

## 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.

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