

**From:** Liles, Jason [<mailto:Jason.Liles@sen.ca.gov>]  
**Sent:** Wednesday, October 03, 2018 2:00 PM  
**Subject:** Next steps on Great Redwood Trail

Afternoon everyone,

Thank you again so much for all the help in getting SB 1029 drafted and signed into law. Now the real work can begin! A copy of the law is attached, as well as a section by section analysis.

As you can see, the new law very clearly removes almost all of NCRA's previous mission to oversee freight rail and specifies that Trails are their new priority. Obviously this is a significant change for NCRA, so our office will be working closely with them to help with this transition. It is our intention to make sure the NCRA board directors and staff are quickly reaching out proactively to trail advocates to see how they can be of assistance in their various communities. It will be an exciting time!

Over the next several weeks, our office will be working with local governments and trail advocates in each of the counties to review next steps and get projects that are ready to go in front of NCRA as soon as possible. We will also be assisting with support organizations like the Friends of the Great Redwood Trail, and getting ready for the community meetings that will accompany the design phase of the Trail.

There is much to do while the State Transportation and Natural Resources agencies work on their financial assessment and start the Trail masterplan, and we want to take advantage of every minute.

Thank you and look forward to seeing you soon!

Jason

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## **SB 1029 as signed by the Governor:**

*This language is based on the original NCRA authorizing Government Code sections, 93000-93025. You'll see language that either replaces, repeals or significantly alters NCRA's original mission and powers.*

*New language is in Blue, repealed language both in Red and/or in red and stricken.*

### **Section 1: New findings:**

"The Legislature finds and declares that the North Coast Railroad Authority's railroad tracks, rights-of-way, and other properties provide an opportunity to create a Great Redwood Trail for hiking, biking, and riding, that may be in the public and economic best interests of the north coast."

**Sec 2: Assessment/Study** – The Transportation Agency, in consultation with the Natural Resources Agency, will conduct an assessment of NCRA, the right of way, the trail, and the best way to close down NCRA. Study is due before July 1, 2020. They will look at the following:

- NCRA assets, debt, easements, freight lease, etc.
- Freight Contractor assets and liabilities to the extent possible.
- A preliminary assessment of the trail on the right-of-way and easements.
- Options and recommendations for railbanking, and governance structure of the Trail.
- Options and recommendations for transferring the southern segment to SMART.
- Prioritizes the assessment of the southern, less complicated segment, to get it done and then give more time and analysis to the more complex northern segment issues and planning.

**Sec. 3: Changes the official title of this Act, and the NCRA government code to:**

**"The NCRA Closure and Transition to Trails Act"**

**Sec. 4: Repeals all of the following railroad language from NCRA's current mission:**

*It is the intent of the Legislature, in enacting this title, to provide an alternative for ensuring railroad service if the Interstate Commerce Commission authorizes the abandonment or discontinuance of service on, or in the event of the bankruptcy or sale of, the current Eureka Southern Railroad line, the Northwestern Pacific Railroad line, or the California Western Railroad line. It is the intent of the Legislature to provide a means to consider and, if justified, to pursue economic development opportunities and projects related to rail service along these railroad lines. It is the further intent of the Legislature that this title not provide*

*a justification for the commission to grant a petition for abandonment or discontinuance of service on any of those lines.*

**Section 5: Repeals all of the following railroad language from NCRA's current mission.**

*It is the intent of the Legislature that the authority be expanded to include the County of Del Norte if the extension of rail service to that county becomes feasible at a future date.*

**Section 6: Repeals all of the following railroad language from NCRA's current mission.**

*The Legislature finds and declares that maintaining railroad service to the north coast area of California will provide economic benefits and, in addition, do all of the following:*

- ~~-(a) Ensure continuing passenger and freight railroad service to the north coast area.~~*
- ~~-(b) Explore opportunities for the improvement of rail service extending from Humboldt County through Mendocino County, and the potential extension of rail service to Del Norte County.~~*
- ~~-(c) Enhance tourist access to the north coast area and encourage the establishment of tourist-related facilities.~~*
- ~~-(d) Reduce reliance on motor vehicles and encourage the use of rail service as an alternative transportation means.~~*
- ~~-(e) Reduce traffic congestion on and deterioration of State Highway Route 101.~~*
- ~~-(f) Provide convenient and attractive transportation service for residents of and visitors to the north coast area.~~*

**Sec. 7: Replaces the language above in Section 6 with the following new mission for NCRA:**

The Legislature finds and declares that it is in the public interest to dissolve the authority, and to transfer its rights-of-way to other entities for the purpose of potentially developing a trail that could include railbanking and continuing freight where it was operational on January 1, 2018.

