

**NORTH COAST RAILROAD AUTHORITY (NCRA)
BOARD OF DIRECTORS REGULAR BOARD MEETING**

Wednesday, July 9, 2008 ~ **11:00**
City of Healdsburg Council Chambers
401 Grove Street
Healdsburg
Sonoma County

Approved Minutes

Minutes approved at the August 13, 2008 Board of Directors meeting.

A. CALL TO ORDER

Vice Chairman Woolley called the meeting to order at 11:12 p.m.

B. ROLL CALL

Directors Present: Colfax, Simonson, Kelley, MacDonald, Ollivier, Ziedrich, Vice Chair Woolley

Directors Absent: Meyers, Chairman Hemphill

Also present: Executive Director Mitch Stogner, Legal Counsel Christopher Neary, Recording Secretary Heather Lindsteadt

C. AGENDA APPROVAL

Motion by Director Kelley, seconded by Director Simonson one item was added to Agenda Item L. Item added arose after posting of the agenda and is listed as:

CONFERENCE WITH REAL ESTATE NEGOTIATORS

Gov Code Section 54956.8

Negotiators: Mitch Stogner, Christopher Neary

Negotiating Parties: NCRA, Quaker Hill Developers

Under Negotiation: Public Crossing Easement at Mile Post 70.85, price, terms, maintenance, liability.

Motion to add the item carried unanimously (7-0).

D. PUBLIC COMMENT

Willard Richards – Mr. Richards said that he attended the City of Novato Council meeting the previous evening and said that train opponents have been confusing SMART passenger service and NCRA freight service. He said that the NCRA Board needs to help SMART make it clear to the public that SMART and NCRA are separate entities. He said that it is in everyone's interest to make this distinction clear.

A letter and CD dated July 9, 2008 was presented to NCRA staff and addressed to Chairman Hemphill and the NCRA Board prior to the meeting. The letter and disk are from Pete Nichols,

Director Humboldt Baykeeper and Scott Greacen, Director Environmental Protection and Information Center. The letter and disk are hereby made part of the minutes by reference.

E. PRESENTATIONS

1. John Murray – Arcata and Mad River Trail

John Murray – Friends of the Annie and Mary - updated the Board on his efforts to establish a multi-use trail on a portion of the Annie and Mary (Arcata and Mad River Railroad) line that is not currently under lease to NCRA's operator, NWP Co. Mr. Murray said that continued research needs to be done to clarify if the line has been officially abandoned. He also said that a decision will have to be made with respect to management of the line once rail banking is completed. He thanked Director Meyers for his efforts and requested that the issue be agenzized for the August 2008 NCRA Board Meeting.

The Board directed staff to prepare a resolution that states that establishes NCRA's position regarding abandonment status, and its position regarding railbanking of the A&M line for conversion to a multi-use trail.

F. COMMITTEE REPORTS

1. Operator Committee Meeting – July 1, 2008

Announcement out of Closed Session

Legal Counsel Neary reported that the Committee met with Counsel received information and unanimously authorized filing of actions or proceedings as necessary to protect NCRA's interest in the Novato vs. NCRA litigation. Legal Counsel also reported that the Committee unanimously authorized, upon previous request of Director Meyers, that Counsel begin to initiate settlement discussions with the City of Novato.

G. CONDUCT OF BUSINESS

1. Consideration and Possible Action Regarding Proposed Use for \$8.6 Mil Federal ISTE A Funds

Executive Director Stogner gave a brief history of the \$8.6 million in ISTE A funds and said that NCRA has been worried that unused ISTE A could get rescinded by congress. He said that in order for NCRA to retain these funds and put them to use, staff has prepared a draft project for the Board's consideration. He said that the proposed maintenance activities could include signal repairs and track repairs. He said that both of these activities may be excluded from NEPA requirements. He said that the application defining a scope-of-work has not been completed and will require discussions with FHWA and Caltrans. He said that there are restrictions on the use of the funds, and NCRA staff would also discuss those issues with the oversight agencies. He added that the application, once prepared, would be presented to the Board for possible approval at a future meeting. He said that the proposed maintenance activities could include both signal repairs and track repairs.

Director Ziedrich asked how the 20% local match would be provided.

Executive Director Stogner said that most likely the 20% match would be comprised of private funds.

Director MacDonald asked if the funds could be used to finish the Lombard to Windsor section rather than from Windsor to Willits. He also asked if NCRA made any previous commitment to use the ISTEA funds for the North End, and asked if the MOU between NWPRA and NCRA places any restrictions on use of the funds. He asked if the funds could be used for the Canyon EIR, trails, or other construction instead of signals and trackwork.

Vice Chair Woolley said that NCRA has made a policy decision to complete the South End.

Legal Counsel Neary said that an EIR in the Canyon would only be good for one year after completion, and that use of the ISTEA funds for an EIR in the Canyon would be premature under the circumstances.

Director MacDonald also questioned whether use of federal funds would trigger NEPA clearance for repairs on the Russian River Division.

Legal Counsel Neary pointed out that the litigation with Novato has tied up millions of TCRP funds that NCRA has access to for completion of the line to Windsor. He said that the signal work was not subject to the injunction, and that NCRA has almost completed the signal work. He added that the work paper, prepared by NCRA staff, that is before the Board is very preliminary. He said that all of Director MacDonald's questions would be answered through discussions with FHWA and Caltrans. He added that the final application will be presented to the Board for discussion and approval when it is finalized following the meetings with FHWA.

