

DEPARTMENT OF TRANSPORTATION

DISTRICT 1, P. O. BOX 3700
EUREKA, CA 95502-3700
PHONE (707) 445-6413
FAX (707) 441-5869
TTY 711



*Making Conservation
a California Way of Life.*

December 13, 2017

Mitch Stogner
Executive Director
North Coast Railroad Authority
419 Talmage Road, Suite M
Ukiah, CA 95482

Dear Mr. Stogner:

Yesterday, I sent you a letter regarding Agenda Item #E5 scheduled for discussion and possible action at today's North Coast Railroad Authority (NCRA) Board of Directors (BOD) meeting. In that letter, I incorrectly quoted the Master Fund Transfer Agreement (MFTA) #01V222. For the Balloon Track parcel, the correct MFTA contract is #75S330, which was executed by NCRA and Caltrans in March 1992.

The Eureka property was acquired by NCRA as part of the State's purchase of the Eureka Southern Railroad. This transaction was authorized by California Transportation Commission (CTC) Resolution No. BFP-91-10 and utilized 100% Prop 116 funding. Agreement #75S330 includes the following provisions:

Article VI, Section 9. "State, or any assignee public body, shall be entitled to a refund or credit at State option, equivalent to the proportionate funding participation by State and other public funds towards the project acquisition or construction in the event that Recipient ceases to utilize the Project for the intended public passenger or rail freight purposes or sells or transfers title to the Project...."

Article VI, Section 10. "State will specifically approve all private and incidental uses of Recipient's project to assure that they do not adversely impact the intended public passenger or rail freight service... Examples of this include but are not limited to sale of acquired properties for non-transportation purposes...."

CTC Resolution BFP-91-10 further states the following:

Section 2.8. "Now therefore be it further resolved that this Commission shall be entitled to a refund equivalent to the participation by the State, plus an amount equal to the interest incurred by the State on the bonds sold to fund the acquisition, in the event that the NCRA or successor public entities (1) sells such properties acquired in whole or in part with State funds to a non-public entity (2) ceases to utilize the assets acquired for the intended public passenger or rail freight purposes...."

Section 2.9. "Now therefore be it further resolved that the State shall also be granted an acquisition credit for future purchases or condemnation by the State of all or portions of these properties by the State; and the refund or credit due the State in each instance will be measured by the ratio of State funds to those provided from the Recipients. That ratio will be applied to the then fair market value of the project property."

Mitch Stogner
December 13, 2017
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As stated in our previous letter, Agenda Item #E5, set for the December 13, 2017 NCRA BOD meeting, effectively transfers control of the parcel to a private entity which will not utilize it for public passenger or rail freight purposes and includes an option to sell. These actions trigger the requirement for CTC approval and reimbursement for its pro-rata share of the current appraised fair market value plus interest.

Please let me know if you have any questions.

Sincerely,



BRAD METTAM
Deputy District 1 Director

c: Matthew K. Brady, District 1 Director, Caltrans
Susan Bransen, Executive Director, California Transportation Commission

LINDA BOYD
CALIFRANS
P.O. Box 5700
EUREKA, CA 96502

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RECORDED - OFFICIAL RECORDS
HUMBOLDT COUNTY, CALIFORNIA
CAROLYN CRITCH, RECORDER
Recorded by CI ST TRANSPORTATION

Clerk: CM Total: EXEMPT
May 20, 1992 at 10:34

Agreement No. 755330
Sheet 1 of 3

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION
PROPOSITION 116 (1990) - FUND TRANSFER AGREEMENT

COVERING ALLOCATIONS OF CLEAN AIR AND TRANSPORTATION
IMPROVEMENT ACT BOND FUNDS

This Agreement entered into on December 12, 1991, is between the North Coast Railroad Authority a public entity, hereinafter referred to as RECIPIENT, and

STATE OF CALIFORNIA, acting by and through its Business, Transportation and Housing Agency, Department of Transportation, hereinafter referred to as STATE.

1. RECIPIENT has applied to the California Transportation Commission (CTC) for funds to be allocated by the CTC for the purpose of the Eureka Southern Railroad purchase, a public passenger and freight rail project which will be dedicated to that described public use in perpetuity by RECIPIENT or its successors.
2. THE CTC has allocated funds for (one phase of) said project in CTC Resolution BFP-91-10 and the amended Resolution BFA-91-4, both attached as part of the Standard Provisions of Grant and made a part of this Agreement. RECIPIENT shall be bound to the terms and conditions of the attached Resolutions and all restrictions, rights, duties and obligations established therein shall inure to the benefit of the CTC and be subject to any necessary enforcement action by CTC.
3. STATE has prepared "Standard Provisions of Grant," attached and made a part of this Agreement, which, together with this document and all referenced attachments and addenda, sets forth the terms and conditions under which said funds are to be expended.

4. STATE and RECIPIENT have negotiated the "Project Description", attached as part of the Standard Provisions of Grant and made a part of this Agreement, which describes the entire project to be constructed or acquired by RECIPIENT.

5. STATE and RECIPIENT have negotiated and RECIPIENT has submitted the "Scope of Work", attached as part of the Standard Provisions of Grant and made a part of this Agreement, which sets forth the tasks and the estimated amounts of progress payments to be made from funds payable under this Agreement. State funding limits and the drawdown schedule established in each original or amended "Scope of Work" shall not be exceeded or modified without a subsequent amendment and encumbrance.

6. STATE fund certification and approval of the Scope of Work document is attached as part of the Standard Provisions of Grant and made a part of this Agreement.

7. Funding available to RECIPIENT under this Agreement will terminate on September 30, 1992, unless earlier terminated upon written notice from STATE to RECIPIENT. Funds will be expended by RECIPIENT for purchase of Eureka Southern Railroad Project no later than September 30, 1992. The failure of RECIPIENT to expend these funds within the time established herein shall obligate RECIPIENT for all applicable arbitrable interest, penalties, and damage to holders of the Clean Air and Transportation Improvement Act Bonds.

8. This Agreement may be modified, altered or revised with the written consent of RECIPIENT and STATE.

9. RECIPIENT shall not award a contract over \$10,000 on the basis of a noncompetitive negotiation for work under this Agreement without the prior written approval of STATE.

10. RECIPIENT shall conform to the environmental obligations established in the attached CTC Resolution G-91-2 at the sole cost of RECIPIENT and without further financial contribution or obligation of STATE.

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Agreement No. 75S330
Sheet 3 of 3

IN WITNESS WHEREOF, the parties have executed this Agreement
by their duly authorized officers.