**Sec 8: Changes NCRA's current mission language as follows:**

- (a) The authority is hereby created, having a service area comprised of the Counties of Humboldt, Mendocino, Sonoma, and Trinity, ~~to provide rail passenger and freight service within those counties.~~



**Sec. 9: Changes NCRA's current mission language as follows:**

*(a) The authority has all of the following powers:*

*(1) To acquire, own, operate, and lease real and personal property reasonably related to the ~~operation and maintenance of railroads~~, furtherance of the purposes of this title, the planned transfer of all of its assets, and its dissolution. Any sale, easement, or lease entered into by the authority after August 1, 2018, shall be approved by the California Transportation Commission.*

~~*(b) To issue revenue bonds pursuant to Section 93024 for any purpose of the authority.*~~

~~*(c) To acquire property by purchase, lease, gift, or through exercise of the power of eminent domain.*~~

*(2) To operate railroads, including those outside its boundaries in order to connect its lines with the lines of another railroad corporation, along the rights-of-way where they were in operation on January 1, 2018.*

*(3) To accept grants or loans from state or federal agencies.*

~~*(4) To select a franchisee, which may be a public or private entity, to acquire or operate a rail transportation system within the area of the authority's jurisdiction.*~~

*(4) To employ an executive officer, other staff, and consultants deemed appropriate for support of the activities of the authority, to further the purposes of this title.*

*(b) The authority shall do all of the following:*

*(1) In coordination with state agencies, immediately begin planning for the transfer of all of the authority's assets and liabilities and for the dissolution of the authority.*

*(2) Cooperate with its freight contractor to continue freight operations along the rights-of-way where they were in operation on January 1, 2018.*

*(3) Cooperate with, and provide information upon request to, the Transportation Agency, Natural Resources Agency, or other state or local agencies or contractors working at the direction of the Transportation Agency or Natural Resources Agency.*

*(4) Cooperate fully with the assessment conducted pursuant to Section 13978.9.*

**Sec. 10: Changes NCRA's current mission language as follows:**

The authority may acquire, own, lease, and operate railroad lines and equipment, including, but not limited to, real and personal property, tracks, rights-of-way, equipment, and facilities to further the purposes of this title.

**Sec. 11: Repeals more of their existing freight rail authority.**

~~The authority may prepare a plan for the acquisition and operation of any railroad line specified in Section 93001, at no expense to the state, to achieve the purposes set forth in Section 93003.~~

**Sec. 12: Adds the following language requiring NCRA cooperation with study.**

The authority shall cooperate with the assessment conducted by the Transportation Agency and Natural Resources Agency pursuant to Section 13978.9, and shall provide access to all authority records, files, documents, accounts, reports, correspondence, and financial affairs to the agencies, and any entity conducting the assessment for the agencies, pursuant to Section 13978.9.

**Sec. 13: The following NCRA mission language is repealed:**

~~After preparation of a plan pursuant to Section 93022, the authority may do any of the following:~~

- ~~(a) Conduct engineering and other studies related to the acquisition of any railroad line.~~
- ~~(b) Evaluate alternative plans from the private sector to acquire, finance, and operate a railroad system in a manner which achieves the purposes specified in Section 93003.~~
- ~~(c) Establish criteria for the award of a franchise.~~
- ~~(d) Select a franchisee to acquire, finance, and operate the railroad system.~~
- ~~(e) Accept grants, gifts, fees, or allocations from other entities, including private and public sources.~~
- ~~(f) Employ an executive officer, other staff, and consultants deemed appropriate for support of the activities of the authority.~~

**Sec. 14: The following NCRA mission language is repealed:**

- ~~(a) The authority may issue bonds, payable from revenues of any facility or enterprise to be acquired or constructed by the authority, in the manner provided by the Revenue~~



