

Memorandum

Tab 74

To: CHAIR AND COMMISSIONERS

CTC Meeting: October 21-22, 2015

Reference No.: 4.4
Action

From: WILL KEMPTON
Executive Director

Subject: **PROPOSED FY 2016-17 ALLOCATION SET-ASIDE FOR THE PUBLIC UTILITIES COMMISSION RAILROAD GRADE CROSSING PROTECTION MAINTENANCE PROGRAM, RESOLUTION G-15-22**

ISSUE:

Should the Commission approve the Public Utilities Commission's request (Resolution SX-118) to increase the allocation set-aside for the Railroad Grade Crossing Maintenance Program in the FY 2016-17 State Budget from \$3.765 million to \$3.775 million?

RECOMMENDATION:

Staff recommends that the Commission adopt Resolution G-15-22 (Attachment A) supporting the \$3.775 million for the Railroad Grade Crossing Maintenance Program in the FY 2016-17 Budget.

While for previous years the set-aside has been increased to \$2 million from the statutorily required \$1 million minimum, Public Utilities Code Section 1231.1 permits the Commission to increase the set-aside amount for the Railroad Grade Crossing Maintenance Program. The Commission approved a higher set-aside of \$3.765 million for 2015-16.

The Commission must consider all programs under its purview, and although State Highway Account revenues directed to the Railroad Grade Crossing Maintenance Program means less for State Highway Operation and Protection Program (SHOPP) projects, from a safety perspective, it is important to maintain grade crossing protection devices at the interface of road/rail transportation systems.

BACKGROUND:

The Automatic Grade Crossing Protection Maintenance Fund was established in 1965 by the State Legislature to pay the local share of the cost for maintaining automatic grade crossing protection devices installed by the railroad corporations after October 1, 1965. The local share represents only 50% of the total project cost; the other 50% is borne by the railroad corporations. This 50-50 payment split presumes that rail and highway users equally share the crossing and should therefore equally share the cost of maintaining the crossing devices.

Initially, annual appropriations of \$1 million for maintenance of warning devices were sufficient to cover all claims filed by railroads and street railroad corporations. In 1973, changes to the federal grade crossing protection funding program resulted in increased installations and upgrading of automatic grade crossing protection devices. Consequently, claims began exceeding the funds available from 1977 onward. Consistent with the claims made over the last five years, the claims for FY 2016-17 are expected to be about \$3.775 million for approximately 2,700 crossings (out of 10,000 statewide), and will be limited to the amount recommended for Commission allocation.

Attachments

CALIFORNIA TRANSPORTATION COMMISSION
California Public Utilities Commission
Railroad Grade Crossing Protection Maintenance Program
Allocation Set-Aside for \$3.775 Million in FY 2016-17

Resolution #G-15-22

- 1.1 WHEREAS, the Automatic Grade Crossing Protection Maintenance Fund was established by the Legislature in 1965 (Public Utilities Code Section 1231.1) to pay the local share of the cost of maintaining automatic grade crossing protection devices installed by railroad corporations after October 1, 1965; and
 - 1.2 WHEREAS, since 1967 a minimum of \$1 million per year has been appropriated by the State Legislature and allocated by the California Transportation Commission to the California Public Utilities Commission (CPUC) for its Railroad Grade Crossing Protection Maintenance Program; and
 - 1.3 WHEREAS, in 1973 the federal law changed, which resulted in the increased installation and upgrading of automatic grade crossing protection devices; and
 - 1.4 WHEREAS, the total claims submitted by the railroad corporations have substantially exceeded the \$1 million cap since 1977; and
 - 1.5 WHEREAS, the anticipated claims to be submitted to the CPUC for FY 2016-17 are estimated to be about \$3.775 million, which exceeds the annual \$1 million required allocation set-aside by \$2.775 million; and
 - 1.6 WHEREAS, the Commission considered the revenues in the State Highway Account, as well as programs funded through the State Highway Account.
- 2.1 NOW THEREFORE BE IT RESOLVED, that the California Transportation Commission approves a \$3.775 million allocation set-aside in the FY 2016-17 Budget for the PUC Railroad Grade Crossing Protection Maintenance Program, in support of the set-aside allocation of \$3.775 million recommended by the PUC.