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

By Robert R. Dennis
ROBERT R. DENNIS
DEPARTMENTAL CONTRACT OFFICER

NORTH COAST RAILROAD
AUTHORITY
Agency Name

By Lloyd Hecathorn
LLOYD HECATHORN
Co-Chair

By Ruth Rockefeller
RUTH ROCKEFELLER
Co-Chair

Exempt from Dept. of
General Services

Lloyd Hecathorn
LLOYD L. HECATHORN
CO-CHAIR

Ruth Rockefeller
RUTH ROCKEFELLER
CO-CHAIR

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State of California

County of Humboldt

On this 13th day of May, in the year 1992, before me Deborah J. Rhoades,

personally appeared Lloyd L. Hecathorn and Ruth Rockefeller

personally known to me to be the persons who executed this instrument as Cochairs of the North Coast Railroad Authority and acknowledged to me that the North Coast Railroad Authority executed it.

Witness my hand and official seal.



Deborah J. Rhoades

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ALL-PURPOSE ACKNOWLEDGMENT

NO 209

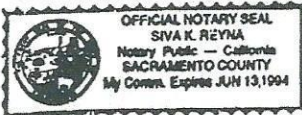
State of California

County of Sacramento

On 4/30/92 before me, SIVA K. REYNA

personally appeared Robert R. Daniels

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.



Witness my hand and official seal.

Siva K. Reyna

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL(S)
- CORPORATE OFFICER(S) CONTRACT
- PARTNER(S)
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- SUBSCRIBING WITNESS
- GUARDIAN/CONSERVATOR
- OTHER:

SIGNER IS REPRESENTING:
NAME OF PERSON(S), OR ENTITY(IES)

ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to unauthorized document.

THIS CERTIFICATE
MUST BE ATTACHED
TO THE DOCUMENT
DESCRIBED AT RIGHT:

Title or Type of Document Agreement No. 75-5330

Number of Pages 3 Date of Document 12/21/91

Signer(s) Other Than Named Above

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CALIFORNIA TRANSPORTATION COMMISSION
RESOLUTION G-91-2
Commission Policy Resolution for Hazardous Waste Identification
and Cleanup for Rail Right-of-Way

WHEREAS, the Commission has programmed funding for rail right-of-way acquisition in the 1990 State Transportation Improvement Program and may allocate funds for rail right-of-way acquisition from the Clean Air and Transportation Improvement Act; and

WHEREAS, hazardous wastes, based upon federal and state statutes and regulations, include but are not limited to such categories as heavy metals, (e.g., lead), inorganic (e.g., excessive mineral levels) and organic compounds (e.g., petroleum products); and can occur on a property's surface and subsurface; and

WHEREAS, rail properties often have hazardous wastes exceeding State of California and federal hazardous waste standards; and

WHEREAS, such properties contaminated with hazardous wastes require mitigation prior to using them for rail purposes; and

WHEREAS, hazardous wastes discovered on rail property may significantly impact property value, project scheduling and future liability for the grant applicant; and

WHEREAS, the Commission must be assured that acquisition of rail properties have been fully reviewed by the grant applicant, and if warranted, the grant applicant has tested for hazardous wastes; and

WHEREAS, if hazardous wastes exist, the Commission must be assured that the hazardous wastes identified has either been cleaned up, or financial responsibility for the cleanup has been determined prior to title transfer to the grant applicant, or easement has been secured in lieu of purchasing the property, and the subsurface rights and liability for hazardous wastes remain with the property seller; and

WHEREAS, hazardous wastes identified subsequent to title transfer to the grant applicant will be cleaned up by the seller or a mechanism to recover cleanup costs is established and executed as a condition prior to title transfer; and

WHEREAS, full due diligence is necessary in discovering hazardous waste and is an essential element in acquiring rail right-of-way properties by the grant applicant; and

NOW THEREFORE BE IT RESOLVED, that acquisition of all rail right-of-way properties will be fully investigated by the grant applicant to determine the absence/presence of hazardous wastes. Investigations shall be conducted in accordance to the standards and practices of the local, state and/or federal regulatory agencies having jurisdiction and by personnel adequately trained in hazardous waste investigation; and

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(5)

BE IT FURTHER RESOLVED, that all properties, discovered with hazardous wastes which exceed the federal/state standards, will be cleaned up to the satisfaction of the responsible local, state and/or federal regulatory agency. The appropriate regulatory agency shall certify to grant applicant that the cleanup has been completed; and

BE IT FURTHER RESOLVED, that the grant applicant will certify by formal resolution to the Commission that all reasonable steps have been completed to assure full due diligence in the discovery of hazardous waste has been achieved during the acquisition of rail right-of-way and the state is held harmless from cleanup liability or damages, both present and future; and

BE IT FURTHER RESOLVED, that the grant applicant will certify by formal resolution that it will not seek further state funding, for cleanup, damages, or liability cost associated with hazardous wastes on or below acquired property's surface; and

BE IT FURTHER RESOLVED, that the grant applicant will certify to the Commission:

- o that all rail right-of-way acquisition properties have been investigated and have been found clean;
- o or that the cleanup of discovered hazardous waste has been completed prior to acquisition of the property;
- o or that the grant applicant has obtained permanent easement and the subsurface rights and liability and full responsibility to pay for and remove such hazardous waste remains with the seller in conformance with applicable State and Federal law;
- o or if hazardous wastes are known to exist prior to acquisition and if the applicant determines that time is of the essence for acquisition, then and in that event, an enforceable agreement will be entered into requiring the responsible party(ies) to clean all hazardous wastes by a date certain, with the option of funds sufficient for the clean-up costs deposited in escrow by the seller.

In the event of failure to clean up by the date determined, the recipient of the grant will make full restitution to the State for its participation. This resolve does not preclude the recipient from requesting re-allocation not to exceed the refunded amount after the hazardous waste(s) have been fully removed from the subject site; and

BE IT FURTHER RESOLVED, that the grant applicant will certify to the Commission that the seller from whom properties have been acquired retain liability for any hazardous waste investigation and/or cleanup, and damages discovered subsequent to the transfer of title; and

BE IT FURTHER RESOLVED, the Commission declares all future liability resulting from hazardous wastes remain with the seller or the grant applicant, not the state, and the grant applicant has been indemnified by the seller for any costs resulting from failure to eliminate hazardous wastes; and

BE IT FURTHER RESOLVED, no state funds will be made available for any future costs associated with cleanup, damages, or liability costs associated with hazardous wastes on or below the acquired property's surface.

