EXECUTIVE SUMMARY

The North Coast Railroad Authority (NCRA) was created by the State Legislature in 1989 to ensure the continuation of rail service in north western California. The railroad continues to be an important link in the economic development and transportation infrastructure of the north coast.

NCRA is governed by a nine member board of directors including two members appointed by the Board of Supervisors of each of the counties of Marin, Sonoma, Mendocino and Humboldt, with the final member representing the cities along the line.

Subsequent to its creation, NCRA obtained ownership and/or right-of-way to 316 miles of rail corridor extending from the national rail interchange at Lombard, south of Napa, to Humboldt Bay in the north.

NCRA was created without a dedicated source of funding but with considerable deferred maintenance and environmental cleanup issues. The NCRA has also been hindered by the historic choice to construct a rail line through the Eel River canyon, one of the most geologically unstable areas in the world.

NCRA operated from 1992 until 1998 when the line was shut down by FRA Emergency Order 21. Freight service resumed in July, 2011 on the southern 62 miles of the line from Lombard to Windsor.

NCRA is exploring options to improve the overall functionality of the entire rail corridor and improve the financial stability of NCRA and is pursuing a course of action to accomplish the following:

- Railbank a 120 mile portion of the right of way from Willits to South Fork, including the entire Eel River Canyon. Receive one time funding in exchange for railbanking to be used to retire debt.
- Obtain dedicated funding to maintain necessary staffing and resources to manage the maintenance of those portions of the line that do not have freight service and are not yet railbanked.
- Work toward obtaining grant and private funding to complete phased improvements to restore freight service from Cloverdale to Willits and establish a freight belt line and tourist train around Humboldt Bay.

Enabling Legislation and Governance

NCRA was created in 1989 by the North Coast Railroad Authority Act ("the Act") as further amended and codified in Government Code Sections 93000 et seq. The Act was adopted out of concern that rail service might be abandoned by the then current operators and was intended to insure the continuation of rail service in north western California. From its inception, rail service
has been an important link in the economic development and transportation infrastructure of the region.

NCRA is governed by a nine member board of directors. The Board of Supervisors of the counties of Marin, Sonoma, Mendocino and Humboldt each appoint two directors. The ninth director is appointed by the city/mayor selection committee of one of the counties. At times the board of directors was made up predominantly of railroad enthusiasts who may have lacked a substantial public policy background. For well over a decade the board of directors has included local elected officials who are well grounded in the practical and political implications of the actions of the agency. Current directors include two current county supervisors, one current city councilmember and two former county supervisors. It is a measure of the importance of rail service to Northwestern California that current and former elected officials are willing to serve on the NCRA board of directors despite the fiscal challenges faced by the agency.

The Rail Corridor

Subsequent to its creation, NCRA obtained ownership and/or right-of-way to 316 miles of rail corridor from the national rail interchange at Lombard, south of Napa, to Humboldt Bay in the north.

NCRA first began operations in 1992 following acquisition of the historic Northwestern Pacific Railroad (NWP) from Willits north to Humboldt Bay. That portion of the line was purchased out of bankruptcy proceedings initiated by Eureka Southern who had purchased it from the Southern Pacific Railroad Company ("Southern Pacific") in 1984.

In 1996 NCRA acquired the right of way from Willits to Healdsburg and a freight service easement from Healdsburg to Lombard, south of Napa. As part of the same transaction, the Northwestern Pacific Railroad Authority ("NWPRA"), a joint powers agency, acquired ownership of the rail corridor from Healdsburg to Lombard and a passenger service easement between Healdsburg and Cloverdale. The Sonoma Marin Area Rail Transit District ("SMART") later acquired ownership of the line south of Healdsburg, with NCRA retaining a freight service easement.

NCRA is currently responsible for oversight and maintenance of 280 miles of rail corridor from Healdsburg north to the Port of Humboldt Bay. The northern portion of the line is known as the Eel River Division and the southern portion is known as the Russian River Division. SMART is now responsible for maintenance on their operational segment, a distance of approximately 36 miles of the shared right of way.