~~Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the Government Code). However, an election is not required in the case of revenue bonds authorized by the board of directors for railroad facilities, and any addition, extension, and improvement thereto, and all other facilities authorized to be acquired, constructed, or completed by the authority under this title.~~

~~(b) —~~

~~(b) The authority is a local agency within the meaning of the Revenue Bond Law of 1941. The term "enterprise," as used in that law, includes railroad facilities, and any addition, extension, and improvement thereto, and all other facilities authorized to be acquired, constructed, or completed by the authority under this title.~~

**Sec. 15: New language for the Public Utilities Code. This would allow SMART to potentially assume the Freight Lease at some point.**

The district may provide a rail transit system for the transportation of passenger and their incidental baggage by rail and provision of freight service by rail.

**Sec. 16: Pro-forma language for most all bills regarding state mandate and costs.**

**Sec. 17: Appropriates \$4 million to SMART, IF they can negotiate a deal with NWPCo for the freight lease, rail equipment, etc. The purchase would be up to SMART, the price would have to be justified by a financial audit, and would have to be approved by the Secretary of Transportation and the Director of Finance. There is a sunset on the appropriation of two years. Language as follows:**

*The sum of four million dollars (\$4,000,000) is hereby appropriated to the State Transportation Agency from the Public Transportation Account for rail improvements on the corridor owned by the Sonoma-Marín Area Rail Transit District and the North Coast Railroad Authority. These moneys shall be allocated to the Sonoma-Marín Area Rail Transit District for the acquisition of freight rights and equipment from the Northwestern Pacific Railroad Company to ensure efficient provision of goods movement requirements in the corridor in the context of growing passenger service. Following a signed baseline agreement between the State Transportation Agency and the Sonoma-Marín Area Rail Transit District that articulates deliverables, the anticipated expenditure schedule, and reporting requirements, the Secretary of Transportation may transfer these moneys to the Sonoma-Marín Area Rail Transit District pursuant to the provisions of the baseline agreement. These moneys shall not be transferred to the Sonoma-Marín Area Rail Transit District for the acquisition of freight rights and equipment from the Northwestern Pacific Railroad Company unless the terms and conditions of the baseline agreement have been approved by both the Secretary of Transportation and the Director of Finance.*

**Senate Bill No. 1029**

CHAPTER 934

An act to amend Sections 93000, 93010, 93020, and 93021 of, to add and repeal Section 13978.9 of, to repeal Sections 93001, 93002, 93023, and 93024 of, and to repeal and add Sections 93003 and 93022 of, the Government Code, and to amend Section 105095 of the Public Utilities Code, relating to transportation, and making an appropriation therefor.

[Approved by Governor September 29, 2018. Filed with  
Secretary of State September 29, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1029, McGuire. North Coast Railroad Authority.

(1) Existing law creates the North Coast Railroad Authority with various powers and duties relating to rail service in the north coast area of the state, including the authorization to acquire, own, operate, and lease real and personal property reasonably related to the operation and maintenance of railroads.

This bill would require the Transportation Agency, in consultation with the Natural Resources Agency, upon the appropriation of moneys by the Legislature for these purposes, to conduct an assessment of the North Coast Railroad Authority to provide information necessary to determine the most appropriate way to dissolve the authority and dispense with its assets and liabilities, and to report on the assessment to the Legislature before July 1, 2020. The bill would authorize those agencies to request the Department of General Services, the Department of Finance, or any department within their agencies, or contract with other entities, to perform the work the agencies deem necessary to carry out the assessment. The bill would require the Transportation Agency to prioritize the assessment of the southern portion of the rail corridor, and would authorize the Transportation Agency to separately report information related to the potential transfer of the southern portion of the rail corridor to the Sonoma-Marín Area Rail Transit District.

This bill would repeal and revise various provisions relating to the authority. The bill would authorize the authority to acquire, own, operate, and lease real and personal property reasonably related to, instead, the furtherance of certain purposes, the planned transfer of all of its assets, and its dissolution. The bill would require the authority to cooperate with the assessment conducted by the Transportation Agency and Natural Resources Agency, and to provide access to all authority records, files, documents, accounts, reports, correspondence, and financial affairs to the agencies, and any entity conducting the assessment for the agencies.