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(b)

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION
PROPOSITION 115 (1990) STANDARD PROVISIONS OF GRANT

COVERING ALLOCATIONS OF CLEAN AIR AND TRANSPORTATION
IMPROVEMENT ACT BOND FUNDS

The recipient of Clean Air and Transportation Improvement Funds, referred to herein as the RECIPIENT, has agreed to accept the provisions contained herein as a condition of its acceptance of a grant from these sources. The State of California, acting through the Department of Transportation, referred to herein as STATE, shall have the administrative responsibilities described in these provisions.

I. RECITALS

1. The RECIPIENT proposes to implement a project described in the attached Project Description. The Project Description has been agreed to by the RECIPIENT and approved by STATE. The Project property acquired or constructed with these funds will be dedicated in perpetuity to that public purpose.
2. The RECIPIENT has received a commitment of State bond funds to complete all or a portion of the project, as set forth in the attached resolutions, and in accordance with applicable provisions of the Public Utilities Code or the Streets and Highways Code.
3. The RECIPIENT has submitted a Scope of Work document to STATE, describing tasks to be accomplished under the terms of this agreement, and the document has been approved by STATE.
4. The grant administrators for the parties shall be: for STATE, the District Director of Transportation for the District in which the project is located, and for the RECIPIENT, its General Manager or Executive Director or designee.

II. Project Description

1. The RECIPIENT agrees to complete the Project as described in the attached Project Description.
2. The RECIPIENT agrees that if the STATE funds prove insufficient to complete construction of the Project and open it to revenue operation, that payment of any additional amounts required shall be the sole responsibility of the RECIPIENT, and further agrees that it will secure and provide, without further STATE assistance, additional resources as are necessary to pay these additional amounts and expeditiously complete the Project.

III. SCOPE OF WORK

1. The RECIPIENT shall be responsible for performance of the work described in the approved Scope of Work document for the particular phase of the project corresponding to its commitment of future State bond funds. The work description contained in the document is referred to herein as "the Project Phase". RECIPIENT acknowledges and agrees that RECIPIENT is the sole control and manager of the proposed project and its subsequent employment for the benefit of the public. RECIPIENT shall be solely responsible for complying with the funding and use restrictions established by the Clean Air and Transportation Improvement Act, the CTC, the State Treasurer, the Internal Revenue Service, and the terms of this AGREEMENT. RECIPIENT shall indemnify defend and hold harmless the STATE, the CTC and the State Treasurer relative to any misuse of Bond Act funds, project property, project generated income or other fiscal acts or omissions of RECIPIENT.
2. A Schedule of Tasks and Estimated Progress Payments shall be included in the Scope of Work document. STATE need not reimburse the RECIPIENT in a cumulative amount greater than the cumulative amount shown in the Schedule for any time period or earlier than as authorized in the drawdown schedule of payments.

3. The Scope of Work shall include a completion date for each of the project components or Items of work identified therein.

IV. PAYMENT

1. Future funds committed for use on the Project Phase shall be payable to the RECIPIENT only after completion of identified segments of work.
2. RECIPIENT agrees to contribute at least the statutorily required amount of the cost of the Project Phase, or the amount specified in the commitment of future State funds, whichever is greater, from funds available to it. RECIPIENT shall contribute its required amount of the cost of the Project Phase in accordance with a schedule of payment prepared by RECIPIENT and attached to the Scope of Work document.
3. RECIPIENT agrees to submit Plans, Specifications and Estimates upon completion as documentation that work is completed and prior to the State providing funds for construction of the project or acquisition of passenger vehicles.
4. Not more frequently than once a month, RECIPIENT will prepare and submit to STATE, Progress Payment Vouchers consistent with the Scope of Work document, in the format that is attached to the Standard Provisions of Grant. Each such voucher will be accompanied by a report describing the overall work status and progress on tasks. If applicable, the first voucher shall also be accompanied by a report describing any tasks specified in the Scope of Work document which were accomplished prior to the date of allocation and for which costs are to be credited toward the required local contribution described in Section IV, Paragraph 2 of these Provisions. Final payment vouchers shall be submitted not less than three months prior to the last date on which a payment can be made from the allocated funds, as specified in the Scope of Work document. Reimbursement will be made only for work performed after the date of this agreement and prior to the submittal date of the final voucher.

5. Delivery by STATE of these bond funds is contingent upon and subject to the sale of bonds. In the event bond sales are delayed or canceled, the STATE shall not be held liable for any damage or penalty resulting from delay or cancellation.
6. RECIPIENT is prohibited from loaning any portion of the bond proceeds to a private person or business.
7. Notwithstanding the attached CTC Resolutions, STATE reserves the right to reduce the amount of these funds being made available to the Project upon written notice to RECIPIENT. Any such reduction shall be affected by delivery to RECIPIENT of a letter indicating the amount of the reduction which shall become effective not less than 30 days after receipt.
8. STATE reserves the right to terminate its share of funding for the project phase upon written notice to RECIPIENT in the event that RECIPIENT fails to proceed with the work in accordance with the Scope of Work document or bonding requirements, or otherwise violates the conditions of these Provisions or the allocation such that substantial performance of the Project Phase is significantly endangered. In the event of such termination, RECIPIENT shall be reimbursed STATE's share of allowable project costs incurred prior to the date of termination provided that all other terms and conditions of Agreement have been met. Any such termination shall be effected by delivery to RECIPIENT of a Notice of Termination which shall become effective not less than 30 days after receipt specifying the reason for the termination, the extent to which performance of work under these provisions is terminated, and the date upon which such termination becomes effective. During the period before the effective termination date, RECIPIENT and STATE shall meet to attempt to resolve the dispute without proceeding to termination of the Agreement.

V. REPORTS AND RECORDS

1. In carrying out work on the Project Phase, RECIPIENT may enter into contracts with other public agencies or private firms, for the procurement of project equipment, materials or other services in accordance with Federal and State third-party agreement provisions.
2. RECIPIENT is required to notify the Department before entering into any written agreements with private businesses that would result in "private payments" being made to the State or local agency (i.e., lease fees, rental payments, etc.)
3. RECIPIENT, its prime contractors or subcontractors shall pay to any subcontractor, not later than 10 days of receipt of each progress payment, unless otherwise agreed to in writing, the respective amounts allowed the contractor on account of the work performed by the subcontractors, to the extent of each subcontractor's interest therein. In the event that there is a good faith dispute over all or any portion of the amount due on a progress payment from the prime contractor or subcontractor to a subcontractor, then the prime contractor or subcontractor may withhold no more than 150 percent of the disputed amount.

