



North Coast Railroad Authority
419 Talmage Road, Suite M
Ukiah, CA 95482
707-463-3280

November 13, 2018

State Senator Mike McGuire
50 D St., Suite #120A
Santa Rosa, CA 95404

Dear Senator McGuire:

The NCRA's primary mission, as specified by SB 1029 is to cooperate with the assessments specified in the bill and immediately begin planning for the transfer of all of its assets and liabilities and for its dissolution. NCRA has also been encouraged by your staff to begin actively soliciting and implementing trail proposals to assist in the development of a Great Redwood Trail as envisioned by SB 1029.

To begin this effort, NCRA has directed its Executive Director to work with your staff, the designated state agencies and north coast trail interests. NCRA is prepared to cooperate fully and provide any and all available information and assistance to the agencies performing the required assessments. Regarding trail development, NCRA has worked successfully with trail interests and local jurisdictions, including the cities of Healdsburg, Ukiah, Willits (in planning stages), Eureka, Arcata, Blue Lake and the County of Humboldt to facilitate trail development within its right-of-way and will continue to do so. As NCRA begins this collaborative effort, we request clarification on several issues:

- 1) Until the state completes its assessment and the final dissolution legislation is enacted, is NCRA correct in assuming that the state expects NCRA to fulfill its new duties under SB 1029, respond to maintenance issues from Healdsburg to Arcata, continue paying its staff and consultants and honoring its contractual obligations until the dissolution is final? If so, will the state consider appropriating funds to help cover agency expenses during this transition period?
- 2) NCRA has over 150 license agreements, most of which were inherited from the Eureka Southern and the Southern Pacific Corp. when the NCRA purchased the right-of-way in the 1990's. These license agreements generate over 50% of NCRA's operating revenue and are comprised of various encroachments onto the rail corridor including pipelines, utilities, fiber optic lines, private agricultural crossings and temporary uses. These license agreements are typically five-years in duration and automatically renew with payment of a 3% COLA annually and can be terminated by either party with 30-day's notice. Is the second sentence of Section 93020 (a) (1) of the Government Code meant to require CTC approval of the routine annual renewal of existing license agreements and similar agreements that do not compromise future trail development, or are they exempt?

- 3) NCRA welcomes the opportunity to assist in the further construction of trails along its right-of-way. Where rails are to be removed, it will be important to avoid triggering claims of abandonment. Rail banking is the usual manner of protecting against such claims. Options for railbanking are to be included in the report to the legislature required by SB 1029, but no portion of the right-of-way is currently railbanked. In the absence of railbanking, is NCRA expected to facilitate trail projects that remove rails and utilize the rail bed for trail development? If so, what protections are there against claims of abandonment of the line?
- 4) NCRA is currently under contract with the Judicial Council of California (JCC), which owns 4.1 acres, to construct circulation and utility infrastructure at the Ukiah Depot property to serve a future Mendocino County Courthouse. Is NCRA correct in assuming that it may continue to pursue completion of this project pursuant to its contract with the JCC?
- 5) Finally, is NCRA correct in assuming that it retains freight oversight responsibility under the terms of its operations contract with NWP Co. until an agreement is reached between the state, SMART and NWP Co. regarding freight responsibilities south of Willits under Sec. 17. of SB 1029?

Thanks for your review of these questions as NCRA begins implementation of SB 1029.

Regards,

Hal Wagenet
Chairman North Coast Railroad Authority