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Safety and Enforcement Division Rail Crossings and Engineering Branch	Resolution SX-118 October 1, 2015
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RESOLUTION

RECOMMENDATION TO THE CALIFORNIA TRANSPORTATION COMMISSION FOR INCREASED FUNDING TO BE SET ASIDE FOR MAINTAINING AUTOMATIC GRADE CROSSING PROTECTION DEVICES UNDER PUBLIC UTILITIES CODE SECTION 1231.1

SUMMARY

This resolution recommends that, for the 2016-2017 fiscal year, the California Transportation Commission allocate the sum of \$3,775,000 for the purpose of paying the local government's share of the cost of maintaining automatic grade crossing warning devices.

BACKGROUND

In 1965, the Legislature established the Grade Crossing Protection Maintenance Fund to pay railroad corporations the local government's share of the cost of maintaining automatic railroad crossing warning devices installed or upgraded after October 1, 1965. Public Utilities Code Section 1231.1 requires the California Department of Transportation (Caltrans) to set aside a minimum of \$1,000,000 for the payment of those costs.

In 1988, an amendment to Public Utilities Code Section 1231.1¹ was enacted which specifies that the California Public Utilities Commission (Commission) may recommend a sum greater than \$1,000,000 be set aside if it finds that the \$1,000,000 is not sufficient due to an increase in the number of grade crossing warning devices or an increase in the cost of maintenance of those devices. The California Transportation Commission (CTC) shall determine the specific amount of the total allocation.

DISCUSSION

When the automatic grade crossing protection maintenance fund was first established in 1965, the maximum annual allocation of \$1,000,000 was sufficient to cover all claims filed by railroad and street railroad corporations. However, the increase in the number of crossing warning devices and the increase in the cost for maintaining these devices caused claims to exceed the funds available for calendar year 1977 and thereafter.

The railroads perform the required maintenance during a given calendar year, and then file a claim with the Commission for reimbursement of the local government's share of the maintenance costs. The Commission verifies the claims and forwards valid claims to Caltrans for payment. These claims are paid from the allocation made by the CTC in the Caltrans budget. Claims and payments for the past five years were as follows:

CY *	FY*	No. of crossings	Total Claims (\$)	Total Paid (\$)
2010	10-11	2,690	3,804,459	2,000,000
2011	11-12	2,667	3,778,156	2,000,000
2012	12-13	2,655	3,763,433	2,000,000
2013	13-14	2,662	3,771,183	2,000,000
2014	14-15	2,660	3,758,019	2,000,000

*CY-Calendar Year

*FY-Fiscal Year

¹ AB 3065, (Polanco) September 29, 1988.

The maintenance fund costs and respective claims for calendar year 2016 (FY 2016-2017) are expected to be higher than the \$3,765,000 the CTC allocated for FY 2015-2016. Based on the previously submitted maintenance claims and the numbers and types of warning devices eligible, an allocation of \$3,775,000 will be needed for the 2016-2017 FY and would constitute the minimum amount necessary for that maintenance.

NOTICE

On August 27, 2015, this Resolution was published in the Commission's Daily Calendar.

COMMENTS

The draft resolution of the Safety and Enforcement Division in this matter was mailed in accordance with Section 311 of the Public Utilities Code and Rule 14.2(c) of the Commission's Rules of Practice and Procedure. No comments were received.

FINDINGS

Commission's Rail Crossings and Engineering Branch has reviewed the amount needed to be allocated pursuant to Public Utilities Code Section 1231.1 and finds that an amount of \$1,000,000 will be insufficient and finds, instead, that an allocation of \$3,775,000 is the minimum amount necessary for allocation to the Grade Crossing Protection Maintenance Fund for FY 2016-2017.

Therefore, in accordance with Public Utilities Code Section 1231.1, RCEB finds that the Commission should recommend to the CTC that it allocate a sum of \$3,775,000 for the 2016-2017 FY for the purpose of paying to railroad or street railroad corporations the share of the costs to cities and counties of maintaining automatic grade crossing protection/warning devices.

RCEB recommends that the Commission adopt this Resolution.

October 1, 2015

THEREFORE, IT IS ORDERED THAT:

The Public Utilities Commission recommends to the California Transportation Commission that a sum of \$3,775,000 be allocated for the 2016-2017 fiscal year for the purpose of paying to railroad corporations the share of the costs of cities and counties for maintaining automatic grade crossing protection/warning devices pursuant to Public Utilities Code Section 1231.1.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted by the California Public Utilities Commission at its regularly scheduled meeting on October 1, 2015. The following Commissioners voted favorably thereon:



TIMOTHY SULLIVAN

Executive Director

MICHAEL PICKER

President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

CARLA J. PETERMAN

LIANE M. RANDOLPH

Commissioners