Agency Financing

NCRA currently has two sources of consistent revenue: lease of rolling stock and revenue from leases, licenses and encroachment permits. In addition, periodic revenue results from the sale of property, equipment or one-time long term lease arrangements. Annual property revenues collected by the NCRA range from $300,000 to $500,000.

Since freight operations have resumed in July 2011, revenue received from NWP Co. has been limited to repayment of the outstanding RRIF loan, loans to subsidize agency operations and the loans from NWP Company for the capital improvements completed in 2011.
Recent property sales proceeds have been dedicated to site development in an effort to create an additional source of long-term funding through commercial leases once property improvements are completed. The most recent example is sale of a 4.1 acre portion of the Ukiah Depot property to the Judicial Council of California for construction of a new Mendocino County Courthouse.

NCRA's liabilities include the outstanding RRIF loan, the loan from NWP Company, and outstanding amounts due to contract service providers for legal and engineering services.

In 2005 and 2007 NCRA sought assistance from the State legislature to allow NCRA to utilize State funds that were no longer required for repayment of a federal loan, and instead use the funds to address health and safety issues. In both 2005 and 2007 the legislature approved the requested legislation, but the bills were vetoed by the Governor.

NCRA needs a dedicated source of funding to retain administrative staff and contract service providers, including legal, engineering and accounting. Without stable funding it is difficult for NCRA to effectively oversee freight service, maintain the right of way where trains are not operational, and compete for, and effectively manage, capital grants to repair the line from Cloverdale to Ukiah, Ukiah to Willits, and from South Fork to and around Humboldt Bay. A dedicated source of revenue would allow NCRA to balance its budget, oversee freight operations, address maintenance issues, provide effective land management and grant proceeds oversight and compete for additional funding to reopen those sections of the line where restoration of rail service is feasible.

**Operational Challenges**

NCRA was created without a dedicated source of funding but with considerable deferred maintenance and environmental cleanup issues. A lack of stable agency funding has hindered NCRA's ability to respond to maintenance and emergency issues, secure payment for use of NCRA property and apply for and secure grants.

NCRA is the land manager for 280 miles of trackway, bridges, signals and tunnels. NCRA is called upon to respond to a wide variety of maintenance and emergency issues, including environmental cleanup, flooding, fire, traffic accidents, track removal, copper thefts, signal vandalism, vegetation removal, homeless encampments and illegal encroachments.

NCRA has also been hindered by the historic choice to construct a rail line through the Eel River canyon, one of the most geologically unstable areas in the world. For example, the day the ceremonial spike was driven at Cain Rock in 1914, completing construction of the line from Willits to Eureka, a landslide prevented the inaugural train from completing the trip to Eureka.

NCRA commenced operations in 1992 but was plagued from the start by line closures due to storm damage and slides in the Eel River canyon, with some closures lasting for months at a time. The entire line was shut down in 1998 by FRA Emergency Order 21 ("EO21").

NCRA has secured capital grants which have assisted with environmental remediation, signal upgrades, equipment acquisition and the extensive repairs that were necessary to partially lift EO 21 but NCRA has had to absorb the cost of project management, financial planning, and administrative costs needed to effectively manage the grants, including fulfilling reporting requirements.
NCRA, as steward of a 316-mile railroad line, is required to coordinate with the following regulatory or trustee agencies involved in coordination, permitting and other approvals:

- Federal Emergency Management Agency (FEMA)
- Federal Railway Administration (FRA)
- Federal Highway Administration (FHWA)
- Army Corps of Engineers (USACE)
- Environmental Protection Agency (USEPA)
- United States Fish & Wildlife Service (USFW)
- National Marine Fisheries Service (NMFS)
- Advisory Council on Historic Preservation
- United States Forest Service (USFS)
- United States Coast Guard (USCG)
- California Transportation Commission
- Office of Emergency Services
- California Department of Transportation (Caltrans Districts 1 and 4)
- California Department of Fish & Game (DFG)
- Regional Water Quality Control Boards – North Coast and San Francisco Bay Regions
- Department of Toxic Substance Control
- State Historic Preservation Office
- State Lands Commission
- California Coastal Commission
- California Public Utilities Commission
- San Francisco Bay Conservation and Development Commission (BCDC)
- 15 Cities along the railroad right-of-way
- 6 Counties along the railroad right-of-way
- Regional transportation planning agencies
- SMART
- Numerous private property owners encroaching on and neighboring the rail line

