

Responses to Frequently Asked Questions Regarding NCRA and NWP Co.

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Sources:

Allan Hemphill, Chairman NCRA
Mitch Stogner, Executive Director NCRA
John Williams, President NWP CO.

Q. What is NCRA and what is its mandate?

The legislation that created the North Coast Railroad Authority (NCRA) was signed into law in 1989, Government Code Sections 93000, et seq. The Act was intended to ensure continuation of railroad service on the Northwestern Pacific (NWP) rail line, and envisioned the railroad playing a major role in the transportation infrastructure serving the North Coast. In creating the NCRA to restore and preserve rail service, the Legislature recognized that California's North Coast region suffers from restricted access and limited transport options.

Q. What is NWP Co. and what is its relationship to NCRA and the railroad asset?

NWP Co. was incorporated in California in 2006 to lease, manage, and operate trains on the NWP line. On September 13, 2006, NWP Co. entered into the lease agreement governing its contractual relationship with NCRA to provide train service. This agreement has an initial term of 5 years with options to extend the term under the same terms and conditions. As decided by the Surface Transportation Board (STB) on September 7, 2007, NWP Co. is now the exclusive common carrier of all freight trains, and passenger excursion trains on the NWP line between Lombard (national rail interchange) and Willits.

Q. How was NWP Co. chosen by NCRA?

NWP Co. was selected by the NCRA Board of Directors following a Request for Proposals (RFP) process and an extensive interview process, culminating with NCRA Board selection in September 2006.

Q. Does NWP Co. or any of its principals have any ownership interests in any rock quarries on or near the railroad?

The NWP Co. does not have any ownership interest in any rock quarries on or near the NWP railroad line. No one affiliated with NWP Co. has any interest in any rock quarries on or near the NWP railroad line.

Q. Does NCRA receive any government funding for operations or administration?

Although the NCRA serves as the policy board overseeing rail operations, is responsible for all repairs and maintenance on the 316 mile line prior to the onset of operations, and responsible for securing capital funding once rail service resumes, the

NCRA receives no operational funding from the state or any other governmental agencies.

Q. How does NCRA support itself?

NCRA's agency budget is comprised of property leases along the NWP line, the lease of rolling stock and equipment, and advance lease payments made by the Operator, NWP Co.

Q. Does NWP Co. receive any subsidy funds from NCRA or other agencies?

NWP Co. does not receive any funding from NCRA or any other governmental agencies. NCRA's mission is to repair the infrastructure with public funds so that NWP can begin providing train service. Since 2007, NCRA has invested \$68 million in state and federal funds to repair the first 62 miles of the NWP line from the national rail interchange South of Napa (Lombard) to Windsor in Sonoma County. NCRA has applied for federal funds to continue this repair effort North to Willits, the terminus of the Russian River Division.

Q. What are the separate operating divisions of the NCRA's railroad?

The Russian River Division of the NWP line extends from Lombard in Napa County, West to 101 near Novato, and then North to Willits, a total distance of 142 miles. The Eel River Division begins North of Willits, through the Eel River Canyon to South Fork in Humboldt County. The final leg of the Eel River Division extends from South Fork around Humboldt Bay to Samoa, a distance of approximately 67 miles.

Q. When and how will NCRA and NWP Co. resume service on the Russian River Division?

Repairs to signals, bridges, and trackwork on the first section of the Russian River Division (Lombard-Windsor) were substantially completed in fall 2009. NWP Co. financed the final "punch-list" repairs totaling approximately \$2 million which were completed in November 2010. After the FRA inspects and certifies all of the repairs, and the NCRA Board certifies the RRD EIR, freight operations are scheduled to commence from Lombard to Windsor in the first quarter of 2011. Repairs north of Windsor to Cloverdale and on to Willits will take place in 2011 – 2012 with federal and private funds.

Q. When and how will NCRA and NWPCo resume service on the Eel River Division?

With respect to the Canyon portion of the Eel River Division, the NCRA will consider restoration of service through the Eel River Canyon when the following issues are fully addressed:

- A Business Plan is developed by the Operator (NWP Co.) which identifies freight volume sufficient to justify the costs of repairs and maintenance of the NWP line through the Eel River Canyon;
- The funds necessary to repair the NWP line to at least Class II level (25 mph) through the Eel River Canyon have been identified;
- An Environmental Impact Report (EIR) that evaluates the costs to repair the infrastructure and operate trains, and evaluates the environmental impact of such repairs and operations through the Eel River Canyon, is prepared and certified by the NCRA Board of Directors.