Existing law creates, within the Counties of Sonoma and Marin, the Sonoma-Marín Area Rail Transit District with specified duties and powers. Existing law requires the district to work with specified authorities to achieve a safe, efficient, and compatible system of passenger and freight rail service, and authorizes the district, among other things, to provide a rail transit system for the transportation of passengers and their incidental baggage by rail.

This bill would authorize the district to also provide a rail transit system for the provision of freight service by rail.

Existing law creates the Public Transportation Account as a trust fund. Existing law requires revenues in the account to be used solely for mass transportation and transportation planning purposes, as specified.

This bill would appropriate \$4,000,000 to the Transportation Agency from the Public Transportation Account for rail improvements on the corridor owned by the district and the authority. The bill would allocate those moneys to the district for the acquisition of freight rights and equipment from the Northwestern Pacific Railroad Company to ensure efficient provision of goods movement requirements in the corridor in the context of growing passenger service, and authorizes the transfer of those moneys to the district, as specified.

(2) Because this bill would impose new requirements on local entities, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Appropriation: yes.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares that the North Coast Railroad Authority's railroad tracks, rights-of-way, and other properties provide an opportunity to create a Great Redwood Trail for hiking, biking, and riding, that may be in the public and economic best interests of the north coast.

SEC. 2. Section 13978.9 is added to the Government Code, to read:

13978.9. (a) Upon the appropriation of moneys by the Legislature for these purposes, the Transportation Agency, in consultation with the Natural Resources Agency, shall conduct an assessment of the North Coast Railroad Authority to provide information necessary to determine the most appropriate way to dissolve the North Coast Railroad Authority and dispense with its assets and liabilities. The Transportation Agency shall report to the Legislature before July 1, 2020, on its findings and recommendations from



the assessment. The report shall include, but not be limited to, all of the following:

(1) An assessment of the North Coast Railroad Authority's debts, liabilities, contractual obligations, and litigation.

(2) An assessment of the North Coast Railroad Authority's assets, including property, rights-of-way, easements, and equipment.

(3) An assessment of the North Coast Railroad Authority's freight contractor lease, including the contractor's assets and liabilities to the extent that information is available.

(4) A preliminary assessment of the viability of constructing a trail on the entirety of, or a portion of, the property, rights-of-way, or easements owned by the North Coast Railroad Authority, and recommendations relating to the possible construction of a trail, including both of the following:

(A) Options for railbanking and the governance structure or ownership structure for a new or successor entity that is necessary to railbank property, rights-of-way, and easements along the rail corridor.

(B) A preliminary assessment of which portions of the terrain along the rail corridor may be suitable for a trail.

(5) An assessment of the options for transferring the southern portion of the rail corridor to the Sonoma-Marín Area Rail Transit District and recommendations on the specific assets and liabilities that could be transferred, including rights or abilities to operate freight rail.

(b) The Transportation Agency and the Natural Resources Agency may request the Department of General Services, the Department of Finance, or any department within their agencies, or contract with other entities, to perform the work the agencies deem necessary to carry out the duties described in this section. Any work done by the Department of General Services, the Department of Finance, or any department within the agencies pursuant to such a request may be conducted using the power and authority of the requested department.

(c) The Transportation Agency shall prioritize the assessment of the southern portion of the rail corridor and may separately report information related to the potential transfer of the southern portion of the rail corridor to the Sonoma-Marín Area Rail Transit District. It is the intent of the Legislature that information and recommendations regarding the potential transfer of the southern portion of the rail corridor to the Sonoma-Marín Area Rail Transit District be provided as expeditiously as possible and not be delayed due to the potential complexity of assessing the northern portion of the rail corridor.

(d) (1) A report to be submitted pursuant to this section shall be submitted in compliance with Section 9795.

(2) Pursuant to Section 10231.5, this section is repealed on January 1, 2024.

SEC. 3. Section 93000 of the Government Code is amended to read:  
93000. This title shall be known and may be cited as the North Coast Railroad Authority Closure and Transition to Trails Act.

SEC. 4. Section 93001 of the Government Code is repealed.