NCRA, despite limited staff and financial resources has worked cooperatively with a wide range of public and private agencies to facilitate the construction of projects that are beneficial to local communities and the environment. These projects have also gone forward in coordination and with the support of NWP Co.

NCRA, with strong support from Humboldt County, led an effort that resulted in a broad based community consensus in the Humboldt Bay area regarding development of rails with trails. In accordance with NCRA’s adopted rails with trails guidelines, multi-use trail projects have been constructed within the NCRA right of way in Healdsburg, Ukiah, Arcata, Eureka and Humboldt County. All of these trails have been intentionally designed to work in concert with rail service.

NCRA has worked with Cal-Trout and State Fish & Wildlife to restore important fish-bearing streams along the rail line in the Eel River canyon, particularly Woodman Creek and Bridges (?) Creek. The implementation of these projects further compromised the integrity of the rail line, but the NCRA Board of Directors recognized the importance of these projects for habitat restoration and recovery of listed fish species.

NCRA has also worked with several public agencies to improve rail crossings, some of which include complete rehabilitation with concrete panels. NCRA has also worked with fire
authorities to mitigate fire hazards, local sheriffs to address homeless encampments and cities to address encroachment issues.

Resumption of Rail Service - July 2011

NCRA resumed freight service on the southern 62 miles of the line in July 2011. NCRA overcame numerous challenges in order to secure public and some private funding to complete repairs and capital improvements needed to resume rail operations as far north as Windsor.

The freight service is provided under an operating agreement with Northwestern Pacific Company (NWP Co.). Fund sources for the capital improvements included TCRP allocations, FEMA funding, ICETEA funds, a Railroad Rehabilitation & Improvement Financing (RRIF) loan through the FRA, and loans from the operator. Currently, freight service on this portion of the line consists of twice weekly trips to haul feed grains, barley, wood products and building materials, on a limited basis on the Brazos Branch line between Napa and Sonoma.

Future Operational Options

NCRA is exploring options to improve the overall functionality of the entire rail corridor and improve the financial stability of NCRA. While there are segments of the line that have identified shippers who will use rail if it is restored, there are other areas that may be better suited for multi-use trail purposes.

Freight Rail Service

NWP Co., in conjunction with NCRA, has identified portions of the line where the return of freight service is economically feasible. NWP Co. is preparing a separate business plan which is expected to address the viability of freight rail in the following areas:

- Several companies have expressed interest in shipping with NWP Co. on the Russian River Division north of Windsor, including Mendocino Redwood Company, Mendocino Forest Products, Reuser, Inc., All Coast Forest Products, Redwood Empire Forest Products and Syar Industries.
- From South Fork to Eureka, Arcata, and Samoa, along with a tourist train. Shippers that have expressed interest include Humboldt Redwood Company, gravel operators and contractors, many of whom work with both the County and CalTrans, including Eureka Ready Mix, Mercer Fraser, Thomas R. Bess Inc. and Jack Noble.

Railbanking

The remainder of the rail line, from Willits to South Fork, including the Eel River Canyon, is less suitable for freight rail traffic. The area has a long history of landslides, flooding and heavy maintenance requirements that make it prohibitively expensive to maintain as a rail corridor. Estimates for the restoration of rail service through the Eel River canyon start at $600 million. There is currently no economic justification for making that kind of investment.

