQGhcSZyJfmVXa7-7j

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2025-09-25 - 10:15:38 PM GMT
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2025-09-25 - 10:15:41 PM GMT
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2025-09-25 - 10:15:41 PM GMT
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2025-09-25 - 10:43:52 PM GMT
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Signature Date: 2025-09-26 - 3:56:46 PM GMT - Time Source: server
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2025-09-27 - 4:45:38 PM GMT
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2025-09-27 - 4:46:09 PM GMT
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Signature Date: 2025-09-27 - 4:46:11 PM GMT - Time Source: server
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