SEC. 5. Section 93002 of the Government Code is repealed.

SEC. 6. Section 93003 of the Government Code is repealed.

SEC. 7. Section 93003 is added to the Government Code, to read:

93003. The Legislature finds and declares that it is in the public interest to dissolve the authority, and to transfer its rights-of-way to other entities for the purpose of potentially developing a trail that could include railbanking and continuing freight where it was operational on January 1, 2018.

SEC. 8. Section 93010 of the Government Code is amended to read:

93010. (a) The authority is hereby created, having a service area comprised of the Counties of Humboldt, Mendocino, Sonoma, and Trinity.

(b) The County of Marin may elect to join the authority and, if that election is made, the authority is expanded to include that county.

SEC. 9. Section 93020 of the Government Code is amended to read:

93020. (a) The authority has all of the following powers:

(1) To acquire, own, operate, and lease real and personal property reasonably related to the furtherance of the purposes of this title, the planned transfer of all of its assets, and its dissolution. Any sale, easement, or lease entered into by the authority after August 1, 2018, shall be approved by the California Transportation Commission.

(2) To operate railroads along the rights-of-way where they were in operation on January 1, 2018.

(3) To accept grants or loans from state or federal agencies.

(4) To employ an executive officer, other staff, and consultants deemed appropriate for support of the activities of the authority, to further the purposes of this title.

(b) The authority shall do all of the following:

(1) In coordination with state agencies, immediately begin planning for the transfer of all of the authority's assets and liabilities and for the dissolution of the authority.

(2) Cooperate with its freight contractor to continue freight operations along the rights-of-way where they were in operation on January 1, 2018.

(3) Cooperate with, and provide information upon request to, the Transportation Agency, Natural Resources Agency, or other state or local agencies or contractors working at the direction of the Transportation Agency or Natural Resources Agency.

(4) Cooperate fully with the assessment conducted pursuant to Section 13978.9.

SEC. 10. Section 93021 of the Government Code is amended to read:

93021. The authority may acquire, own, lease, and operate railroad lines and equipment, including, but not limited to, real and personal property, tracks, rights-of-way, equipment, and facilities, to further the purposes of this title.

SEC. 11. Section 93022 of the Government Code is repealed.

SEC. 12. Section 93022 is added to the Government Code, to read:

93022. The authority shall cooperate with the assessment conducted by the Transportation Agency and Natural Resources Agency pursuant to Section 13978.9, and shall provide access to all authority records, files,



documents, accounts, reports, correspondence, and financial affairs to the agencies, and any entity conducting the assessment for the agencies, pursuant to Section 13978.9.

SEC. 13. Section 93023 of the Government Code is repealed.

SEC. 14. Section 93024 of the Government Code is repealed.

SEC. 15. Section 105095 of the Public Utilities Code is amended to read:

105095. The district may provide a rail transit system for the transportation of passengers and their incidental baggage by rail and provision of freight service by rail.

SEC. 16. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 17. The sum of four million dollars (\$4,000,000) is hereby appropriated to the State Transportation Agency from the Public Transportation Account for rail improvements on the corridor owned by the Sonoma-Marín Area Rail Transit District and the North Coast Railroad Authority. These moneys shall be allocated to the Sonoma-Marín Area Rail Transit District for the acquisition of freight rights and equipment from the Northwestern Pacific Railroad Company to ensure efficient provision of goods movement requirements in the corridor in the context of growing passenger service. Following a signed baseline agreement between the State Transportation Agency and the Sonoma-Marín Area Rail Transit District that articulates deliverables, the anticipated expenditure schedule, and reporting requirements, the Secretary of Transportation may transfer these moneys to the Sonoma-Marín Area Rail Transit District pursuant to the provisions of the baseline agreement. These moneys shall not be transferred to the Sonoma-Marín Area Rail Transit District for the acquisition of freight rights and equipment from the Northwestern Pacific Railroad Company unless the terms and conditions of the baseline agreement have been approved by both the Secretary of Transportation and the Director of Finance. If these moneys are not transferred to the Sonoma-Marín Area Rail Transit District within two years of the chaptering of this act, these moneys shall be returned to the Public Transportation Account.