Any contractor who violates this section shall pay to the subcontractor a penalty of 2 percent of the amount due per month for every month that payment is not made. In any action for the collection of funds wrongfully withheld, the prevailing party shall be entitled to his or her attorney's fees and costs.

4. RECIPIENT and its contractors shall establish and maintain an accounting system and records that properly accumulate and segregate incurred costs by project line item and project phase. RECIPIENT and contractor accounting systems shall conform to generally accepted accounting principles (GAAP), and enable the determination of incurred costs at interim points of completion, and provide support for reimbursement payment requests. All accounting records and other supporting papers of RECIPIENT and its contractors connected with the performance of the project or contract shall be maintained for a

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minimum of three years from the date of final payment under these provisions and shall be held open to inspection and audit by representatives of STATE and the Auditor General of the State of California. In conducting an audit of the costs claimed under these provisions, STATE will rely to the maximum extent possible on any audit arranged by RECIPIENT pursuant to the provisions of the federal and state laws. In the absence of such an audit, any audit work performed by RECIPIENTS' external and internal auditors and/or the Federal Government auditors will be relied upon and used when planning and conducting additional audits.

5. RECIPIENT and its contractors agree that the contract cost principles, 48 CFR, Federal Acquisition Regulation System, Chapter 1 Part 31, shall be used to determine the allowability of individual items of cost. RECIPIENT and its contractors also agree to comply with Federal procedures in accordance with 49 CFR, Part 18, Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments.
6. For the purpose of determining compliance with Public Contract Code 10115, et seq., Sections 999 et seq. of the Military and Veterans Code and Title 2, California Code of Regulations, Section 1896.60 et seq., when applicable, and other matters connected with the performance of the contract pursuant to Government Code 10532, the Contractor, subcontractors and the State shall maintain all books, documents, papers, accounting records, and other evidence pertaining to the performance of the contract, including but not limited to, the costs of administering the contract. All parties shall make such materials available at their respective offices at all reasonable times during the contract period for three years from the date of final payment under the contract. The State, the State Auditor General, FHWA, or any duly authorized representative of the Federal Government shall have access to any books, records, and documents of the Contractor that are pertinent to the contract for audits, examinations, excerpts, and transactions and copies thereof shall be furnished if requested.

7. RECIPIENT will insert clauses to the effect of paragraphs 2, 3, 4, 5, 6 above in all its contracts funded by STATE under these Provisions.
8. (a) RECIPIENT and STATE agree to conduct, on a quarterly basis, on-site reviews of all aspects of the progress of the project.
- (b) RECIPIENT agrees, in each quarterly progress review, to inform the STATE regarding (1) whether the Project is proceeding on schedule and within budget, (2) any requested changes to the Project Management Plan, (3) major construction accomplishments during the quarter, (4) any problems or anticipated problems which could lead to delays in schedule, increased costs, or other difficulties, (5) the status of the Project Budget and, (6) the status of critical elements of the Project.
- (c) The quarterly reviews will include consideration of whether activities are within the scope of the Project and in compliance with STATE laws, regulations, administrative requirements, and implementation of the Project as STATE considers appropriate.
- (d) If at any time during the performance of the Project, RECIPIENT and STATE determine that the Project budget may be exceeded, RECIPIENT shall take the following steps:
- (1) Notify the designated STATE representative of the nature and projected extent of the overrun, and within a reasonable period thereafter, identify and quantify potential cost savings or other measures which will bring the budget into balance, and
 - (2) Schedule the projected overrun for discussion at the next subsequent Quarterly Review meeting.
- (e) The first quarterly review meeting shall take place no later than five months after (1) an allocation of State funds to a project, (2) California Transportation Commission approval of Advanced Expenditures of Local Funds, or, (3) California Transportation Commission overall Project Approval.

VI. GENERAL PROVISIONS

1. **Discrimination:** In the performance of work under these provisions, RECIPIENT and its contractor(s) will not discriminate against any employee or applicant for employment because of race (1), color (1), religion (1), ancestry (1), sex (1), age (1), national origin (1), or physical handicap (1). RECIPIENT and its contractor(s) will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race (1), color (1), religion (1), ancestry (1), sex(1), age(1), national origin(1), or physical handicap(1). Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection training, including apprenticeship. RECIPIENT and its contractor(s) shall post in conspicuous places, available to employees and applicants for employment, notice to be provided by STATE setting forth the provisions of this Fair Employment Practices Section.

2. **Employment Practices:** RECIPIENT and its contractor(s) will permit access to his/her records of employment, employment advertisements, application forms, and other pertinent data and records by the State Fair Employment Practices and Housing Commission, or any other agency of the State of California designated by the awarding authority, for the purpose of investigation to ascertain compliance with this Fair Employment Practices Section. RECIPIENT agrees that all workers employed on the PROJECT will be paid not less than the predetermined general prevailing wage rates to comply with the rates as determined by the Department of Industrial Relations.

(1) Government Code Section 12940 et. seq.

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3. RECIPIENT agrees to meet, or to make good faith efforts to meet, the following Minority Business Enterprises/Women Business Enterprises/Disabled Veterans Business Enterprises goals in the award of every contract for work to be performed under this standard provisions of grant:

Minority Business Enterprises - 15%
Women Business Enterprises - 5%
Disabled Veterans Business Enterprises - 3%

RECIPIENT shall not award any contracts that do not meet these goals or comparable goals to satisfy federal DBE requirements. The RECIPIENT shall have sole authority in determining whether good faith efforts were sufficient as outlined in Public Contracts Code Section 10115 et seq, and the Military and Veterans Code section 999 et seq.

4. Hold Harmless: Neither STATE nor any officer or employee thereof shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by RECIPIENT, its agents and contractors, under, or in connection with any work, authority, or jurisdiction delegated to RECIPIENT under this Agreement or as respects environmental clean up obligations or duties of RECIPIENT relative to the Project properties. It is also understood and agreed that, pursuant to Government Code Section 895.4 RECIPIENT shall fully indemnify and hold STATE harmless from any liability imposed for injury (as defined by Government Code Section 810.8) or environmental obligations or duties occurring by reason of anything done or imposed by operation of law or assumed by, or omitted to be done by RECIPIENT under or in connection with any work, authority, or jurisdiction delegated to RECIPIENT under this Agreement.
5. State Ownership, Operation or Interests: RECIPIENT is obligated in perpetuity to continue operation of the Project dedicated to the public passenger or rail freight transportation purposes for which the Project was initially approved and constructed. The facilities constructed or reconstructed on the Project site shall remain

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dedicated to the public transit users in the same proportion and scope as described in this Contract.