Director Ziedrich referenced a recent letter that was sent to NCRA by the City of Novato and asked Legal Counsel if the Board will still take action on the item. The letter dated July 8, 2008 from Walter and Pistole addressed to Allan Hemphill, Chairperson and Board of Directors is hereby made part of these minutes by reference.

Motion by Director Kelley, seconded by Director Simonson the Board directed staff to do further analysis and return to the Board with an ISTEA application for possible action after discussions with FHWA and Caltrans. Motion carried unanimously (7-0).

2. Consideration and Possible Action Regarding TCRP Project 32.5 ECD Application

Executive Director Stogner updated the Board on TCRP Project 32.5, Environmental Consent Decree (ECD). He said that in April of 2006 CTC approved funding for Phase 2, sub-surface clean-up. He said that the CTC authorized \$289,000 to begin site characterization of 10 sites that have been identified under the ECD. He said that there has been new information discovered that led Kleinfelder to believe that additional funding of \$156,000 would be needed to complete the site characterization. He said that the overall cost of the project would be reduced if additional funding for site characterization was approved.

Director MacDonald asked how much has already been spent on Project 32.5. He asked if there would be enough money left to complete the project if the application is approved. Director MacDonald asked if ISTEA funds could be reserved to supplement the sub-surface clean-up.

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Executive Director Stogner said that \$1.146 has been spent to complete the surface clean-up of 9 sites. He said that \$289,000 already approved plus the \$156,000 would leave a balance of about \$2 million for the actual clean-up.

Motion by Director Kelley, seconded by Director Ziedrich the Board approved the application for Project 32.5 and staff was directed to present the application to the CTC at its August meeting. Motion carried unanimously (7-0).

H. CONSENT CALENDAR

- a. Approval of Minutes - Regular Board Meeting – June 11, 2008
- b. Acceptance of Minutes – Operator Committee Meeting - July 1, 2008
- c. Acceptance of Financial Statements – June 2008
- d. Approval of Warrants Issued Agency 787010 – June 2008
- e. Approval of Warrants Issued TCRP 787101 – June 2008
- f. Approval of Warrants Issued Fish & Game 787408 – June 2008
- g. Approval of CalCard Statement – June 2008

Motion by Director MacDonald, seconded by Director Ziedrich Consent Calendar Items H.a through H.g were approved. (7-0)

I. STAFF REPORTS

1. Executive Director – Mitch Stogner

Executive Director Stogner said that on July 14th he will accompany Dave Anderson and the Caltrans inspectors on a site visit to the signal repairs, embankment repair at Schellville, and two bridges.

He updated the Board on NCRA's efforts to address the weed abatement issues and said that the City of Healdsburg is helping pay for some of the brushcutting along the right-of-way and that Dave Anderson is using the NCRA owned brushcutter.

Director Kelley and Director Ziedrich thanked staff for its quick response to the potential fire hazard throughout the city of Healdsburg.

Executive Director Stogner thanked Director Ziedrich and Healdsburg Public Works Director Mike Kirns for working so closely with Dave Anderson and enabling NCRA to quickly respond to the potential fire hazard. He also said that NCRA is committed to transporting equipment to Humboldt County to do weed abatement in a few areas that are particularly hazardous. He said that funding will be the main obstacle, and it will be important to find alternative revenue sources to complete the abatement as well as supervision and volunteer help.

2. Project Manager – Dave Anderson

Dave Anderson presented the Board with a PowerPoint presentation outlining progress on the repairs to the NWP railline and corresponding construction contracts.

3. Legal Counsel - Chris Neary

No report

J. OPERATOR REPORT

1. NWP Co. – John Williams

Mr. Williams was not present – no report

K. MATTERS FROM THE BOARD

No matters

The Board convened into Closed Session at 12:15 p.m.

L. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (3 cases)

Government Code 54656.9(a) and 54956.9 (c)

- (1) NWPY vs. NCRA
- (2) City of Novato vs. NCRA; Superior Court of California, County of Marin; case # CV074645
- (3) NCRA vs. Superior Court (City of Novato) Court of Appeal, State of California, First Appellate District, Division 3, Case # A121290

2. CONFERENCE WITH REAL ESTATE NEGOTIATORS

Gov Code Section 54956.8

Negotiators: Mitch Stogner, Christopher Neary

Negotiating Parties: NCRA, Quaker Hill Developers

Under Negotiation: Public Crossing Easement at Mile Post 70.85, price, terms, maintenance, liability.

The Board reconvened into Open Session at 1:45 p.m.

M. ANNOUNCEMENT OUT OF CLOSED SESSION

The Board met with legal counsel, received information and gave direction on 3 items of Existing Litigation, no action taken.

The Board also met with legal counsel on one item of real estate negotiations and directed staff to prepare a real estate policy for conversion of private crossings to public crossings for consideration by the full Board at a future meeting.

N. ANNOUNCEMENT OF NEXT MEETING

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August 13, 2008 – 10:00 a.m.
Humboldt County
Board of Supervisors Chambers
825 5th Street, Eureka

O. ADJOURNMENT

Chairman Hemphill adjourned the meeting at 1:50 p.m.