However, this scenic area is well suited for a multi-use trail, so long as it is understood that operation and maintenance issues will require dedicated funding to keep the right of way safe to users. Railbanking of this portion of the right of way appears to be a viable option. State Parks or the Coastal Conservancy could purchase and manage this portion of the line for a multi-use trail under the federal railbanking process.
This option avoids abandonment by the STB, retains the unbroken rail corridor, and protects the corridor from condemnation efforts on the part of adjacent private property owners while simultaneously creating a multi-use trail of unique beauty.

**INTERIM DEDICATED FUNDING TO SUPPORT PHASED RESTORATION OF FREIGHT**

Until plans such as those outlined above are implemented, NCRA continues to have responsibility for land management and maintenance emergencies associated with the 254 miles of the right of way that are not presently operational. During this interim period NCRA requires a dedicated source of annual operations and maintenance funding from the state that is sufficient to address these responsibilities and enable NCRA to aggressively pursue and effectively manage additional funding for restoration of rail service where it is practical to do so.

**CAPITAL IMPROVEMENT PHASES FOR RESTORATION OF FREIGHT RAIL SERVICE**

The restoration of freight service from Windsor to Willits and South Fork to and around Humboldt Bay will likely require phased improvements to the line. Restoration in Humboldt County, where feasible, may proceed independently of restoration from Windsor north, if funding sources are identified and accessed.

**PHASE 1 - WINDSOR TO CLOVERDALE**

The portion of the rail line from Windsor (MP 62.9) to Cloverdale (MP 85.2) is currently planned by SMART for reconstruction to Class 4 with all new rail and track section using concrete ties. SMART also will be completing significant bridge and other infrastructure improvements to allow for 69 mile per hour passenger service. SMART is expected to complete the reconstruction of this portion of the rail line in 2021.

**PHASE 2 – CLOVERDALE TO UKIAH**

North of Cloverdale to Ukiah, outside the limits of the future SMART passenger service, the track rehabilitation is based on repairs to a level of Class 3 for freight with speeds up to 45mph. Improvements for this 30-mile phase include tunnel repairs, drainage repairs to address geotechnical issues, bridge repairs, public crossing and signal repairs, private crossing modifications and track upgrades totaling an estimated $50 million. A major part of the estimated cost is related to a 1,762 foot tunnel that has significant fire damage, sustained about 5 years ago, that resulted in partial collapse and damage to timber and steel supports. The repair cost includes $12 million in estimated repairs for the tunnel.

**PHASE 3 – UKIAH TO REDWOOD VALLEY**

Repairs for the 5.3 mile Ukiah to Redwood Valley phase include bridge repairs, culvert cleaning and replacements, public crossing and signal repairs, private crossing modifications and track upgrades for an estimated total of $5.1 million.

**PHASE 4 – REDWOOD VALLEY TO WILLITS**

Repairs in this 21.5 mile phase consist of culvert cleaning and replacement, bridge repairs, drainage repairs to address geotechnical issues, public crossing improvements, private crossing modifications and track improvements estimated to total $19.2 million.
PHASE 5 – SOUTH FORK TO EUREKA REHABILITATION
This 46.5 mile section is estimated to cost $47 million and includes vegetation clearing, upgrading of track, culvert cleaning and replacement, replacement of the Van Duzen bridge steel spans, timber bridge repairs, repairs to three tunnels and crossing signal and surface repairs and replacements.

PHASE 6 – NORTH HUMBOLDT BAY RAIL CORRIDOR
Repairs for this 16.5 mile phase include track upgrades, brush cutting and vegetation removal, embankment repairs, culvert repairs and cleaning, timber bridge repairs, crossing and signal repairs and upgrades for a total estimated $15 million.

CONCLUSION
NCRA is pursuing a course of action to accomplish the following:

- Railbank a 120 mile portion of the right of way from Willits to South Fork, including the entire Eel River Canyon. Receive one time funding in exchange for railbanking to be used to retire debt.
- Obtain dedicated funding to maintain necessary staffing and resources to manage the maintenance of those portions of the line that do not have freight service and are not yet railbanked.
- Work toward obtaining grant and private funding to complete phased improvements to restore freight service from Cloverdale to Willits and establish a freight belt line and tourist train around Humboldt Bay.