6. RECIPIENT shall for the purposes of right of way acquisition, maintain ownership of the property for a minimum of twenty years or until the bonds have matured, whichever ever occurs first.
7. RECIPIENT shall coordinate and share the rail rights-of-way and the common maintenance services and station facilities used for intercity and commuter rail. Intercity and commuter rail services shall be coordinated with each other and with freight traffic to provide integrated rail passenger and freight services that do not conflict.
8. RECIPIENT agrees that all passenger rail and water borne ferry equipment and facilities acquired or constructed shall be accessible to persons with physical disabilities, including wheelchair users. All passenger vehicles and vessels shall be accessible to wheelchair users at all stops, stations and terminals whether or not staffed.
9. STATE, or any assignee public body, shall be entitled to a refund or credit at STATE option, equivalent to the proportionate funding participation by STATE and other public funds towards the project acquisition or construction in the event that RECIPIENT ceases to utilize the Project for the intended public passenger or rail freight purposes or sells or transfers title to the Project, except as may be otherwise required by the attached CTC Resolutions. STATE shall also be granted an acquisition credit for future purchases or condemnation of all or portions of the Project by STATE. The refund or credit due STATE in each instance will be measured by the ratio of STATE and other public funding to that provided by RECIPIENT and that ratio applied to the then fair market value of the Project property.
10. STATE will specifically approve all private and incidental uses of RECIPIENT'S project to assure that they do not adversely impact the intended public passenger or rail freight service. Revenues that are

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(16)

derived from these private and incidental uses must be documented, are subject to audit, and the revenues must be applied to public passenger or rail freight purposes.

Examples of this include but are not limited to sale of acquired properties for non-transportation purposes, fiber optic technology, rental properties, rental of or lease agreement for air space or underground uses which generate a revenue stream from other than the basic public passenger or rail freight transportation services, except as may be otherwise required by the attached CTC Resolutions.

11. These Standard Provisions of Grant, the CTC Resolutions, the Project Description and the Scope of Work document approved by STATE constitute the entire terms of the grant between the parties for the work to be performed pursuant to this grant. The Project Description and/or the Scope of Work document may be modified, altered or revised with the written consent of RECIPIENT and STATE.
12. Additional funding for subsequent phases of the project may be granted through amendments to this agreement by attachment of a new allocation Resolution, and submission by RECIPIENT of a revised Scope of Work document. When necessary, the project Description shall also be revised with the amendment.
13. Recipient shall require all intercity and commuter rail cars purchased to conform with the California Rail car specifications developed by the Department as specified in the Clean Air Transportation Improvement Act.

MAR 26, 1992

Agreement No. 75S330
Sheet 11 a

14. In order to protect the tax-exempt status of the State bonds, RECIPIENT agrees that it will not enter into any management or service contract with a nongovernmental operator that would result in a prohibited private use as described herein. Unless otherwise approved in writing by STATE's bond counsel, a management contract will be considered private use unless the contract (a) has a term (including any renewal options) of no more than 5 years, (b) may be canceled without penalty by RECIPIENT at the end of any 3 year period, (c) provides that at least half of the manager's compensation is determined on a fixed fee basis (i.e., the manager will receive compensation whether or not the railroad operations result in a profit), and (d) provides that no portion of the manager's compensation may be on the basis of a share of net profits. A contract which provides for manager's compensation less than 50% on a fixed fee basis, will be considered private use unless the contract (a) has a term of no more than 2 years and (b) may be canceled without penalty by the RECIPIENT upon 90 days notice. RECIPIENT may seek advice on any proposed contract from STATE's bond counsel.

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CONTRACTOR
Please INITIAL
5242

STATE OF CALIFORNIA

County of Humboldt

On March 26, 1992, before me, the undersigned Notary Public in and for said County and State, personally appeared LEON L. HEATHORN

personally known to me, proved to me on the basis of satisfactory evidence, to be the person whose name LS subscribed to this instrument, and acknowledged that HE executed it.

WITNESS my hand and official seal.

Signature Georgia L. Hannis
Notary Public in and for said County and State

(for notary seal or stamp use)
GEORGIA L. HANNIS
NOTARY PUBLIC
HUMBOLDT COUNTY, CALIFORNIA
My commission expires May 20, 1994

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SCOPE OF WORK
SCHEDULE OF TASKS AND ESTIMATED PROGRESS PAYMENTS

Name of Recipient: North Coast Railroad Authority
Name of Project: Eureka Southern Railroad Purchase
Resolution Number: BFY91-10
Date of Resolution: December 12, 1991
Amount of Allocation: \$6,100,000.00
Fund Source: PROPOSITION 116 BOND FUND SALE
Expiration Date of Funds: September 30, 1992

QUARTER first fiscal year*	TASKS**	ESTIMATED FUNDS NEEDED EACH QUARTER		
		Current State Allocation	Other State Allocation	Federal Loan
July-Sept.		\$ _____	\$ _____	_____
Oct-Dec.		_____	_____	_____
Jan-Mar.	Set up encrow account; Project Management, Environmental Audits, R/W Appraisals, Preliminary Engineering, and Acquisition of RSR	\$5,725,000	_____	_____
April-June	Project Management, Preliminary Engineering and Environmental Audits	250,000	_____	_____
second fiscal year: 1992/93				
July-Sept.	Project Management and Preliminary Engineering	\$ 75,000	_____	_____
Oct-Dec.		_____	_____	_____
Jan-Mar.		_____	_____	_____
April-June		_____	_____	_____
...continue for succeeding fiscal years, if necessary.				

*Commencing with the fiscal year during which the current state allocation was made.
**Indicate by an asterisk tasks completed in the quarter.
***This format is provided to indicate the minimum amount of project detail and task description required by the State.



PROJECT DESCRIPTION

Introduction

Eureka Southern Railroad (ESR) provides rail transportation services to Humboldt and Mendocino Counties. This railroad is a part of a much larger rail corridor, the Northwestern Pacific Railroad, that links it to major areas of California and east coast markets. Presently, this railroad is limited to freight and recreational passenger service. The preservation of this essential segment of railroad allows Northwestern California to preserve the potential of the San Francisco/Eureka Intercity Rail Corridor.