Q. When and how will the NCRA and NWP Co. resume service on the Eel River Division? (see previous answer regarding Canyon portion of the ERD)

With Respect to the far Northern portion of the Eel River Division (South Fork to Samoa), the NCRA and NWP Co. would like to repair and initiate service on a belt line from South Fork, around Humboldt Bay to Samoa as soon as funding for repairs can be secured, and environmental clearance to initiate repairs can be obtained. NWP Co. has estimated that about \$30 million is needed to repair the 62-67 miles from South Fork to Samoa. NWP Co. believes this belt line could be used for shipment of lumber, construction materials and aggregate. A rail–barge transfer would be desirable to successfully implement this service. Additionally, NWP Co. is committed to providing operational and financial support to the Timber Heritage Association (THA) for its proposed excursion service between Eureka and Samoa.

Q. What is NCRA's relationship with the Port of Humboldt Bay?

NCRA has several challenges and goals in common with the Humboldt Bay Harbor, Recreation and Conservation District. Both Agencies were created by the legislature to, among other things, promote the utilization of the port assets and rail assets respectively around Humboldt Bay. Both agencies and their respective staffs are working cooperatively with the goal of developing a belt line that connects South Fork to the Port of Humboldt Bay, as well as excursion service around the Bay. Both agencies understand that rail service through the Eel River Canyon will require a Business Plan that justifies such service, the identification of funding necessary to make repairs to at least Class II standards (25 mph), and the certification of an EIR/EIS that evaluates the impacts of repairs and operations, and the environmental mitigations necessary to repair the line and restore service through the canyon.

Q. Is NCRA opposed to bike and pedestrian paths on the railroad right of way?

The NCRA is not opposed to bike and pedestrian paths on its right-of-way. The NCRA has reviewed many comments following issuance of Draft Trail Guidelines in July 2008. In response to the comments received, on May 13, 2009 the NCRA Board of Directors decided to abandon a rigid setback requirement, in favor of a case-by-case review of trail proposals submitted by public agencies. The case-by-case analysis of individual trail proposals will provide the opportunity to incorporate the lessons learned from rails-with-trails projects already in existence, as trail projects are designed and submitted to the NCRA by public agency applicants. The rail operator may provide comments to the NCRA Board relative to trail proposals, but the authority to accept or reject individual trail proposals resides solely with the NCRA Board of Directors.

Q. What is the “Environmental Consent Decree” which NCRA is a party to?

The Environmental Consent Decree (ECD) is a 1999 Court directive to clean-up abandoned rail yards, collect debris along the line, and develop management plans for future operations on the NWP line. The issues cited in the Environmental Consent Decree were largely problems created by UP and SP decades ago.

Q. What is the status of compliance with the Consent Decree?

NCRA has utilized \$1.146 million to develop an Assessment plan and complete the surface clean-up of the Hopland Station and 8 abandoned rail yards north of Willits. NCRA's environmental consultant, Kleinfelder, will use the remainder of the \$2.954 in state funds provided for this effort, to undertake subsurface site characterization and remediations plans, and develop management plans for future use. Collection of the remaining debris along the line will be addressed after rail service is restored, as this is the most efficient and cost effective means of removing old rail ties etc.

Q. Does the NCRA and NWPCo support the use of the railroad for passenger service?

NCRA and its Operator (NWP Co.) support all forms of rail service:

- Freight service which NCRA hopes to restart in summer 2011, initially from interchange (Lombard) to Windsor;
- Excursion service around Humboldt Bay and anywhere else in the rail corridor where there is a demand for such service;
- Scheduled commuter service during peak travel times such as planned by SMART between Larkspur (Marin County) and Cloverdale;
- As well as intercity AMTRAK Service such as the Capital Corridor service from Oakland to Sacramento.

Q. If Southern Pacific could not run the railroad at a profit why is the NWP line worthy of public investment today?

One freight car removes 4 big rigs from Highway 101. One gallon of diesel can move 1 ton of freight over 400 miles. Trains are good for the environment, good energy policy, and good for the economy. A public/private partnership, in which the public sector invests in a rail corridor the public owns, and the private sector operates the trains and maintains the line, is a model that works throughout the United States. This Public/Private rail partnership has been touted by the Obama Administration in Washington, DC as one of the most cost-effective and efficient methods of promoting environmentally friendly goods movement throughout the United States. Rail transportation is experiencing an exciting renaissance, and the NWP rail corridor is an ideal candidate for public investment in a priceless public asset.