NCRA applied for and received by allocating resolution #BFP-91-10 of the California Transportation Commission, a \$6.1 million grant to acquire the ESR. The original application covered a four-year, three-phase program. This project description reflects the tasks and projects to be covered in Phase I of the program, including:

1. Project Management
2. Environmental (Hazardous Wastes) Audits
3. Right of Way Appraisals and Title Searches
4. Preliminary Engineering
5. Acquisition of the ESR Right of Way and All Its Assets

1. Project Management

The North Coast Railroad Authority has established a project management team to oversee the management of Phase I. This team is comprised of:

Mr. John Anderson, Attorney
Mr. Eugene B. Lucas, CPA
Mr. Stephen F. Crook, Calrail

The team, responsible to the NCRA, will perform such services to ensure that the State, NCRA, and citizens of the State of California receive the public benefit and appropriate products of this expenditure of public monies.

This team will be responsible for directly assuring and verifying that all program requirements and activities are consistent with the project description. These tasks include, but are not limited to:

Environmental (Hazardous Material) Audits

- a. Developing Request for Qualifications Packets
- b. Developing Request for Proposals
- c. Contract Structuring

- d. Assisting NCRA in Audits Analysis
- e. Assisting NCRA in Structuring Remediations Programs
- f. Assisting NCRA with Required Documentation

Right of Way Appraisals and Title Searches

- a. Developing Request for Qualifications Packets
- b. Developing Request for Proposals
- c. Contract Structuring

Preliminary Engineering Studies

- a. Developing Request for Qualifications Packets
- b. Developing Request for Proposals
- c. Contract Structuring
- d. Assisting NCRA in Analyzing Engineering Reports
- e. Assisting NCRA in Structuring Reha: litation Programs
- f. Assisting NCRA with Required Documentation

Acquisition of the ESR Right of Way and All Assets

- a. Developing Structure for Contract of Purchase
- b. Transferring Title
- c. Developing Documentation for ICC, Federal, and State Requirements

The cost for project management is estimated at \$100,000.

2. Environmental (Hazardous Wastes) Audits

Under this component, NCRA will contract with a qualified professional firm to conduct a Phase I and Phase II hazardous wastes analysis of the ESR property.

These audits will consist of the following, but not be limited to:

Phase I - Research and Qualitative Characterization of Potential Hazardous Waste Sites

- a. Historical review
- b. Reconnaissance of railroad for toxic sites
- c. Inventory of sites, including all structures
- d. Inventory of potentially hazardous substances
- e. Inventory of sites which need to be cleaned up as an operating railroad
- f. Range of possible clean up alternatives
- g. Range of possible costs

Phase II - Quantitative Characterization (Sampling) and Suggested Remediation for Each Site

- a. Soil sampling/borings
- b. Contaminant plume definition

- c. Groundwater characterization/monitoring
- d. Groundwater gradient
- e. Potential for drainage beyond the property
- f. Recommend clean up procedure for each site
- g. Estimate cost to clean up each site
- h. Prioritize sites which an operating railroad would be required to clean up

Total programmed cost for the Phase I and II environmental audits is \$250,000.

Product: The tasks in this element will result in a Remediation Plan and estimate the cost for cleanup of hazardous wastes at each site.

3. Right of Way Appraisals and Title Searches

NCRA will hire a title company qualified to inspect the records and property to determine what property the ESR owns in fee and less than fee and the value of that property.

Tasks will consist of, but not be limited to, the following title searches:

- a. Southern Pacific Maps and Title Records
- b. ESR Maps and Title Records
- c. Bankruptcy Trustee Title Records
- d. County Title Records
- e. Other Title Documents

Total cost for the title searches is anticipated not to exceed \$250,000.

Product: A Title Report will be the product of this element.

4. Preliminary Engineering

Under this component, NCRA will hire an engineering firm to conduct right of way hydrology and engineering studies. The firm shall be qualified in railroad track and structures and possess certification as an approved Federal Railroad Administration (FRA) track and structure inspector.

Total cost for the preliminary engineering is anticipated not to exceed \$200,000.

Product: A hydrology study of the Eel River Canyon to stabilize the track, a rehabilitation program to improve train operating safety, and an engineering program to design improved track and structure rehabilitation programs for future improvements.

5. Acquisition of ESR Right of Way and All Assets

The acquisition cost of ESR and all of its assets is \$5,250,000.

PROP. 116 FUNDING SUMMARY FOR PHASE I

1. PROJECT MANAGEMENT	\$ 100,000
2. ENVIRONMENTAL AUDITS	
Phase I	75,000
Phase II	175,000
3. R/W APPRAISALS/TITLE SEARCHES	
Title Searches	250,000
4. PRELIMINARY ENGINEERING	
Engineering Study	150,000
Work Program	50,000
5. ACQUISITION OF ESR	<u>5,250,000</u>
TOTAL	\$6,050,000
CALL	<u>\$6,100,000</u>

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State of California Agency

Attachment IV
Business, Transportation and Housing

Memorandum

Item No. 2.5(d)(ii)

To: CHAIR AND MEMBERS
California Transportation Commission

Date: November 27, 1991

From: DEPARTMENT OF TRANSPORTATION
Director's Office

File: BFP-91-10
ACTION REQUESTED

Subject: Financial Resolution



RECOMMENDATION:

It is recommended that the following Resolution be approved.

ALLOCATIONS FOR
MASS TRANSPORTATION BOND PROJECTS
RESOLUTION NO. BFP-91-10

- 1.1 WHEREAS, the electorate enacted Proposition 116, the Clean Air and Transportation Improvement Bond Act of 1990, in the June, 1990 election authorizing the sale of General Obligation Rail Bond funds for rail transit capital purposes; and
- 1.2 WHEREAS, Proposition 116 provided that \$6 million shall be allocated to the Department of Transportation (Department) for the improvement of rail service, including rail freight service and tourist-related services, important to the regional economy of Humboldt County; and
- 1.3 WHEREAS, Proposition 116 provided that \$4 million shall be allocated to the Department for the improvement of rail service, including rail freight service and tourist-related services, important to the regional economy of Mendocino County; and
- 1.4 WHEREAS, Proposition 116 provided that if the Legislature establishes a railroad transportation authority which includes, or which is subsequently expanded to include, within its jurisdiction, Humboldt County or Mendocino County, or both of them, the authority shall be substituted for the Department and affected councils of government as the grantee agency; and
- 1.5 WHEREAS, the Legislature established the North Coast Railroad Authority (NCRA) to assume control of the railroad corporations in the area to protect the vital and needed services and to preserve the regional economies of the area; and
- 1.6 WHEREAS, the Counties of Humboldt and Mendocino have indicated, via resolution, that the NCRA shall be the designated Proposition 116 applicant for the total of \$10 million that is available to Humboldt and Mendocino Counties pursuant to Proposition 116; and
- 1.7 WHEREAS, the NCRA has submitted a Proposition 116 Project Application to acquire the assets of the Eureka Southern Railroad which indicates that appropriate planning has occurred in the development of the project; and

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- 1.3 WHEREAS, the Eureka Southern Railroad is under Federal Bankruptcy Court proceedings; and
- 1.9 WHEREAS, the Bankruptcy Judge has determined that the NCRA has been selected as the purchaser of the Eureka Southern Railroad if specified conditions are met; and
- 1.10 WHEREAS, the project identified in Attachment A received project approval at the November, 1991 meeting of the California Transportation Commission (Commission); and
- 1.11 WHEREAS, the County of Humboldt has adopted resolution 91-114 finding that the project is in the public interest and vital to the regional economy of that County pursuant to Sections 99625(a) and 99626(a) of Proposition 116; and
- 1.12 WHEREAS, the County of Mendocino has adopted resolution 91-236 finding that the project is in the public interest and vital to the economy of that County pursuant to Sections 99625(a) and 99626(a) of Proposition 116; and
- 1.13 WHEREAS, by Resolution 1991-01, dated November 19, 1991, the NCRA has met the conditions identified in #PA-91-02 to the satisfaction of the Commission Chairman, in consultation with the Executive Director; and
- 1.14 WHEREAS, the application for allocation submitted by the NCRA is consistent with the conditions and requirements contained in that Project Approval; and
- 1.15 WHEREAS, the NCRA has attested that it has the financial and institutional ability to accept the legal abilities and liabilities associated with the project; and
- 1.16 WHEREAS, the NCRA and Humboldt County Association of Governments (HCOG) have executed a Memorandum of Understanding in which the HCOG is designated responsibility for reporting to the other agencies on the status of funds, for processing applications for funding, and for handling procedural and administrative requirements; and
- 1.17 WHEREAS, the NCRA has committed that funds generated from the non-transportation uses of properties acquired in whole or in part with State funds shall be used to enhance the system in terms of operations and for capital improvements and that the NCRA shall report to the Commission biannually on the use of such revenues; and
- 1.18 WHEREAS, the Eureka Southern Railroad is under Federal Bankruptcy Court proceedings, there is no specified vendor to assume liability for hazardous clean up; and
- 1.19 WHEREAS, the NCRA has provided its assurances that appropriate actions relative to the discovery and mitigation of hazardous wastes within the right-of-way have and will occur, including:
 - a. The Board of Directors of the NCRA are committed to proceed in an expeditious manner to identify and abate any and all hazardous or toxic wastes located on the property to be acquired. Such abatement to be in accordance with all applicable State and Federal statutes and regulations; and

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- b. To set aside \$250,000 of the purchase price in escrow to provide for clean up of any hazardous wastes that require clean up as an operating railroad; and
- c. To contract for the development of a professional hazardous waste investigation and remediation plan to be funded from funds provided from this allocation.
- 2.1 NOW THEREFORE BE IT RESOLVED that \$6,100,000 in 1990 Clean Air and Transportation Improvement Bond funds be allocated to the North Coast Railroad Authority for the acquisition of the Eureka Southern Railroad assets as described in Attachment A, at such time as bond funds are made available by the State Treasurer's Office; and
- 2.2 NOW THEREFORE BE IT FURTHER RESOLVED that, at such time as funds are made available by the State Treasurer's Office, such funds shall be deposited in an escrow account to fund the proposed acquisition; and
- 2.3 NOW THEREFORE BE IT FURTHER RESOLVED that the transfer of funds for the project specified in Attachment A shall be governed by a fund transfer agreement, or agreements, executed between the NCRA and the Department; and
- 2.4 NOW THEREFORE BE IT FURTHER RESOLVED that in order to assure meeting the deadlines imposed by the Bankruptcy Judge, the Commission has waived its requirement that the operating and financial review of the project pursuant to Sections 14081-14085 of the Government Code be completed prior to allocation; and
- 2.5 NOW THEREFORE BE IT FURTHER RESOLVED that NCRA shall, prior to February 1, 1992, provide to the Department all necessary information and documentation to complete the reviews described in Sections 14081-14085 of the Government Code; and
- 2.6 NOW THEREFORE BE IT FURTHER RESOLVED that the Department shall complete said reviews prior to the execution of the fund transfer agreement; and
- 2.7 NOW THEREFORE BE IT FURTHER RESOLVED that the NCRA shall provide a guarantee in the form of a resolution from its Board, delivered to this Commission prior to the execution of a fund transfer agreement, said guarantee to be incorporated within said fund transfer agreement, to adhere to the applicable Internal Revenue Service tax regulations, to conform to guidelines which may be issued in the future by the State Treasurer regarding the use of funds derived from bond sales, and to hold harmless and indemnify the California Transportation Commission, California Department of Transportation, and the State Treasurer against any penalties or costs related to the failure of the NCRA to meet these commitments; and
- 2.8 NOW THEREFORE BE IT FURTHER RESOLVED that this Commission shall be entitled to a refund equivalent to the participation by the State, plus an amount equal to the interest incurred by the State on the bonds sold to fund the acquisition, in the event that the NCRA or successor public entities (1) sells such properties acquired in whole or in part with State funds to a non-public entity (2) ceases to utilize the assets acquired for the intended public passenger or rail freight purposes. Said refund shall be paid solely out of the first available proceeds of the sale of the property upon such sale; and

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- 2.9 NOW THEREFORE BE IT FURTHER RESOLVED that the State shall also be granted an acquisition credit for future purchases or condemnation by the State of all or portions of these properties by the State; and the refund or credit due the State in each instance will be measured by the ratio of State funds to those provided from the recipients. That ratio will be applied to the then fair market value of the project property; and
- 2.10 NOW THEREFORE BE IT FURTHER RESOLVED that to the extent it becomes necessary that the State must proceed against a member or successor agency of the NCRA for the collection of any credit or refund, the NCRA will assign to the Department any rights it may have to proceed against the successor agency; and
- 2.11 NOW THEREFORE BE IT FURTHER RESOLVED that the NCRA will use the funds generated from non-transportation uses of these properties where any State funds were used for acquisition, to enhance the system in terms of operations and for capital improvements and that the NCRA will report biannually on the use of such revenues; and
- 2.12 NOW THEREFORE BE IT FURTHER RESOLVED that additional state funding sources will not be used to complete the project described in this allocation if the project costs exceed those defined in the application supplement dated November 25, 1991; and
- 2.13 NOW THEREFORE BE IT FURTHER RESOLVED that no other capital funds previously programmed, planned, or approved for rail purposes will be used for other than rail purposes; and
- 2.14 NOW THEREFORE BE IT FURTHER RESOLVED that no State funds available for allocation by this Commission will be used to fund operating costs of passenger or freight rail services either contracted for or operated by the NCRA; and
- 2.15 NOW THEREFORE BE IT FURTHER RESOLVED that the NCRA, or its successor public agency, shall hold the State and the California Transportation Commission harmless from clean-up liability or damage, both past, present, and future; and that no additional State funds will be requested for clean-up, damages, or liability associated with hazardous waste on or below the acquired property; and
- 2.16 NOW THEREFORE BE IT FURTHER RESOLVED THAT:
- a. The Commission, acting on behalf of the State, declares its official intent to cause and approve the issuance of taxable or tax-exempt State General Obligation Rail Bond funds under Proposition 116, to fund the acquisition of the Eureka Southern Railroad assets by the NCRA, following further approvals; and
 - b. The Commission finds and declares that the funding arrangements are consistent with the State's budgetary and financial circumstances and that there are no State funds otherwise available on a short-term or long-term basis to pay for the project; and
 - c. Project expenditures shall not have been paid from the proceeds of any other tax-exempt indebtedness unless such prior indebtedness will be retired with the proceeds of such State moneys; and

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- d. This Resolution is intended by the Commission to be a declaration of official intent of the State within the meaning of U.S. Treasury Regulations Section 1.107-17(c) with respect to the project; and
- e. The Commission intends that this Resolution will be continuously available to the public for inspection during normal business hours at the 1120 N Street Office, Sacramento, California, commencing not later than two weeks after the adoption of this Resolution; and
- 2.17 NOW THEREFORE BE IT FURTHER RESOLVED that the recipient, NCRA, shall provide the Department, commencing with the first quarterly review, with an updated monthly expenditure plan by category for the balance of all funded project allocations; and
- 2.18 NOW THEREFORE BE IT FURTHER RESOLVED that this allocation is subject to completed bond sales authorized by the State Treasurer.

DEPARTMENT SUMMARY AND CONCLUSIONS:

This resolution proposes allocating \$6,100,000 from 1990 Clean Air and Transportation Improvement Bond funds to the North Coast Railroad Authority for the STIP acquisition project shown below. Details of the transactions are included on Attachment A.

<u>Project</u>	<u>Recipient</u>	<u>Fund</u>	<u>Amount</u>
North Coast Railroad Authority Acquisition of the Eureka Southern Railroad including planning, preliminary engineering, rights-of-way, rolling stock, equipment and associated assets.	NCRA	116 Bond	\$6,100,000

Project approval was provided at the Commission's November, 1991 meeting for \$6.1 million.

The project identified in Attachment A, is limited to acquisition of the Eureka Southern Railroad, including planning, preliminary engineering, rights-of-way, rolling stock, equipment and associated assets.

The project is categorically exempt under the California Environmental Quality Act of 1970.

There is no allocation or expenditure history for the North Coast Railroad Authority.



MARTIN KIFF
Deputy Director
Transportation Financing

Attachment

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RESOLUTION RFP-91-15

ALLOCATIONS FOR NEW BOND FUNDED RAIL TRANSIT PROJECTS

Project Description	Recipient Expand Cal. Program Code	District County	STP Number STP Year	STP Amount STP Program	RESOLUTION ALLOCATION			Budget Encumbrances End/ Liquidations End	RPA Advanced Project	All Other Local Match
					State Funds	Federal Funds	Local Amount			
-1- North Coast Railroad Authority acquisition of the Eureka Southern Railroad including engineering, rights-of-way, rolling stock, equipment and associated assets	North Coast Railroad Authority	01 Humboldt	T31 (91,000,000)		STATE FUNDS: SO BOND \$ 0 RRA \$ 0 RFD \$ 0 RVA \$ 0 PROP 116 \$ 6,100,000 TOTAL \$ 6,100,000		0 N/A	PROP 116	0	0
30.20.020 Humboldt TBA Mendocino					Project Total \$ 6,100,000			6-30-94		

Project to include: Acquisition of the Eureka Southern Railroad, including planning, preliminary engineering, rights-of-way, rolling stock, equipment and associated assets.

Reflects Governor's Budget Encumbrances & Liquidation time-frame. General Obligation Bond funds have encumbrance and liquidation time-frame more restrictive than provided in the Governor's Budget.

State of California Agency

Business, Transportation and Housing

Memorandum

Attachment IV

Item No. 2.5(a)

To: CHAIR AND MEMBERS
California Transportation Commission

Date: March 9, 1992

From: DEPARTMENT OF TRANSPORTATION
Director's Office

File: BFA-91-4
ACTION REQUIRED

Subject: Financial Resolution

ALLOCATIONS FOR
MASS TRANSPORTATION BOND PROJECTS
RESOLUTION NO. BFA-91-4
AMENDING RESOLUTION BFP-91-10

- 1.1 WHEREAS, the electorate enacted the Clean Air and Transportation Improvement Act of 1990 (Proposition 116) which specified that \$10,000,000 in General Obligation Bond funds were dedicated to Humboldt and Mendocino Counties for the improvement of rail services including freight and tourist-related services important to the regional economies of both Counties; and
- 1.2 WHEREAS, the North Coast Railroad Authority was legislatively created to act as the grantee agency for these funds consistent with the provisions of Proposition 116; and
- 1.3 WHEREAS, Resolution BFP-91-10, was adopted by the California Transportation Commission (Commission) on December 12, 1991, allocating \$6,100,000 of Proposition 116 funds to the North Coast Railroad Authority (NCRA) for the acquisition of the assets of the Eureka Southern Railroad; and
- 1.4 WHEREAS, the Commission recognizes that the Eureka Southern Railroad operates as a freight railroad and is not an "exclusive mass transit guideway" for the purposes of the reviews normally required by Government Code Sections 14081-14085 and that such review are not, therefore, statutorily required prior to the transfer of State funds; and
- 1.5 WHEREAS, Resolution BFP-91-10 directed the Department of Transportation (Department) to perform reviews of the NCRA consistent with the provisions of Sections 14081 through 14085 of the Government Code prior to the execution of a Fund Transfer Agreement; and
- 1.6 WHEREAS, the NCRA has attested that it has the financial and institutional ability to accept the legal liabilities associated with the project; and

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